

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)

**FULFILMENT OF RESUMPTION GUIDANCE  
AND  
RESUMPTION OF TRADING**

**Financial Adviser to the Company**

**Wilson**

**Wilson International Capital Limited**

This announcement is made by 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 (the “**Stock Exchange**”) (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcements of the Company dated 23 February 2022, 18 March 2022, 1 April 2022, 20 May 2022, 30 June 2022, 8 July 2022, 29 August 2022, 7 September 2022, 30 September 2022, 11 November 2022, 11 December 2022, 3 January 2023, 30 March 2023, 31 March 2023, 12 April 2023, 13 April 2023, 17 April 2023, 25 April 2023, 7 May 2023, 30 May 2023, 5 June 2023, 16 June 2023, 20 June 2023, 30 June 2023, 21 July 2023, 27 July 2023, 4 August 2023, 8 August 2023, 9 August 2023, 21 August 2023, 25 August 2023 and 30 August 2023 respectively, in relation to, among other things, the Incident referred to in the announcement dated 23 February 2022, the delay in publication of the annual results of the Group for the year ended 31 December 2021, the suspension of trading in the Company’s shares and the Resumption Guidance from the Stock Exchange, the quarterly update on resumption for the 3 months period ended 30 June 2022, the Company’s profit warning for the six months ended 30 June

2022, the delay in publication of the interim results and the interim report of the Group for the six months ended 30 June 2022, the memorandum of understanding in relation to a possible acquisition by the Company, the quarterly update on resumption for the 3 months period ended 30 September 2022, the change of auditor, the resignation of joint company secretary and chief financial officer, the appointment of joint company secretary, the quarterly update on resumption for the 3 months period ended 31 December 2022, the appointment of independent non-executive directors, the update on the memorandum of understanding in relation to possible acquisition, the appointment of executive directors and chief executive officer, the Company's profit warning for the year ended 31 December 2022, the delay in publication of the annual results of the Group for the year ended 31 December 2022, the quarterly update on resumption for the 3 months period ended 31 March 2023, the resignation of executive director and independent non-executive director, the appointment of independent non-executive director, the change of address of headquarters and principal place of business, update on the Incident, the appointment of auditor, the establishment of independent investigation committee, the appointment of internal control consultant, the disclosable transaction in relation to the acquisition of 100% equity interest of Summer Mountain Limited, the resignation of non-executive directors and independent non-executive directors, the appointment of authorised representative, the key findings of independent investigation in relation to the Resumption Guidance, the appointment of executive director, the quarterly update on resumption for the 3 months period ended 30 June 2023, the surrender of the Promissory Notes to the Company in relation to the acquisition of the 100% equity interests in Tak Shing International Holdings Limited, the reclassification of the acquisition of 100% equity interest of Summer Mountain Limited, the deconsolidation of subsidiaries, the annual results announcement for the year ended 31 December 2021, the interim results announcement for the six months ended 30 June 2022, the annual results announcement for the year ended 31 December 2022, the resignation of executive director, positive profit alert, 2021 annual report, 2022 interim report, 2022 annual report, the interim results announcement for the six months ended 30 June 2023, submission of resumption application announcement and 2023 interim report (the "Announcements"). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

## **BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES AND THE RESUMPTION GUIDANCE**

Reference is made to the Company's announcement dated 23 February 2022 and 18 March 2022 in relation to the Incident of the detention and investigation of Mr. Zhang Zhenhua and other individuals by the public security department and the implementation of the COVID-19 prevention and control quarantine measures due to the outbreak of COVID-19 in various countries.

The Company was first informed by Mr. Zhang Zhenhua, the director and legal representative of Shenzhen Tak Shing (a then wholly-owned subsidiary of the Group providing online game operating services) and Shenzhen Viking (regarded as a wholly-owned subsidiary of Shenzhen Tak Shing by contractual arrangements), that Mr. Zhang Zhenhua and several individual employees were being detained and investigated by the public security department for suspected irregular actions on Shenzhen Viking's gaming platform.

Due to the impact of the Incident and the outbreak of COVID-19 and that the Company had to delay the publication of its financial results, at the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022.

As disclosed in the Company's announcement dated 20 May 2022, the Stock Exchange imposed on the Company the following resumption guidance (the "**Resumption Guidance**"):

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) conduct an appropriate independent investigation into the Incident, publish the investigation findings and take appropriate remedial actions;
- (iii) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iv) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (v) announce all material information for the Company's shareholders and investors to assess the Company's position.

## **FULFILMENT OF THE RESUMPTION GUIDANCE**

As at the date of this announcement, the Company has fulfilled all Resumption Guidance, details of which are set out below.

### **Resumption Guidance (i) — publish all outstanding financial results required under the Listing Rules and address any audit modifications**

On 27 July 2023, the Company published all the outstanding financial results in satisfaction of Resumption Guidance (i). Please refer to the announcements on the annual results for the years ended 31 December 2021 and 2022 and the announcement on the interim results for the six months ended 30 June 2022 (the "**Results Announcements**").

As set out in the independent auditor's reports on the Group's consolidated financial statements for the year ended 31 December 2021 and 2022, the Auditor has issued a disclaimed audit opinion on the Company's consolidated financial statements for the year ended 31 December 2021 and a qualified audit opinion on the Company's consolidated financial statements for the year ended 31 December 2022 in relation to (i) consolidation and deconsolidation of PRC major subsidiaries and (ii) valuation of refundable deposits paid for strategic acquisitions.

The Company's response to the Auditor's concern is set out below.

**(a) Deconsolidation of the PRC Major Subsidiaries**

As stated in the independent auditor's reports on the Group's consolidated financial statements for the year ended 31 December 2021 and 2022, the PRC Major Subsidiaries have been deconsolidated from the Group and are no longer treated as subsidiaries of the Company on 4 December 2021 in accordance with the accounting standards as the Group had lost control to the assets of the PRC Major Subsidiaries and the ability to direct the operating and financial activities that significantly affect the Group's returns over the PRC Major Subsidiaries. Please refer to the announcement of the Company dated 21 July 2023 for details. The equity interest of the PRC Major Subsidiaries has subsequently been disposed to an independent third party on 1 August 2023 (the "**Disposal**"). Upon completion of the Disposal, the Group no longer holds any equity interest in the PRC Major Subsidiaries. The financial results of the PRC Major Subsidiaries (including all the liabilities, assets and risks) are no longer consolidated into the financial statements of the Group.

**(b) Valuation of refundable deposits paid for strategic acquisitions**

As stated in the independent auditor's reports on the Group's consolidated financial statements for the year ended 31 December 2021 and 2022, the Group had paid refundable deposits of US\$4,500,000 (equivalent to approximately HKD35,024,000) as at 31 December 2021 regarding the acquisition (the "**Strategic Acquisition**") of certain equity shares of the Target (which is a licensed corporation engaged in the provision of digital payment services in Singapore) being paid to the Vendor. In April 2022, US\$2,000,000 (equivalent to approximately HKD15,524,000) was refunded by the Vendor.

For the year ended 31 December 2022, an amount of US\$2,500,000 (equivalent to approximately HKD19,500,000) still remains as refundable deposit paid by the Group (the "**Refundable Deposit**").

Subsequently following the negotiations of the parties after the Incident, the Company and the Vendor had agreed to transfer certain equity shares in the Target to a private fund invested by the Company, where the transfer of shares in the Target was subject to the approval of the relevant regulatory body in Singapore. However,

due to the Incident which led to the suspension of trading of the Company's shares and the approval process by the regulatory body in Singapore, the Strategic Acquisition was put on hold.

Upon further discussion between all parties, the parties have agreed to rescind the Strategic Acquisition and the Refundable Deposit has been fully refunded on 15 August 2023. It is expected that the Refundable Deposit shall be derecognised from the Company's forthcoming consolidated financial statements.

Upon considering the above, the Auditor has confirmed that each of the qualifications set out in the independent auditor's reports on the Group's consolidated financial statements for the year ended 31 December 2021 and 2022 are adequately covered and addressed. The Auditor expects that (i) the Auditor will not issue a disclaimer of opinion in relation to the deconsolidation of the PRC Major Subsidiaries and the valuation of refundable deposits paid for strategic acquisitions; (ii) the Auditor may still issue a qualified opinion on the comparability of the corresponding figures in respect of the consolidated financial statements for the year ending 31 December 2023 in relation to the valuation of refundable deposits paid for strategic acquisitions and (iii) the Auditor will not issue any qualified opinion in this regard for the year ending 31 December 2024. The Auditor has therefore confirmed that based on the information currently available and subject to any unforeseen circumstances, there would not be any audit modification in the Company's financial statements for the year ending 31 December 2024. As such, the Board is of view that the Company has adequately fulfilled Resumption Guidance (i).

**Resumption Guidance (ii) — conduct an appropriate independent investigation into the Incident, publish the investigation findings and take appropriate remedial actions**

**(a) Establishment of the Independent Investigation Committee**

On 17 April 2023, the Independent Investigation Committee, comprising three independent non-executive Directors, has been established to conduct independent investigation on the Incident with an aim to, among other things, investigate and report on various issues and events which led to the Incident, and make suggestions to the Board on actions to be taken.

**(b) Investigation findings from the PRC Legal Advisers**

The Incident has been concluded upon the handing down of the Judgement. According to the Judgment, Mr. Zhang Zhenhua, Mr. Su Yi, Mr. Huang Yong and other defendants were convicted of the offence of establishing a gambling house, a sum of approximately HKD560 million in the Group's domestic bank accounts were confiscated and withheld in accordance with the law, and the relevant computers and equipment were also required to be turned to the state treasury.

The key findings of the Independent Investigation conducted by the PRC Legal Advisers has been announced by the Company on 16 June 2023. A summary of the key findings of the report on the Independent Investigation (the “**Investigation Report**”) is set out below.

***Findings in relation to management***

The PRC Legal Advisers confirmed that, as of the date of the Investigation Report, there was no record of criminal proceedings against the Group and the directors in the PRC.

The PRC Legal Advisers also confirmed that, as of the date of the Incident (i.e. 4 December 2021), except for the staff and management convicted of the illegal activity (the “**Defendants**”), no record of criminal liability of the directors of the Company arising from the Incident was found.

Each of the current directors, as of the date of the Investigation Report, confirmed that he/she was not involved in any illegal activity conducted by the Defendants (including but not limited to the offence of establishing a gambling house and/or the activity of assisting in dealing in the relevant proceeds).

***Findings in relation to the Company and its subsidiaries***

The PRC Legal Advisers confirmed that, as of the date of the Investigation Report, there was no record of criminal proceedings against the Company and its subsidiaries.

The Company and its subsidiaries, including Shenzhen Viking, Shenzhen Tak Shing, Fire Element Network Technology Company and Shenzhen Fire Element Network Science and Technology Company, were not regarded as entities committing the crime.

The aforesaid illegal activities only involved the personal acts of the Defendants and did not involve any illegal acts of the Company and its domestic and overseas subsidiaries.

***Findings in relation to the Group’s criminal, civil liabilities and assets***

The PRC Legal Advisers confirmed that, as of the date of the Investigation Report, the case has been concluded, the Judgment has come into effect, and there is no judicial document showing that it is dealt with in separate cases. Therefore, the Company and its subsidiaries shall not be directly subject to criminal and civil liabilities as a result of the Incident, and shall not be involved in criminal investigations of the same case in the future.

With reference to the Judgment and the applicable PRC laws and regulations, the PRC Legal Advisers confirmed that the likelihood and feasibility for the Group to recover the assets seized pursuant to the Judgment (in whole or in part) is extremely low.

The assets seized pursuant to the Judgment (including the Involved Reserve) were confiscated and turned to the state treasury in accordance with the law.

For details of the key findings of the independent investigation, please refer to the Company's announcement dated 16 June 2023.

**(c) Views and recommendations of the Independent Investigation Committee**

As disclosed in the Company's announcement dated 16 June 2023, the Independent Investigation Committee is satisfied and agreed with the views expressed in the Investigation Report. The Board has considered the Investigation Report and concurred with the views of the PRC Legal Advisers and the Independent Investigation Committee.

In respect of the seized funds, the Company has negotiated with all the stakeholders (including Mr. Zhang Zhenhua, being one of the vendors) in relation to the acquisition of 100% equity interests in Tak Shing International Holdings Limited. As stated in the Company's announcement dated 30 June 2023, the Promissory Notes in relation to the aforementioned acquisition have been surrendered to the Company. During the negotiation, all vendors were willing to surrender the Promissory Notes in order to settle future legal disputes. In light of the surrender of the Promissory Notes to the Company and upon considering the time and costs required for commencing legal proceedings after obtaining legal advice, the Company has chosen not to take legal action.

It was recommended by the Independent Investigation Committee that, for the purpose of strengthening the internal control system, the Company should:

- (i) conduct training for executive Directors, recruit new Board members and/or restructure the Board (where appropriate), appoint an external compliance adviser and increase internal resources for the Group's governance and compliance;
- (ii) optimise and improve the corporate governance mechanism under the guidance of the Board, in which the management authority of major issues and the scope of issues reported to the Board for consideration should be strengthened through quantitative and qualitative methods, and the structure of management should also be improved and expanded to regularly report the business, financial and internal control statuses and other governance improvements to the Board;

- (iii) establish a compliance committee comprising executive Directors and at least one non-executive Director to develop, monitor and maintain the Group's compliance requirements under the relevant Listing Rules and the applicable laws, and formulate a whistleblowing policy to encourage employees to report any irregularities and improprieties;
- (iv) appoint an internal control consultant annually to review and enhance the Company's internal control mechanism;
- (v) set up an independent department to monitor players' suspected activities and report directly to the Board;
- (vi) establish a staff reporting system so that base-level employees can report the risks and issues to the Board directly.

**(d) Remedial Actions**

As at the date of this announcement, the Company has taken the following remedial actions:

- (i) The restructuring of the Board has been completed. All the directors and senior management involved in the Incident and all other directors serving at the time of the Incident have resigned and no longer hold any position in the Group. All senior management of the Group and members of Board are newly joined.

None of the existing Directors and senior management involved in the financial management and business operation of the Group before 4 December 2021 (i.e. the date of the Incident)

- (ii) Ms. Wong Yan, who has over 17 years of experience in compliance, due diligence and risk management, was appointed as an executive Director.
- (iii) Three new independent non-executive Directors with strong legal, compliance and financial background were appointed, including an Australia CPA and an ex-Head of Legal and Compliance of a reputable licensed corporation in Hong Kong. All of them have over 18 years of experience in the legal, compliance and/or financial field.
- (iv) The operation of the subsidiaries involved in the Incident in the PRC, namely Shenzhen Fire Element, Shenzhen Fire Element Network Science and Technology Company, Shenzhen Tak Shing and Shenzhen Viking, were ceased. Such subsidiaries were deconsolidated from the Group's financial statements. The Game concerned in the Incident was also not operated. For details, please refer to the Results Announcements dated 27 July 2023.

- (v) All recommendations from the Independent Investigation Committee regarding the internal control system have been addressed, including:
- (1) trainings have been provided to the senior management and board members of each subsidiary of the Company on the applicable laws and regulations (including anti-gambling information) in Singapore, Hong Kong, Thailand and the PRC;
  - (2) additional personnel at the mid-level management of the Group with good track-record have been tasked with reporting the business, financial and internal control statuses and other governance improvements to the Board regularly;
  - (3) a compliance committee comprising two executive Directors, Ms. Wong Yan and Mr. Gao Bo, and an independent non-executive Director, Ms. Chow Woon San Shirley, was established to develop, monitor and maintain the Group's compliance requirements under the relevant Listing Rules and the applicable laws;
  - (4) GRC Chamber Limited was appointed as an external compliance adviser and internal control consultant to review and enhance the Company's internal control mechanism annually;
  - (5) a separate department responsible for monitoring and reporting the suspected activities of game players to the Board was established; and
  - (6) a whistleblowing email address which allows base-level employees to report the risks and issues to the Board directly was created.

In view of the above, the Board and the audit committee of the Company is of view that the Company has adequately fulfilled Resumption Guidance (ii). The audit committee of the Company has reviewed the Investigation Report and agreed with the findings therein, and it also considers that the Company's current risk management and internal control systems are effective and adequate, which shares the same views with the other Board members.

**Resumption Guidance (iii) — demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence**

The Company has restructured the Board to ensure the management integrity of the Group.

As at the date of this announcement, all the directors and senior management involved in the Incident have resigned and no longer hold any position in the Group, and none of the Directors and current senior management involved in the financial management and operation of the Group before the Incident.

In particular, three new independent non-executive Directors with strong legal, compliance and financial background were appointed and an executive Director with over 17 years of experience in compliance, due diligence and risk management was appointed. The Board is of the view that such appointments will strengthen and enhance the corporate governance, internal control and risk management of the Group.

Besides, it has come to the Board's attention from its investigation and from the Investigation Report:

- (i) as of the date of the Investigation Report, except for the Defendants, no record of criminal liability of the current or ex-directors of the Company arising from the Incident was found;
- (ii) the members of the Board were not aware of and had never been involved in any illegal activity of those Defendants committed prior to the Incident;
- (iii) as at the date of this announcement, Mr. Su Yi and Mr. Huang Yong ceased to be directors of, or hold other positions in, the Group, while Mr. Zhang Zhenhua, and each of the other Defendants also ceased to hold any position within the Group, and therefore they shall by no means have any influence over the existing management and operation of the Group;
- (iv) In addition, Mr. Zhang Yan, being the substantial shareholder, has resigned as the non-executive Director and chairman of the Board on 30 May 2023 and is no longer involved in the Group's management and operations since then; and
- (v) the PRC Legal Advisers are of the view that the aforesaid illegal activities only involved the personal acts of the Defendants and did not involve any illegal acts of the Company and its domestic and overseas subsidiaries, other current Directors, ex-directors and current employees of the Company.

In view of the above, the Board is of view that the Company has adequately fulfilled Resumption Guidance (iii).

**Resumption Guidance (iv) — demonstrate the Company's compliance with Rule 13.24 of the Listing Rules**

The Group is principally engaged in (i) the development of browser and mobile games, (ii) browser and mobile games publishing and operation, (iii) internet application technology business and publishing and (iv) investment business.

The Group currently self-operates 5 games in Thailand and Southeast Asia, Royal Tycoon has been one of the most popular games of the Group and the other 4 games have been performing and generating revenue with steady growth in 2021, 2022 and the first half of 2023. The Group also has 8 games in pipeline that the Group plans to launch 2 games by around the fourth quarter of 2023, 3 games by around the first quarter of 2024, 2 games by around the second quarter of 2024 and 1 game by around the third quarter of 2024.

**(a) Revenue**

For the year ended 31 December 2022, the Group's revenue was approximately HKD115.1 million, representing a decrease of approximately HKD920.1 million from approximately HKD1,035.2 million for the year ended 31 December 2021. The decrease was primarily due to the deconsolidation of the subsidiaries in the PRC on 4 December 2021, which contributed a significant portion of revenue of the Group.

According to the 2022 Interim Results and 2023 Interim Results, the Group's total revenue increased by approximately 23.1%, from approximately HKD52.4 million for six months ended 30 June 2022 to approximately HKD64.5 million for corresponding period in 2023.

The increase in total revenue of the Group was mainly attributable to:

- (i) enhancement of popularity of the Group's games due to increase in marketing and promotion effort;
- (ii) increase in number of game players of the Group's self-operated games, following the addition of certain new features and gameplay rules enhancing players' gaming experience; and
- (iii) the launching of new games in the second half of 2022 and first half of 2023 respectively.

**(b) Gross profit**

The Group's gross profit for the year ended 31 December 2022 amounted to approximately HKD76.6 million, representing a decrease of approximately HKD790.5 million as compared to approximately HKD867.1 million for the year ended 31 December 2021. The decrease in the Group's gross profit was mainly due to the substantial decrease in revenue for the year ended 31 December 2022 of which a higher gross profit margin was contributed by the subsidiaries of the PRC.

The Group's gross profit for the period increased significantly by approximately 38.8%, from approximately HKD37.9 million for the six months ended 30 June 2022 to approximately HKD52.6 million for the corresponding period in 2023.

The increase in gross profit for the period of the Group was mainly attributable to (i) revenue increased by approximately 23.1%, from approximately HKD52.4 million for six months ended 30 June 2022 to approximately HKD64.5 million for corresponding period in 2023; and (ii) the direct cost decreased by approximately 17.2% from approximately HKD14.5 million for six months ended 30 June 2022 to approximately HKD12.0 million due to a decrease in the cost incurred in platform service and game testing for the corresponding period in 2023.

**(c) Net Assets/Liabilities**

According to the 2021 Annual Results, 2022 Interim Results and 2022 Annual Results, the Group had net liabilities of approximately HKD455.6 million, HKD435.9 million and HKD421.3 million as at 31 December 2021, 30 June 2022 and 31 December 2022 respectively. The net liabilities were mainly attributable to the promissory notes issued by the Company (the “**Promissory Notes**”) amounting to HKD618.8 million, HKD600.7 million and HKD584.2 million as at 31 December 2021, 30 June 2022 and 31 December 2022 respectively.

As disclosed in the announcement date 30 June 2023, holders of the Promissory Notes agreed to surrender and give up the right to the outstanding principal amount and respective interest payable, totalling to HKD574.7 million.

According to the 2023 Interim Results of the Group as at 30 June 2023, the Group has net asset of approximately HKD170.8 million.

In view of the above, the Board is of view that the Company has adequately fulfilled Resumption Guidance (iv).

**Resumption Guidance (v) — announce all material information for the Company’s shareholders and investors to assess the Company’s position**

Since its trading suspension on 1 April 2022, the Company has continued to disclose material information to the Company’s shareholders and investors by issuing announcements in a timely manner.

In view of the above, the Board is of view that the Company has adequately fulfilled Resumption Guidance (v).

**RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 27 September 2023.

**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**  
**Wong Yan**  
*Executive Director*

Hong Kong, 26 September 2023

*As at the date of this announcement, the executive Directors are Mr. Zhou Zhiwei, Mr. Gao Bo and Ms. Wong Yan; and the independent non-executive Directors are Ms. Chow Woon San Shirley, Mr. Tam Chik Ngai Ambrose and Mr. Lok Tze Bong.*