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**第七大道**  
7ROAD.COM

## **7Road Holdings Limited**

**第七大道控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 797)**

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

The Board announces the unaudited consolidated interim results of the Group (the “**Interim Results**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the comparative information for the six months ended 30 June 2023. The Interim Results have been reviewed by the Audit Committee.

#### **FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
		<b>(Re-presented)</b>
<b>Revenue</b>	<b>139,389</b>	366,962
(Loss)/profit for the period	<b>(5,971)</b>	130,446
(Loss)/profit for the period attributable to owners of the Company	<b>(7,814)</b>	130,512

1. For the six months ended 30 June 2024, the Company recorded a total revenue of approximately RMB139.4 million for its continuing operations, representing a decrease of approximately 62.0% as compared with the six months ended 30 June 2023.
2. For the six months ended 30 June 2024, the Company recorded a loss for the period of approximately RMB6.0 million, representing a decrease of approximately 104.6% as compared with the six months ended 30 June 2023. The Company recorded a loss for the period attributable to owners of the Company of approximately RMB7.8 million, representing a decrease of approximately 106.0% as compared with the six months ended 30 June 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

### I. Overview of the industries in which the Company operates in

According to the “2024 Global Games Market Report” (2024全球遊戲市場報告) released by Newzoo in 2024, the size of the global gaming market is expected to be US\$187.7 billion in 2024, and the number of game players around the world is expected to be 3.42 billion, with a year-on-year increase of 4.5%. Among which, (i) mobile games still represented the most important sector of the gaming industry and the size of the global mobile gaming market is estimated to be US\$92.6 billion in 2024, accounting for 49% of the total revenue of the industry, with a year-on-year increase of 3.0%; and (ii) the PC gaming market size accounted for 23% of the total revenue of the industry, reaching US\$43.2 billion with a year-on-year increase of 4.0%. According to the report, the gaming industry will continue to develop steadily and it is estimated that the number of players around the world will increase to 3.76 billion by 2027, with the market size reaching US\$213.3 billion.

According to the “Report on China’s Gaming Industry from January to June 2024” (2024年1–6月中國遊戲產業報告) published by the Game Publishing Committee (GPC) of the China Audio-video and Digital Publishing Association, China’s gaming market recorded an actual sales revenue of approximately RMB147.3 billion from January to June 2024, representing a year-on-year increase of approximately 2.1%, maintaining a smooth growth. From January to June 2024, the number of China’s game players reached a record high of approximately 670 million, representing a year-on-year increase of approximately 0.9%. China’s mobile gaming market recorded an actual sales revenue of approximately RMB107.5 billion, representing a year-on-year increase of approximately 0.8%. The client-based gaming market recorded an actual sales revenue of approximately RMB33.8 billion, representing a year-on-year increase of approximately 2.5%. The actual sales revenue of the web game market decreased by approximately 1.9% year-on-year, and overall sales was approximately RMB2.3 billion. In respect of mobile games, revenue from mini program mobile games maintained rapid growth for three consecutive years, with actual sales revenue in the first half of 2024 of approximately RMB16.6 billion, representing a year-on-year increase of 60.5%. From January to June 2024, the overseas market for China’s proprietary developed games recorded an actual sales revenue of approximately US\$8.6 billion, representing a year-on-year increase of 4.2%. The United States of America, Japan and South Korea are still the main overseas markets for China’s proprietary developed mobile games. Out of China’s proprietary developed mobile games exported overseas, the strategy and the roleplaying categories accounted for the most.

## II. Business review — Overview of the Company’s principal activities

In the first half of 2024, we focused on core business development and made headway through challenges.

In the first half of 2024, the Group generated revenue from online games of approximately RMB130 million, compared with approximately RMB360 million in the same period in 2023, representing a year-on-year decrease of 62.0%. Within such, mobile game revenue accounted for 73.0%, and web game revenue accounted for 27.0%. The decline in revenue was mainly due to the fact that classic games launched at the end of 2022 have passed their period of rapid growth, naturally slowing down, and leveling off revenue. Despite the phased pressure from the decline in revenue, the Group responded aggressively in the first half of 2024, steadily advancing and upgrading its products under development, and striving to break through the segment track.

With the rapid development of mini program games and the significant transformation of consumers’ preference, in order to capture this market opportunity, our exclusive mini program game "I’m MT" (我叫MT) was officially launched on the platforms of both WeChat and Douyin in May 2024. The turnover of the first month after launch exceeded RMB10 million, and the number of users has surpassed 3 million. We will continue to invest more in our mini game business segment and strive to make this a new growth point for the Group’s performance.

In the 2D arena, the Group’s layout is expected to be further developed. A well-known Japanese IP mobile game developed by our studio, namely “Gintama” (銀魂集結), has obtained publication approval in February 2024. In the first half of 2024, “Gintama” has completed two tests to optimize the game and generate plans for commercialization adjustment. In the second half of the year, release tests are expected to be conducted to provide an immersive IP game experience for fans.

The R&D process for our classic IP products is moving steadily forward. The new mobile game “DDTank X” (彈彈堂X), on the basis of retaining the previous gameplay of the classic “DDTank” (彈彈堂) series, incorporates new characters, plots and worldviews, bringing a fresh gaming experience. At present, the R&D work has made substantial progress and is expected to be completed in the fourth quarter of this year. Regarding another classic IP series of the Group, “Wartune H5” (神曲H5), we have drawn on test feedback and focused on professionally upgrading the game’s art styles and polishing operational fluidity and gameplay design. We will further upgrade this product and launch it in the market, bringing gamers a delightful gaming experience.

In addition, in order to extend the life cycle of our games, the Group adopted a long-term stable operation strategy for our released games, actively innovating ways to gain volume, and continue to accumulate long-term operation experience.

Grasping the market trend and actively embracing technological changes, the Group has used AIGC technology in some stages of game development, used AI to undergo conceptualization of artwork, design and production of certain art materials to enrich product content and improve R&D efficiency.

## **OUTLOOK FOR THE SECOND HALF OF 2024**

In the second half of 2024, the Group will continue to steadily proceed with R&D and plans to launch multiple games. The Group will continue to improve the quality of games and strive to build high-quality game products. We will adhere to the integration of IP, refinement of products, boost the synergy between research and operation, adhere to our global development strategy, and strengthen the Company's global publishing strength. With the launch of the Group's products reserve, the Company's revenue is expected to gradually increase.

In the area of game R&D and IP value, our classic IP mobile game, "DDTank X" (彈彈堂X) is expected to finish development in the fourth quarter, and recruitment tests will be launched to verify our core users' acceptance of our product line innovation. As the core R&D IP project of the Group, the "DDTank" (彈彈堂) series will continue to be undergoing R&D and be frequently updated. Additionally, we will continue to monitor user feedback and experience, regularly launch relevant competition activities in combination with the market and user developments, add new gameplay, maintain the popularity of this IP, and continue to attract users' attention and participation. Combined with the "DDTank X" core user test feedback, we will optimize product direction and gradually reinforce our R&D efforts for new products of the "DDTank" IP and allocate advantageous resources for it. At the same time, to enrich our product catalog and improve our customer acquisition efficiency, through independent innovation and IP licensing, we will launch the mini program game of our "DDTank" series and the mini program version of "Wartune H5" is expected to be tested online in the fourth quarter. We are also actively promoting the R&D of products licensed through cooperation with other IP manufacturers and will subsequently promote testing and launching of such products according to the R&D progress and market situation.

In terms of our game publishing business, "Gintama" (銀魂集結), a mobile game intensively developed by the Group, is expected to be launched before the end of the year after completing the overall product development and commercial tuning, and we plan to transplant its core gameplay into its mini program version to release its product performance potential through multiple channels. The overseas version of our classic IP mobile game "Wartune H5" is expected to be launched globally in the second half of this year to deepen the Group's global development strategy.

Causal competitive games and massively multiplayer online role-playing games (MMORPG) are two important development focuses of the Group. The Group will continue to engage in market competition with various flexible approaches and try to shift its advantageous resources towards them. We will sustain innovation to further enrich the Group's product line of business, improve our game portfolio, create high-quality games, attract more players and enhance the revenue of our gaming business.

In respect of investment, we will continue to seek appropriate investment or cooperation opportunities and selectively acquire and invest in companies with potential or assets in the Internet related industry chain in accordance with the Group's development strategies.

## **FINANCIAL REVIEW**

### **OPERATIONAL INFORMATION**

During the first half of 2024, we continued to perform well in the R&D of games and the operations of high-quality games to cope with intensifying competition in the gaming industry and endeavored to become a world-renowned game developer integrated with research, operation and development capabilities. In the first half of 2024, the Group's online game revenue was mainly derived from several well-known games, including our "DDTank" (彈彈堂) series, "Wartune" (神曲) series and "I'm MT" (我叫MT). We will continue to develop and operate high-quality online games and leverage our years of experience in the gaming industry to maintain our momentum in the innovation and launching new games to attract more players.

We assess the operating performance with a set of key performance indicators, which include MAUs, MPUs and ARPPU. Fluctuations in our operating data are primarily a result of changes in the number of players who play, download (in the case of mobile games) and pay for virtual items and premium features in our games. Using these operating data as our key performance indicators allows us to monitor our ability to offer highly engaging online games and helps us to increase the continuous popularity of our games, gain the monetization of our player base and deal with the intense competition in the online game industry so that we can implement better business strategies.

For the six months ended 30 June 2024, our web games had (i) an average MAUs of approximately 0.85 million; (ii) an average MPUs of approximately 29,000; and (iii) an ARPPU of approximately RMB525, representing a year-on-year decrease of 7.6%, and our mobile games had (i) an average MAUs of approximately 0.65 million; (ii) an average MPUs of approximately 53,000; and (iii) an ARPPU of approximately RMB535, representing a year-on-year decrease of 34.0%.

## THE SIX MONTHS ENDED 30 JUNE 2024 COMPARED TO THE SIX MONTHS ENDED 30 JUNE 2023

The following table sets forth the comparative statements of profit or loss for the six months ended 30 June 2024 and the six months ended 30 June 2023:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Re-presented)	
<b>Continuing operations</b>		
<b>Revenue</b>	<b>139,389</b>	366,962
Cost of revenue	<u>(35,856)</u>	<u>(41,004)</u>
<b>Gross profit</b>	<b>103,533</b>	325,958
Research and development expenses	<b>(70,690)</b>	(97,977)
Selling and marketing expenses	<b>(38,023)</b>	(24,633)
Administrative expenses	<b>(21,322)</b>	(29,309)
Net reversal of impairment losses on financial assets under expected credit loss model	<b>(14,843)</b>	(8,447)
Other income	<b>13,545</b>	2,027
Other gains or losses, net	<u><b>23,011</b></u>	<u>(13,451)</u>
<b>Operating (loss)/profit</b>	<b>(4,789)</b>	154,168
Finance income	<b>198</b>	658
Finance costs	<b>(1,142)</b>	(888)
Finance costs, net	<b>(944)</b>	(230)
Share of results of associates	<u><b>(1,178)</b></u>	<u>(197)</u>
<b>(Loss)/profit before income tax</b>	<b>(6,911)</b>	153,741
Income tax expense	<u><b>(335)</b></u>	<u>(2,692)</u>
<b>(Loss)/profit for the period from continuing operations</b>	<b>(7,246)</b>	151,049
<b>Discontinued operations</b>		
Profit/(loss) for the period from discontinued operations	<u><b>1,275</b></u>	<u>(20,603)</u>
<b>(Loss)/profit for the period</b>	<u><u><b>(5,971)</b></u></u>	<u><u>130,446</u></u>

## CONTINUING OPERATIONS

### REVENUE

The following table sets forth the comparative breakdown of our revenue for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June 2024		2023	
	(RMB'000)	(% of total revenue)	(RMB'000)	(% of total revenue)
<b>Types of goods or services</b>				
Online game revenue	<b>134,941</b>	<b>96.8%</b>	355,502	96.9%
— Self-development games				
published by the Group	<b>77,734</b>	<b>55.8%</b>	280,370	76.4%
published by other publishers	<b>39,035</b>	<b>28.0%</b>	73,380	20.0%
— Licensed games				
published by the Group	<b>18,172</b>	<b>13.0%</b>	1,752	0.5%
published by other publishers	—	—	—	—
Sales of online game technology and publishing solutions services	—	—	1,462	0.4%
Intellectual property licensing	<b>3,553</b>	<b>2.6%</b>	5,958	1.6%
Cloud related services	<b>895</b>	<b>0.6%</b>	4,040	1.1%
<b>Total</b>	<b><u>139,389</u></b>	<b><u>100%</u></b>	<b><u>366,962</u></b>	<b><u>100.0%</u></b>

For the six months ended 30 June 2024, the Group's total revenue was approximately RMB139.4 million, representing a decrease of approximately 62.0% as compared with the six months ended 30 June 2023. For the six months ended 30 June 2024, revenue of the Group's game business was approximately RMB134.9 million, representing a decrease of approximately 62.0% as compared with the six months ended 30 June 2023. The decrease in revenue was mainly due to the substantial increase in revenue recorded for the six months ended 30 June 2023 generated from the new game launched at the end of 2022 while the revenue recorded for the six months ended 30 June 2024 remained stable.

### COST OF REVENUE

Our cost of revenue mainly comprises employee salary and benefit expenses incurred by our operations departments, cost of game licensing and bandwidth and server custody fees. The cost of revenue amounted to approximately RMB35.9 million for the six months ended 30 June 2024, representing a decrease of approximately 12.6% as compared to approximately RMB41.0 million (re-presented) for the six months ended 30 June 2023. Such decrease was mainly due to a decrease in bandwidth and server custody fees.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

Our gross profit amounted to approximately RMB103.5 million for the six months ended 30 June 2024, representing a decrease of approximately 68.2% as compared to approximately RMB326.0 million (re-presented) for the six months ended 30 June 2023. The decrease was mainly due to a year-on-year decrease in revenue for the six months ended 30 June 2024.

Our gross profit margin was approximately 74.3% for the six months ended 30 June 2024. For the six months ended 30 June 2023, our gross profit margin was approximately 88.8% (re-presented). Such decrease was mainly due to the year-on-year decrease in revenue being greater than the decrease in cost of revenue for the six months ended 30 June 2024.

## **EXPENSES**

### **Research and Development Expenses**

Our R&D expenses mainly comprise employee salary and benefit expenses incurred by our R&D department and outsourcing expenses. The R&D expenses amounted to approximately RMB70.7 million for the six months ended 30 June 2024, representing a decrease of approximately 27.9% as compared to approximately RMB98.0 million (re-presented) for the six months ended 30 June 2023. Such decrease was mainly due to our enhanced management of R&D expenses during the Reporting Period, the decrease in employee salary expenses incurred by our R&D department as compared to the corresponding period in 2023.

### **Administrative Expenses**

Our administrative expenses mainly comprise employee salary and benefit expenses, office expenses, property rent expenses, professional consulting service fees and miscellaneous management fees. The administrative expenses amounted to approximately RMB21.3 million for the six months ended 30 June 2024, representing a decrease of approximately 27.3% as compared to approximately RMB29.3 million (re-presented) for the six months ended 30 June 2023. Such decrease was mainly due to a decrease in property rent expenses and miscellaneous management fees.



## **Selling and Marketing Expenses**

Our selling and marketing expenses mainly comprise advertising expenses incurred by our businesses. The selling and marketing expenses amounted to approximately RMB38.0 million for the six months ended 30 June 2024, representing an increase of approximately 54.4% as compared to approximately RMB24.6 million (re-presented) for the six months ended 30 June 2023. Such increase was mainly due to an increase in marketing and promotion expenses incurred by our game operations as compared to the corresponding period in 2023.

## **Income Tax**

The income tax expenses decreased for the six months ended 30 June 2024 as compared to the corresponding period in 2023, which was mainly due to a decrease in profit before tax of the Group and its subsidiaries for the six months ended 30 June 2024. The estimated income tax rates applicable to the Group's entities (excluding the entities that are currently tax exempted) for the six months ended 30 June 2024 varied from 12.5% to 25% (2023: 12.5%–25%).

## **LOSS FOR THE PERIOD**

For the six months ended 30 June 2024, our loss for the period attributable to owners of the Company amounted to approximately RMB9.1 million for our continuing operations, representing a decrease of approximately 106.0% as compared with the six months ended 30 June 2023. Such decrease was mainly attributable to a year-on-year decrease in revenue for the six months ended 30 June 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances our operations with internally generated cash flow and equity or debt financing activities for its capital requirements. As at 30 June 2024, cash and cash equivalents amounted to approximately RMB50.2 million (31 December 2023: approximately RMB48.1 million), and restricted cash amounted to approximately RMB0.1 million (31 December 2023: approximately RMB0.1 million), which were denominated in Renminbi. During the six months ended 30 June 2024, cash and cash equivalents increased slightly.

## INTEREST BEARING LOAN

We adopt a prudent treasury management policy to ensure that the Group maintains a healthy financial position. As at 30 June 2024, our total borrowings amounted to nil (31 December 2023: approximately RMB231.0 million). The decrease in total borrowings was mainly because the borrowings balance of approximately RMB191.0 million as at 31 December 2023 was attributable to Shanghai Lingsu, a then-subsiary we disposed in the Reporting Period, which was no longer included in the Group's consolidated financial statements upon completion of the disposal. The remaining borrowings of approximately RMB40.0 million were fully repaid during the Reporting Period. As at 30 June 2024, our borrowings were denominated in Renminbi. Details of the Group's borrowings, including maturities, currencies and interest rates, are set out in note 15 to the interim condensed consolidated financial information.

## GEARING RATIO

As at 30 June 2024, the Group's gearing ratio was approximately 6.9% (31 December 2023: approximately 22.9%). Such decrease was mainly due to the higher decrease in total liabilities relatively to total assets as a result of the disposal of Shanghai Lingsu. The gearing ratio is calculated as total debt divided by total assets of the Group as at 30 June 2024.

## CAPITAL EXPENDITURE

	Six months ended 30 June		Change %
	2024 (RMB'000)	2023 (RMB'000)	
Servers and other equipment	98	817	-88.0
Office furniture and leasehold improvements	—	134	-100.0
Buildings and related improvements and leasehold lands	16,178	42,082	-61.6
<b>Total</b>	<b>16,276</b>	<b>43,033</b>	<b>-62.2</b>

Our capital expenditure includes servers and other equipment, office furniture and leasehold improvements and buildings and related improvements and leasehold lands. The total capital expenditure for the six months ended 30 June 2024 and 2023 were approximately RMB16.3 million and RMB43.0 million, respectively. Such decrease was mainly due to the purchase of buildings and leasehold lands during the six months ended 30 June 2023.

## **FOREIGN EXCHANGE RISK**

The Group operates in the overseas markets through overseas publishers and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises primarily from recognised assets and liabilities when foreign currency is or will be received from overseas counterparties. For the six months ended 30 June 2024, the Group did not have policies to hedge any foreign currency fluctuations.

## **CHARGE ON ASSETS**

As at 30 June 2024, there was no material charge on the Group's assets.

## **CONTINGENT LIABILITIES AND GUARANTEES**

As at 30 June 2024, save as disclosed in the section headed "Material Legal Proceedings" and note 17 below, we did not have any other unrecorded significant contingent liabilities, guarantees or any material litigation against us.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, we did not have other future plans for material investments or capital assets as at the date of this announcement.

## **SIGNIFICANT INVESTMENTS HELD**

### **Investment in Shanghai Silicon**

As at 30 June 2024, (i) the fair value of the investment in Shanghai Silicon was approximately RMB392.2 million; (ii) an unrealised fair value gain on the Group's investment in Shanghai Silicon of approximately RMB12.2 million was accumulatively recognised for the six months ended 30 June 2024; and (iii) no dividend/income distribution was received. Accordingly, the fair value of the investment in Shanghai Silicon compared to the Group's total assets as at 30 June 2024 was approximately 20.9% and therefore classified as a significant investment of the Group.

As at 30 June 2024, the Group, through indirect shareholding, effectively invested in approximately 2.0% of Shanghai Silicon (correspondingly held approximately 23,150,128 shares in Shanghai Silicon) at a total capital investment of RMB380 million. Shanghai Silicon is a market-leading domestic manufacturer of large-scale semiconductor silicon chips and is expected to have broad market prospects in the future. Shanghai Silicon's products are widely used in the production of memory chips, central processing units, graphic processing units and various semiconductor components.

The investment in Shanghai Silicon is expected to be for long-term purposes. Given the future prospects of large-scale semiconductor silicon chips, the Group expects to generate investment returns from the investment in Shanghai Silicon.

### **Investment in Ningbo Lianjun**

As at 30 June 2024, (i) the fair value of the investment in Ningbo Lianjun was approximately RMB104.9 million; (ii) an unrealized fair value loss of the Group's investment in Ningbo Lianjun of approximately RMB0.1 million was accumulatively recognized for the six months ended 30 June 2024; and (iii) no dividends/profit distributions have been received. The fair value of the investment in Ningbo Lianjun compared to the Group's total assets as of 30 June 2024 was approximately 5.6%, and is therefore classified as a significant investment of the Group.

As at 30 June 2024, the Group effectively invested in approximately 21.0% in Ningbo Lianjun at a total capital investment of RMB105 million. Ningbo Lianjun is a private equity fund in the form of a limited partnership, focusing on the integrated circuit and its upstream and downstream enterprises. The Board is optimistic about the prospects of the integrated circuit industry and the Group expect to generate investment returns from the investment in Ningbo Lianjun.

Save as disclosed above, the Group did not have any other significant investments held as at 30 June 2024.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

On 28 March 2024, Shenzhen 7Road entered into an equity transfer agreement with a independent third party, pursuant to which Shenzhen 7Road agreed to sell, and the Purchaser agreed to buy, 100% of the registered capital of Shanghai Lingsu for a consideration of RMB14.85 million (the “**Disposal**”). The Disposal was completed on 11 April 2024 (the “**Completion Date**”). Since then, the Group no longer holds any interest in Shanghai Lingsu and Shanghai Lingsu ceased to be accounted as a subsidiary of the Company. For further details on the Disposal, please see the announcement of the Company dated 28 March 2024.

For the period from 1 January 2024 to the Completion Date, the total revenue from our discontinued operations was approximately RMB31.5 million and the profit for the period from our discontinued operations was approximately RMB1.3 million. Details of the discontinued operations are set out in note 12 to the interim condensed consolidated financial information.

Save as disclosed above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, we had 313 full-time employees, mostly based in Shenzhen, Shanghai and Wuxi, the PRC. The following table sets out the number of our employees by function as at 30 June 2024:

<b>Function</b>	<b>Number of Employees</b>	<b>% of total</b>
R&D	222	71%
Operation	42	13%
Administration	49	16%
<b>Total</b>	<b>313</b>	<b>100%</b>

For the six months ended 30 June 2024, our employee remuneration amounted to approximately RMB69.1 million (including wages and salaries, bonus interest, pension costs, social insurances, housing provident funds and other employee benefits).

The remuneration of our employees is determined based on their performance, experience, competence and market comparables. Their remuneration package includes salaries, performance-related bonus interest, RSUs, allowances and state-managed retirement benefit schemes for employees in the PRC. The Group also provides customized training to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, performance-related bonus interest, RSUs, and other allowances and benefits-in-kind, including the Group's contribution to their pension schemes.

## MATERIAL LEGAL PROCEEDINGS

### (i) Legal proceedings commenced by Qianhai Huanjing in April 2021

On 28 April 2021, Qianhai Huanjing, as the plaintiff, filed a lawsuit (the “**April 2021 Lawsuit**”) with the Shenzhen Intermediate People’s Court against Guangzhou Zhang Ying Kong Information Technology Company Limited (廣州掌贏控信息科技有限公司) (“**Zhang Ying Kong**”), and Angame Inc., as the defendants, in relation to the intellectual property rights contractual dispute over the mobile game version of the online game DDTank. The amount claimed by Qianhai Huanjing in relation to the April 2021 Lawsuit was approximately RMB60.2 million. On 1 August 2023, the court issued the first judgement and dismissed the lawsuit. Qianhai Huanjing appealed, and on 22 January 2024, the Guangdong Higher People’s Court made a second-instance ruling, revoking the first judgement and sending the case back to the Shenzhen Intermediate People’s Court for retrial. As at the date of this announcement, the April 2021 Lawsuit is still pending retrial by the Shenzhen Intermediate People’s Court but is not expected to affect the normal business operations of the Group.

Details of the above legal proceedings are set out in the Company’s announcement dated 28 April 2021.

### (ii) Legal proceedings commenced by Proficient City Limited (“PCL”) against Qianhai Huanjing and Shenzhen 7Road in December 2021

On 8 December 2021, PCL, as plaintiff, filed a lawsuit with the Guangdong Higher People’s Court against Shenzhen 7Road and Qianhai Huanjing, as defendants, in relation to a dispute on infringement of trade secret over the online game Wartune (神曲) (the “**December 2021 Lawsuit**”). The amount of the claims made by PCL in relation to the December 2021 Lawsuit was RMB25 million. On 8 April 2024, the first trial’s judgment was delivered and the court dismissed all the plaintiff’s claims. Upon the expiration of the appeal period, neither party appealed, and the first trial’s judgment became effective, which means Qianhai Huanjing and Shenzhen 7Road do not need to make any payment to PCL.

Save as disclosed above, the Group was not involved in any other material legal proceedings during the six months ended 30 June 2024.

## SIGNIFICANT SUBSEQUENT EVENTS

The Group did not have any significant subsequent events after 30 June 2024.

## FINANCIAL INFORMATION

### Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited) (Re-presented)
<b>Continuing operations</b>			
<b>Revenue</b>	4	<b>139,389</b>	366,962
Cost of revenue	7	<b>(35,856)</b>	(41,004)
<b>Gross profit</b>		<b>103,533</b>	325,958
Research and development expenses	7	<b>(70,690)</b>	(97,977)
Selling and marketing expenses	7	<b>(38,023)</b>	(24,633)
Administrative expenses	7	<b>(21,322)</b>	(29,309)
Net reversal of impairment losses on financial assets under expected credit loss model		<b>(14,843)</b>	(8,447)
Other income	5	<b>13,545</b>	2,027
Other gains or losses, net	6	<b>23,011</b>	(13,451)
<b>Operating (loss)/profit</b>		<b>(4,789)</b>	154,168
Finance income	8	<b>198</b>	658
Finance cost	8	<b>(1,142)</b>	(888)
Finance costs, net	8	<b>(944)</b>	(230)
Share of results of associates		<b>(1,178)</b>	(197)
<b>(Loss)/profit before income tax</b>		<b>(6,911)</b>	153,741
Income tax expense	9	<b>(335)</b>	(2,692)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(7,246)</b>	151,049
<b>Discontinued operation</b>			
Profit/(Loss) for the period from discontinued operation	12	<b>1,275</b>	(20,603)
<b>(Loss)/profit for the period</b>		<b>(5,971)</b>	130,446

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
		<b>(Unaudited)</b>	(Re-presented)
<b>(Loss)/profit for the period attributable to owners of the Company:</b>			
— From continuing operations		<b>(9,089)</b>	151,115
— From discontinued operation		<b>1,275</b>	(20,603)
		<u><b>(7,814)</b></u>	<u>130,512</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>			
		<u><b>(7,814)</b></u>	<u>130,512</u>
<b>Profit/(loss) for the period attributable to non-controlling interests:</b>			
— From continuing operations		<b>1,843</b>	(66)
— From discontinued operation		<u>—</u>	<u>—</u>
		<u><b>1,843</b></u>	<u>(66)</u>
<b>Profit/(loss) for the period attributable to non-controlling interests</b>			
		<u><b>1,843</b></u>	<u>(66)</u>
		<u><b>(5,971)</b></u>	<u>130,446</u>
<b>(Loss)/earnings per share for (loss)/profit attributable to owner of the Company (expressed in RMB per share)</b>			
<b>From continuing and discontinued operations</b>			
— Basic and diluted	10	<u><b>(0.003)</b></u>	<u>0.051</u>
<b>From continuing operations</b>			
— Basic and diluted		<u><b>(0.004)</b></u>	<u>0.059</u>
<b>From discontinued operation</b>			
— Basic and diluted		<u><b>0.001</b></u>	<u>(0.008)</u>

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.



## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(5,971)</b>	130,446
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(253)</u>	<u>742</u>
Other comprehensive income, net of tax	<u>(253)</u>	<u>742</u>
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(6,224)</u></b>	<b><u>131,188</u></b>
<b>Total comprehensive (loss)/income attributable to:</b>		
— Owners of the Company	<u>(8,067)</u>	131,254
— Non-controlling interests	<u>1,843</u>	<u>(66)</u>
	<b><u>(6,224)</u></b>	<b><u>131,188</u></b>
<b>Total comprehensive (loss)/income attributable to owners of the Company:</b>		
— From continuing operations	<u>(9,342)</u>	151,857
— From discontinued operation	<u>1,275</u>	<u>(20,603)</u>
	<b><u>(8,067)</u></b>	<b><u>131,254</u></b>

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

		As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>38,765</b>	214,153
Right-of-use assets		<b>44,316</b>	135,125
Intangible assets		<b>624,671</b>	624,850
Interests in associates		<b>15,101</b>	14,932
Financial assets at fair value through profit or loss	14	<b>770,085</b>	864,443
Prepayment and other receivables		<b>—</b>	34,933
Restricted cash		<b>140</b>	140
Deferred income tax assets		<b>39,234</b>	39,541
		<b>1,532,312</b>	1,928,117
<b>Current assets</b>			
Trade receivables	13	<b>78,257</b>	169,254
Prepayment and other receivables		<b>184,171</b>	109,184
Financial assets at fair value through profit or loss	14	<b>31,868</b>	19,729
Restricted cash		<b>1</b>	1
Cash and cash equivalents		<b>50,206</b>	48,088
		<b>344,503</b>	346,256
<b>Current liabilities</b>			
Trade and other payables	16	<b>80,838</b>	108,183
Lease liabilities		<b>6,325</b>	87,420
Borrowings	15	<b>—</b>	118,347
Current income tax liabilities		<b>173</b>	173
Contract liabilities		<b>27,635</b>	35,354
		<b>114,971</b>	349,477
<b>Net current assets/(liabilities)</b>		<b>229,532</b>	(3,221)
<b>Total assets less current liabilities</b>		<b>1,761,844</b>	1,924,896

		As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		5,271	49,503
Borrowings	15	—	112,656
Deferred tax liabilities		<u>8,409</u>	<u>8,349</u>
		<u>13,680</u>	<u>170,508</u>
<b>Net assets</b>		<u><b>1,748,164</b></u>	<u>1,754,388</u>
<b>Equity</b>			
Share capital		90	90
Share premium		4,083,085	4,083,085
Other reserves		(2,933,880)	(2,964,937)
Retained earnings		<u>594,551</u>	<u>633,675</u>
<b>Total equity attributable to owners of the Company</b>		<u>1,743,846</u>	<u>1,751,913</u>
<b>Non-controlling interests</b>		<u>4,318</u>	<u>2,475</u>
<b>Total equity</b>		<u><b>1,748,164</b></u>	<u>1,754,388</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

*For the six months ended 30 June 2024*

## 1. GENERAL INFORMATION

7Road Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 September 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development and distribution of web games and mobile games and provision of cloud computing services and other cloud related services in the People’s Republic of China (the “**PRC**”) and other countries and regions. During the year, the major line of operation of provision of cloud computing services and other cloud related service in the PRC was discontinued.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated, and is approved for issue by the Board of Directors on 29 August 2024. This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standards (“**IAS**”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, as set out in the 2023 annual report of the Company.

## 3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2024 are the same as those presented in the annual consolidated financial statements for the year ended 31 December 2023, as set out in the 2023 annual report of the Company.

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4. SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the directors of the Company consider that the Group's operations are mainly operated and managed as a single segment and no segment information is presented, accordingly.

Revenue for the six months ended 30 June 2024 and 2023 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited) (Re-presented)
<b>Continuing operations</b>		
<b>Types of goods or services</b>		
Online game revenue	<b>134,941</b>	355,502
— Self-development games		
<i>published by the Group</i>	<b>77,734</b>	280,370
<i>published by other publishers</i>	<b>39,035</b>	73,380
— Licensed games		
<i>published by the Group</i>	<b>18,172</b>	1,752
<i>published by other publishers</i>	—	—
Sales of online game technology and publishing solutions services	—	1,462
Intellectual property licensing	<b>3,553</b>	5,958
Cloud related services	<b>895</b>	4,040
	<b>139,389</b>	366,962

Revenue from continuing operations of approximately RMB45,984,000 were derived from the five largest single external customers for the six months ended 30 June 2024 (2023: RMB181,638,000).

During the six months ended 30 June 2024, revenue from continuing operations of approximately RMB13,402,000 was derived from a single external customer accounted for more than 10% of the total revenue (2023: RMB139,325,000 were derived from a single external customers).

## 5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
	(Unaudited)	(Re-presented)
<b>Continuing operations</b>		
Government grants (note)	2,528	459
Value added tax (“VAT”) refunds (note)	444	1,568
Others	10,573	—
	<u>13,545</u>	<u>2,027</u>

*Note:* There are no unfulfilled conditions or contingencies related to the above government grants or VAT refunds.

## 6. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
	(Unaudited)	(Re-presented)
<b>Continuing operations</b>		
Gain/(Loss) on fair value change of financial assets at fair value through profit or loss	21,225	(15,423)
Gain/(Loss) on disposal of property, plant and equipment	311	(355)
Gains on disposal of subsidiaries	—	13
Foreign exchange gains, net	394	2,330
Others	1,081	(16)
	<u>23,011</u>	<u>(13,451)</u>

## 7. EXPENSES BY NATURE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Payroll and employee benefit expense	69,088	101,580
Channel service fee and cost of licensing	13,356	4,504
Professional and consulting fees	3,757	4,769
Outsourced technical services	23,001	17,770
Promotion and advertising expenses	38,297	24,178
Utilities and office expenses	955	1,755
Depreciation of property, plant and equipment	2,269	4,293
Depreciation of right-of-use assets	3,778	9,365
Amortisation of intangible assets	178	503
Travelling and entertainment expenses	2,413	3,589
Bandwidth and servers custody fee	4,940	14,359
Short term lease expenses	951	728
Audit services	2,180	2,180
Tax and levies	545	2,424
Others	183	926
	<u>165,891</u>	<u>192,923</u>

## 8. FINANCE COSTS, NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
<b>Finance income</b>		
Interest income on bank balances	72	433
Others	126	225
	<u>198</u>	<u>658</u>
<b>Finance costs</b>		
Interest expenses on bank and other borrowings	(578)	(161)
Interest expenses on lease liabilities	(252)	(447)
Others	(312)	(280)
	<u>(1,142)</u>	<u>(888)</u>
<b>Finance costs, net</b>	<u>(944)</u>	<u>(230)</u>

## 9. INCOME TAX

The income tax of the Group for the six months ended 30 June 2024 and 2023 is analysed as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Current income tax	14	2,111
Deferred income tax	321	581
	<u>335</u>	<u>2,692</u>

## 10. EARNINGS PER SHARE

### (a) From continuing and discontinued operations

Basic and diluted (loss)/earnings per share from continuing and discontinued operations is calculated by dividing the (loss)/profit attributable to equity holders of the Company from continuing and discontinued operations by the weighted average number of ordinary shares during the period.

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	(7,814)	130,512
Weighted average number of ordinary shares in issue (in thousands)	2,574,268	2,574,268
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to equity holders of the Company	<u>(0.003)</u>	<u>0.051</u>

For the six months ended 30 June 2024 and 2023, no diluted (loss)/earnings per share were presented as there were no potential ordinary shares in issue.

### (b) From continuing operations

Basic and diluted (loss)/earnings per share from continuing operations attributable is calculated by dividing the (loss)/profit attributable to equity holders of the Company from continuing operations by the weighted average number of ordinary shares during the period.



	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	<b>(9,089)</b>	151,115
Weighted average number of ordinary shares in issue (in thousands)	<b>2,574,268</b>	2,574,268
Basic (loss)/earnings per share for profit attributable to equity holders of the Company	<b><u>(0.004)</u></b>	<u>0.059</u>

**(c) From discontinued operation**

Basic and diluted earnings per share for the discontinued operations was RMB0.001 per share (2023: loss of RMB0.008 per share), based on the profit for the period from the discontinued operation of approximately RMB1,275,000 (2023: loss of RMB20,603,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

**11. DIVIDENDS**

No dividends were paid, declared or proposed during the six months ended 30 June 2024 (2023: Nil). The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024.

**12. DISCONTINUED OPERATION**

On 28 March 2024, the Group entered into an equity transfer agreement with an independent third party to dispose of the entire equity interests in Shanghai Lingsu Network Technology Co., Ltd.\* (“**Shanghai Lingsu**”), an indirect wholly-owned subsidiary of the Company that carried out the Group’s cloud computing and related services at a consideration of RMB14,850,000. The disposal was completed on 11 April 2024 on which date control of Shanghai Lingsu and its subsidiaries (the “**Disposal Group**”) passed to the acquirer. The Group’s major line of cloud computing and related services is treated as discontinued operation.

The loss for the period from the discontinued cloud computing and related services in the PRC is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the major line of cloud computing and related services in the PRC as discontinued operation.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Loss of major line of cloud computing and related services in the PRC for the period	<b>(8,167)</b>	(20,603)
Gain on disposal of major line of cloud computing and related services in the PRC	<b>9,442</b>	—
	<b><u>1,275</u></b>	<u>(20,603)</u>

The results of the major line of cloud computing and related services in the PRC for the period from 1 January 2024 to 11 April 2024, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	<b>Period ended</b>	Six months ended
	<b>11 April 2024</b>	30 June 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue	<b>31,482</b>	76,690
Cost of revenue	<b>(33,319)</b>	(80,170)
Gross loss	<b>(1,837)</b>	(3,480)
Administrative expenses	<b>(1,183)</b>	(5,715)
Net provision of impairment losses on financial assets under expected credit loss model	<b>(4)</b>	—
Other income	<b>6</b>	3
Other gains or loss, net	<b>—</b>	618
Operating loss	<b>(3,018)</b>	(8,574)
Finance income	<b>—</b>	38
Finance costs	<b>(5,149)</b>	(12,067)
Finance costs, net	<b>(5,149)</b>	(12,209)
Loss before income tax	<b>(8,167)</b>	(20,603)
Income tax expense	<b>—</b>	—
Loss for the period	<b><u>(8,167)</u></b>	<u>(20,603)</u>

As referred to above, the Group discontinued its major line of cloud business operation in the PRC at the date of disposal of the Disposal Group. The net assets of the Disposal Group at the date of disposal were as follows:

**Analysis of assets and liabilities**

	<i>RMB'000</i>
Property, plant and equipment	172,115
Right-of-use assets	71,928
Trade receivables	41,193
Prepayment and other receivable	40,361
Bank balances and cash	37
Trade and other payables	(43,641)
Lease liabilities	(100,789)
Borrowings	(174,426)
Contract liabilities	(1,370)
	<hr/>
Net assets disposed of	<u><u>5,408</u></u>
	<i>RMB'000</i>
Gain on disposal of subsidiaries:	
Total consideration	14,850
Add: Net assets disposed of	(5,408)
	<hr/>
Gain on disposal	<u>9,442</u>
Net cash flow arising from:	
Cash consideration received	14,850
Bank balances and cash disposed of	(37)
	<hr/>
Net cash inflow	<u><u>14,813</u></u>

Analysis of the cash flow of the discontinued operation is as follows:

	<b>Period ended</b> <b>11 April 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	Six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)
Net cash flows from operating activities	<b>44,207</b>	26,278
Net cash flows used in investing activities	—	(81,833)
Net cash flows (used in)/from financing activities	<b>(44,239)</b>	61,197
	<hr/>	<hr/>
Net cash (outflows)/inflows	<b>(32)</b>	5,642
	<hr/> <hr/>	<hr/> <hr/>

### 13. TRADE RECEIVABLES

	<b>At 30 June</b> <b>2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	<b>133,125</b>	209,377
Less: provision for impairment	<b>(54,868)</b>	(40,123)
	<hr/>	<hr/>
Trade receivables, net	<b>78,257</b>	169,254
	<hr/> <hr/>	<hr/> <hr/>

The Group allows a credit period of 30–120 days to its customers. An ageing analysis of trade receivables based on the dates of delivery of goods and services is as follows:

	<b>At 30 June</b> <b>2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As 31 December 2023 <i>RMB'000</i> (Audited)
Within 3 months	<b>25,384</b>	44,377
3 to 6 months	<b>9,866</b>	19,128
6 months to 1 year	<b>304</b>	17,878
1 to 2 years	<b>28,842</b>	82,216
Over 2 years	<b>68,729</b>	45,778
	<hr/>	<hr/>
	<b>133,125</b>	209,377
	<hr/> <hr/>	<hr/> <hr/>

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>At 30 June 2024 RMB'000 (Unaudited)</b>	As 31 December 2023 RMB'000 (Audited)
<b>Current</b>		
Listed shares in Hong Kong	<u><b>31,868</b></u>	<u>19,729</u>
<b>Non-current</b>		
Listed shares and unlisted equity investments in the PRC	<b>212,113</b>	315,212
Unlisted limited partnerships in the PRC	<u><b>557,972</b></u>	<u>549,231</u>
	<u><b>770,085</b></u>	<u>864,443</u>
	<u><b>801,953</b></u>	<u>884,172</u>

Movements in financial assets at fair value through profit or loss during the six months ended 30 June 2024 and 2023 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
At beginning of the period	<b>884,172</b>	696,359
Additions	—	177,400
Disposals	<b>(103,588)</b>	(625)
Fair value changes ( <i>Note 6</i> )	<b>21,225</b>	(15,423)
Exchange realignment	<u><b>144</b></u>	<u>1,057</u>
At end of the period	<u><b>801,953</b></u>	<u>858,768</u>

## 15. BORROWINGS

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	As 31 December 2023 <i>RMB'000</i> (Audited)
<b>Secured other borrowings</b>		
— RMB loan ( <i>note a</i> )	—	181,003
<b>Secured bank borrowings</b>		
— RMB loan ( <i>note b</i> )	—	40,000
<b>Unsecured bank borrowings</b>		
— RMB loan ( <i>note c</i> )	—	10,000
	<u>—</u>	<u>231,003</u>

### Notes:

- (a) The Group entered into various finance lease agreements with two companies established in the PRC with limited liability who are both independent third parties of the Group (“**Lessors**”), to transfer the ownership and lease back of certain servers and other equipment of the Group at a cash consideration totalling RMB256,000,000 (the “**Finance Lease Agreements**”). Pursuant to the Finance Lease Agreements, the ownership of certain servers and other equipment of the Group was transferred to the Lessors and the Group leased back those servers and other equipment from the Lessors for a term of 48 months. At the end of lease term, the Lessors, subject to the settlement of all outstanding amounts due under the Finance Lease Agreements, agreed to transfer the ownership of those servers and other equipment to the Group at a purchase price ranging from RMB100 to RMB10,000.

The Finance Lease Agreements were not accounted for as a sale in accordance with IFRS 15 since the Group is able to repurchase those servers and other equipment at a price which is significantly lower than its original selling price; and the Finance Lease Agreements were not accounted for as a sale and leaseback transaction in accordance with IFRS 16. Accordingly, the Finance Lease Agreements were accounted for as the Group’s borrowing in accordance with IFRS 9.

During the year ended 31 December 2023, the effective interest rate of the other borrowings were ranged from 8.00% to 8.42% per annum. The other borrowings were secured by the property, plant and equipment with carrying amount of approximately RMB202,979,000 and trade receivables of RMB15,192,000 and guaranteed by the Company and certain subsidiaries of the Company.

- (b) During the year ended 31 December 2023, the Group received a bank borrowing of RMB40,000,000 at an interest rate of 3.80% per annum. The bank borrowing was secured by the Group's property, plant and equipment of RMB7,816,000 and right-of-use assets of RMB33,272,000 and guaranteed by a subsidiary of the Company, and repayable within one year.
- (c) During the year ended 31 December 2023, the Group received a bank borrowing of RMB10,000,000 at an interest rate of 3.70% per annum. The bank borrowing was unsecured and guaranteed by a subsidiary of the Company, and repayable within one year.

At 30 June 2024 and 31 December 2023, the Group's borrowings were repayable as follows:

	<b>At 30 June 2024 RMB'000 (Unaudited)</b>	As 31 December 2023 RMB'000 (Audited)
Within 1 year	—	118,347
1 to 2 years	—	73,994
2 to 5 years	—	38,662
	<u>—</u>	<u>231,003</u>

As at 30 June 2024, the Group's total borrowings amounted to nil. As at 31 December 2023, the carrying amounts of the Group's bank and other borrowings approximate to their fair values.

## 16. TRADE AND OTHER PAYABLES

	<b>At 30 June 2024 RMB'000 (Unaudited)</b>	As 31 December 2023 RMB'000 (Audited)
Trade payables	<b>34,651</b>	55,109
Payroll liabilities	<b>19,739</b>	30,826
Other tax payables	<b>1,492</b>	8,362
Dividend payables	<b>1</b>	1
Government grants	<b>140</b>	140
Accrued expenses	<b>10,435</b>	3,153
Others	<b>14,380</b>	10,592
	<u><b>80,838</b></u>	<u>108,183</u>

The ageing analysis of trade payables based on invoice date is as follows:

	<b>At 30 June 2024 RMB'000 (Unaudited)</b>	As 31 December 2023 RMB'000 (Audited)
0 to 30 days	<b>18,715</b>	20,473
31 to 60 days	<b>3,981</b>	909
61 to 90 days	<b>1,519</b>	—
91 to 180 days	<b>2,753</b>	180
181 to 365 days	<b>53</b>	12
Over 1 year	<b>7,630</b>	33,535
	<b><u>34,651</u></b>	<b><u>55,109</u></b>

## 17. CONTINGENCY LIABILITIES AND GUARANTEES

On 8 December 2021, Proficient City Limited (“PCL”) filed a lawsuit (the “**Lawsuit**”) with the Guangdong Higher Court against the subsidiaries of the Group, Shenzhen 7Road Technology Co., Ltd. (深圳第七大道科技有限公司) (“**Shenzhen 7Road**”) and Qianhai Huanjing Network Technology Co., Ltd. (前海幻境網絡科技有限公司) (“**Qianhai Huanjing**”), in relation to a dispute on infringement of trade secret over the online game Wartune (神曲), and the Group had received the Notice to Respond from the Guangdong Higher Court in July and August 2022. On 8 April 2024, the first trial’s judgment was delivered and the court dismissed all the plaintiff’s claims. Upon the expiration of the appeal period, neither party appealed, and the first trial’s judgment became effective, which means Qianhai Huanjing and Shenzhen 7Road do not need to make any payment to PCL. Accordingly, the litigation no longer constitutes a contingent liability for the Group during the six months ended 30 June 2024.

As disclosed in note 12, the Group entered into an equity transfer agreement with an independent third party (the “**Purchaser**”) to dispose of the entire equity interests in Shanghai Lingsu (the “**Disposal**”). Prior to the completion of the Disposal, Shanghai Lingsu entered into various finance lease agreements with two financial institutions for other borrowings as disclosed in note 15. Those other borrowings were secured by Shanghai Lingsu’s property, plant and equipment and trade receivables and guaranteed by the Company and certain subsidiaries of the Company. Upon the completion of the Disposal, Shanghai Lingsu ceased to be a subsidiary of the Company, and the Group continued to provide the guarantee for Shanghai Lingsu for a certain period after the completion of the Disposal (the “**Guarantees**”). Regarding to the Guarantees provided to Shanghai Lingsu, the Group entered into a counter-guarantee agreement with the Purchaser and an independent third party (the “**Counter Guarantors**”). Pursuant to the counter-guarantee agreement, the Counter Guarantors jointly provided an unconditional and irrevocable joint liability guarantee to the Group for any of their rights of debt recovery against Shanghai Lingsu arising from fulfilling the Group’s obligations under the Guarantees covering all amounts paid by the Group. The maximum guaranteed amount under the Guarantees was RMB120,000,000. Detail of the Guarantee are set out in the Company’s announcement dated 28 March 2024.

As at 30 June 2024, the outstanding balances of Shanghai Lingsu’s other borrowings which guaranteed by the Group was RMB77,212,000, and up to the date of this announcement, the Group did not aware any default or breaches a covenant of the Shanghai Lingsu’s other borrowings. In the opinion of the directors of the Company, the Group’s credit risk regarding to the Guarantee was insignificant as the Counter Guarantors has provided counter-guarantee to the Group.



## **OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS**

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares.

### **INTERIM DIVIDEND**

The Board did not recommend to declare an interim dividend for the six months ended 30 June 2024.

### **COMPLIANCE WITH THE CG CODE**

The Company has complied with all the applicable code provisions of the CG Code as set out in Appendix C1 of the Listing Rules for the six months ended 30 June 2024.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees of the Group who, because of their office or employment, are likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiry of all Directors, they have all confirmed that they have complied with the Model Code for the six months ended 30 June 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the relevant employees during the six months ended 30 June 2024.

### **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Xue Jun, Ms. Li Yiqing and Mr. Lui Chi Ho. Mr. Xue Jun is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited Interim Results of the Group for the six months ended 30 June 2024.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT**

This announcement was published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.7road.com](http://www.7road.com)). The interim report of the Group for the six months ended 30 June 2024 will be despatched to the Shareholders (if requested) and available on the above websites in September 2024.

### **DEFINITIONS**

“ARPPU”	the total revenue generated by the paying users for a particular game, a particular type of game or all of our games, as applicable, during a certain period divided by the number of paying users of such game, such type of games or all of our games, as applicable, during such period
“Audit Committee”	the audit committee of the Board
“average MPUs”	the average number of paying users in the relevant calendar month; average MPUs for a particular period is the average of the MPUs in each month during that period
“CG Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“China” or “PRC”	for purpose of this announcement only, the People’s Republic of China, unless otherwise stated, excludes Hong Kong, the Macau Special Administrative Region and Taiwan herein
“Company” or “our Company”	7Road Holdings Limited (第七大道控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 6 September 2017 and the Shares of which are listed on the Main Board of the Stock Exchange on 18 July 2018 (Stock Code: 797)
“Consolidated Affiliated Entities”	the entities that the Company controls through the Contractual Arrangements, namely Shenzhen 7Road and its subsidiaries
“Contractual Arrangements”	certain contractual arrangements entered into on 13 April 2018 by us

“Director(s)”	the director(s) of the Company
“Group”, “we”, “our” or “us”	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the Contractual Arrangements entered into on 13 April 2018, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“MAUs”	monthly active users, refers to the number of people logged in to specific game(s) in the relevant calendar month; average MAUs for a particular period is the average of the MAUs in each month during that period
“mobile game(s)”	game(s) that is/are played on mobile devices
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MPUs”	monthly paying users, refers to the number of paying users in the relevant calendar month
“Ningbo Lianjun”	Ningbo Meishan Bonded Port Area Lianjun Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區聯珺股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“online game(s)”	video game(s) that is/are played over some form of computer or mobile network

“paying users”	in any given period, (i) paying users of a particular game refers to all registered users who charged their accounts for the game with virtual items purchased from us at least once in such period regardless of whether such virtual items were consumed by the registered users in such period; and (ii) paying users of a particular type or all of our games refers to the simple sum of the paying users of each game of such type or all of our games, as applicable, in such period and a paying user that purchased virtual items for two or more games in such period is counted as two or more paying users in such period
“Qianhai Huanjing”	Shenzhen Qianhai Huanjing Network Technology Co., Ltd.* (深圳市前海幻境網絡科技有限公司), a company established under the laws of the PRC with limited liability on 12 July 2015
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	the restricted share unit scheme adopted by our Company on 6 March 2018
“RSU(s)”	restricted share units granted pursuant to the RSU Scheme
“senior management”	the senior management of the Company
“Shanghai Lingsu”	Shanghai Lingsu Network Technology Co., Ltd.* (上海凌素網絡科技有限公司), a company established under the laws of the PRC with limited liability
“Shanghai Silicon”	Shanghai Advanced Silicon Technology Co., Ltd.* (上海超矽半導體股份有限公司), a company established under the laws of the PRC
“Share(s)”	ordinary share(s) of US\$0.000005 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Shenzhen 7Road”	Shenzhen 7Road Technology Co., Ltd.* (深圳第七大道科技有限公司), a company incorporated under the laws of the PRC with limited liability on 22 January 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“web game(s)”	game(s) that is/are played in a web browser on personal computer without downloading any client base or application
“%”	per cent

By order of the Board  
**7Road Holdings Limited**  
**Meng Shuqi**  
*Chairman*

Wuxi, the PRC  
29 August 2024

*As at the date of this announcement, the executive Directors are Mr. Meng Shuqi, Mr. Li Zhengquan and Mr. Yang Cheng; and the independent non-executive Directors are Mr. Xue Jun, Ms. Li Yiqing and Mr. Lui Chi Ho.*

\* *For identification purposes only*