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 JUNE 30, 2018

The Board announces the unaudited consolidated interim results of the Group for the six months ended June 30, 2018 ("**interim results**") together with the comparative figures for the corresponding period in 2017.

FINANCIAL PERFORMANCE HIGHLIGHTS
THE FIRST HALF OF 2018 COMPARED TO THE FIRST HALF OF 2017

	For the six months ended June 30,		Year-on-year
	2018	2017	change%
	(RMB'000)	*(RMB'000)*	
Revenue	**233,672**	265,058	-11.8%
Profit for the period	**104,543**	182,523	-42.7%
Profit for the period attributable to equity shareholders of the Company	**104,543**	182,523	-42.7%
Adjusted net profit(1)	**142,895**	182,523	-21.7%

Note (1) Adjusted net profit does not include share incentive expenses and listing-related expenses.

1. For the six months ended June 30, 2018, the total revenue amounted to approximately RMB233.7 million, representing a decrease of approximately 11.8% as compared with the corresponding period of 2017. This was mainly attributable to the launch of DDTank (mobile) (彈彈堂(手遊)) in April 2017, which recorded the highest billing at the initial rollout stage due to the domestic marketing strategies of our business partners, followed by the transition to stable development in the PRC. The revenue and adjusted net profit amounted to RMB265.1 million and RMB182.5 million for the first half of 2017, accounting for 59.5% and 69.3% of the revenue and adjusted net profit for the year of 2017 respectively. During the first half of 2018, our revenue from the overseas markets went up and our licensed games increased, which led to the higher revenue from game licensing. At the same time, most of the new game products are expected to be launched in the second half of 2018. The revenue and adjusted net profit for the first half of 2018 increased by 29.6% and 76.9% respectively as compared with the second half of 2017.

2. Profit attributable to equity Shareholders for the period was RMB104.5 million, representing a decrease of 42.7% as compared with RMB182.5 million for the corresponding period of 2017 and an increase of 40.0% as compared with RMB74.7 million for the six months ended December 31, 2017.

3. Adjusted net profit for the period was RMB142.9 million, representing a decrease of 21.7% as compared with RMB182.5 million for the corresponding period of 2017 and an increase of 76.9% as compared with RMB80.8 million for the six months ended December 31, 2017.

4. The Board declared an interim dividend of HK$3.1 cents per share for the six months ended June 30, 2018, totaling HK$83.0 million, which is expected to be paid on or before October 15, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Company is a leading game developer and operator in China with a global reach. Since our inception in 2008, the Company has engaged in the R&D, operation and licensing of a number of popular web games such as DDTank (彈彈堂) and Wartune (神曲). Of which, our web games DDTank (彈彈堂) and Wartune (神曲), which were launched in 2009 and 2011 respectively, maintain a strong momentum and contribute a considerable portion of revenue to the Company. Our flagship web game Wartune (神曲) ranks first among all the web games developed by Chinese companies in terms of gross billings. The Company derives a sizable portion of revenue from the overseas markets and our games have been published in more than 100 countries and regions. We are committed to bringing quality gameplay experience in various game formats to our users. In recent years, we have strategically expanded our business focuses to develop mobile games and H5 games, which are increasingly popular among the users. Leveraging our strong game R&D capabilities and our hit game titles, we have assembled valuable intellectual property assets with great monetization potential.

The "2018 Global Games Market Report" published by Newzoo in 2018 projected that a base of more than 2.3 billion active game players worldwide will spend over US$137.9 billion in the global game market in 2018. With 46% or approximately 1.1 billion players willing to pay for games, gaming spending will increase at a compound annual growth rate of over 10.3% to US$180.1 billion in 2021.

Driven by the growth of smartphone games, the Asia Pacific region is taking up increasing share of the global game market year by year, and will continue to lead in terms of revenue growth. In 2018, revenue from the Asia Pacific game market will reach US$71.4 billion, accounting for 52% of the total game revenue worldwide, up 16.8% year-on-year. The North American market will remain the second largest game market and the revenue is expected to reach US$32.7 billion, accounting for 23% of the total game revenue worldwide, up 10% year-on-year. The European, Middle East and African markets will slightly lag behind the North American market and are expected to contribute US$28.7 billion or 21% of the total game revenue worldwide. The Latin American game market will grow to US$5.0 billion, accounting for 4% of the global market.

In 2018, the mobile game market will hold approximately 60% of the market share and develop into a huge market of over US$100 billion. Among which, the mobile game market will be the largest game market in 2018, while revenue from smartphone and tablet games is expected to increase to US$70.3 billion during this year, accounting for 51% of the total game revenue worldwide. Global mobile game players, which mostly comprise players on smartphones, will reach 2.2 billion, accounting for approximately one-third of the world's population. For a single country, China is still the largest game market in the world, with the revenue expected to reach US$50.7 billion in 2021.

According to the "1H 2018 China Game Industry Report" jointly published by the China Game Publishers Association Publications Committee (GPC) of the China Audio-video and Digital Publishing Association and Gamma Data (CNG), the actual sales revenue of China's game market was RMB105.0 billion for the first half of 2018, representing a year-on-year increase of 5.2%. From January to June 2018, the number of gamers in China reached approximately 530 million, representing an increase of 4.0% year-on-year.

Based on the report, in terms of industry segments, the actual sales revenue of mobile games in the PRC game market increased at a rate of 12.9% year-on-year to RMB63.41 billion for the first half of 2018, and accounted for 60.4% of the total actual sales revenue of the game market. The market share of client games and web games slightly decreased to 30.0% and 6.9% respectively.

As of June 30, 2018, our self-development game DDTank (mobile) (彈彈堂(手遊)) was launched in Taiwan of China and Vietnam, and achieved excellent results by maintaining among top 5 on the list of bestselling games in Taiwan of China and Vietnam. The game has a highest monthly active users of 450,000 and 1.6 million in Taiwan of China and Vietnam respectively. It is also planned to be launched in Singapore, Malaysia and Indonesia in the second half of 2018, as part of the further expansion to overseas markets. Following the launch in Taiwan of China, our licensed mobile game Demi-Gods and Semi-Devils (天龍八部) ranked first on the list of bestselling RPGs. Our licensed mobile game Island Story — Let's Boom! (全民島主) published and launched with Tencent had a highest monthly active users of 1.46 million. Our game Wartune H5 (神曲 (H5)) has been tested online on platforms such as Qihoo 360, Myapp of Tencent, mobile apps platform of Huawei, mobile apps platform of Gionee and 4399 online games platforms.

As of the end of the Reporting Period, our total revenue amounted to approximately RMB233.7 million, representing a decrease of 11.8% as compared with the corresponding period of 2017. As of the end of the Reporting Period, the gross profit and gross profit margin of the Company amounted to RMB207.0 million and 88.6%. As of the end of the Reporting Period, the adjusted net profit of the Company was RMB142.9 million, representing a decrease of 21.7% as compared with the corresponding period of 2017. The year-on-year decline in our total revenue for the six months ended June 30, 2018 was mainly attributable to: (1) tightening regulatory policies on games in the PRC and Vietnam; (2) the difference in time of launch for new games planned for 2018 and 2017. For example, our DDTank (mobile) (彈彈堂(手遊)) recorded the highest billing at the initial rollout stage due to the domestic marketing strategies of our business partners, which was followed by the transition to stable development in the PRC, while most of the new game products are expected to be launched in the second half of 2018; in addition, our revenue from the overseas markets went up and our licensed games increased for the first half of 2018, which led to the higher revenue from game licensing. The revenue and adjusted net profit for the first half of 2018 increased by 29.6% and 76.9% respectively as compared with the second half of 2017.

The Company has been listed on the Main Board of the Stock Exchange since 18 July 2018. The listing marks an important milestone in the Company's history and is the initial progress for its efforts in business transformation and innovation over the past few years. It also represents investors' recognition of our strategy, performance and governance, which will be the drivers of our future growth.

OUTLOOK FOR 2018

In the second half of 2018, we will strategically focus on the overseas markets.

With respect to our principal activities, we will be committed to updating existing games and conducting R&D of new games to consolidate the domestic market and optimize our globalization strategy. We plan to launch five mobile games and five H5 games in the second half of 2018. Set out below are some of the examples:

- Mobile game Wartune 3D (神曲 3D) (self-development) is the official mobile game sequel of the IP of web game Wartune (神曲). It is a brand-new 3D SRPG in the Euro-American realistic style;

- Mobile game Demi-Gods and Semi-Devils (天龍八部) (licensed) is a 3D mobile game with Jin Yong's official authorization that was jointly developed by us and Changyou, a leading China-based game developer. The product has been successfully launched in Taiwan of China and will be launched in Singapore, Malaysia and Thailand in the second half of 2018;

- H5 game Demi-Gods and Semi-Devils H5 (天龍八部 H5) (self-development) sets in the story of Demi-Gods and Semi-Devils, a novel by Jin Yong. The gameplay is simplified to focus on the away-from-keyboard experience;

- H5 game X Project (X 項目) (self-development) is a vertical fantasy hero-themed RPG that offers a wide range of confrontational gameplays as its main features;

- H5 game DDTank Adventures H5 (Wechat) (彈彈堂大冒險 H5 微信版) (self-development) and DDTank Adventures H5 Overseas (彈彈堂大冒險 H5 海外版) (self-development) center on classical string shooting and users can develop strategies through card combinations;

- H5 game King of Fighters H5 (拳皇 H5) (self-development) is a game with the official authorization of SNK that completely replicates the exhilarating combo fights in arcade games and appeals more to 2D players in terms of character voices and visual graphics.

The utilization of intellectual properties is an integral part of the Company's long-term strategy. In the second half of 2018, the Company will continue the R&D of its intellectual properties through licensing intellectual properties or cooperating with third parties. It will carry on recruiting more R&D talents and retaining existing talents with competitive compensation, while enhancing our R&D capabilities. In the meantime, the Company will actively seek possible external investment and cooperation in response to the possible effect of increasingly competitive industry and evolving industrial policy on our principal activities.

INTERIM DIVIDEND

The Board declared an interim dividend of HK$3.1 cents per share for the six months ended June 30, 2018 to the Shareholders whose names appear on the register of members of the Company on September 14, 2018. The total amount is HK$83.0 million. The payment date of the interim dividend is expected to be on or before October 15, 2018.

For the purpose of determining the identity of Shareholders who are entitled to the payment of the interim dividend on or before October 15, 2018, the transfer books and register of members of the Company will be closed from September 12, 2018 to September 14, 2018 (both dates inclusive), during which period no transfer of Shares will be registered. In order to be entitled to the payment of the interim dividend, all share transfers of the Company accompanied with the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, September 11, 2018.

FINANCIAL REVIEW

OPERATIONAL INFORMATION

Our Games

For the six months ended June 30, 2018, we continued to focus on the R&D of high-quality online games in response to the intensifying competition in the game industry. For the six months ended June 30, 2018, we developed four new games. All of our newly launched games received very positive feedbacks.

Our 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, the continued popularity of our games, the monetization of our player base and the degree of competition of the online game industry, so that we can implement better business strategies.

For the six months ended June 30, 2018, our web games (i) had an average MAUs of approximately 2.3 million; (ii) an average MPUs of approximately 98,000; (iii) an ARPPU of approximately RMB375. Our mobile games had (i) an average MAUs of approximately 2.1 million; (ii) an average MPUs of approximately 122,000; (iii) an ARPPU of approximately RMB142.

For the six months ended June 30, 2017, our web games had (i) an average MAUs of approximately 3.1 million; (ii) an average MPUs of approximately 130,000; (iii) an ARPPU of approximately RMB428. Our mobile games had (i) an average MAUs of approximately 5.7 million; (ii) an average MPUs of approximately 1.0 million; (iii) an ARPPU of approximately RMB122.

THE FIRST HALF OF 2018 COMPARED TO THE FIRST HALF OF 2017

The following table sets forth the comparative statements of profit or loss for the six months ended June 30, 2018 and the six months ended June 30, 2017.

	For the six months ended June 30,		Year-on-year
	2018	2017	change %
	(RMB'000)	*(RMB'000)*	
Revenue	**233,672**	265,058	-11.8%
Cost of revenue	**(26,718)**	(20,163)	32.5%
Gross profit	**206,954**	244,895	-15.5%
R&D expenses	**(56,538)**	(41,165)	37.3%
Selling and distribution expenses	**(243)**	(6,196)	-96.1%
Administrative expenses	**(45,463)**	(11,792)	285.5%
Other income	**9,779**	10,037	-2.6%
Other gains/(losses), net	**7,097**	(1,183)	N/A
Operating profit	**121,586**	194,596	-37.5%
Finance income	**2,945**	3,151	-6.5%
Finance costs	**(3,614)**	(3,757)	-3.8%
Finance losses, net	**(669)**	(606)	10.4%
Share of results of associates	**1,271**	2,254	-43.6%

	For the six months ended June 30,		Year-on-year
	2018	2017	change %
	(RMB'000)	*(RMB'000)*	
Profit before income tax	**122,188**	196,244	-37.7%
Income tax expense	**-17,645**	-13,721	28.6%
Profit for the period	**104,543**	182,523	-42.7%
Add:	**38,352**	—	—
Listing-related expenses	**19,500**	—	—
Share-based compensation costs	**18,852**	—	—
Adjusted net profit[(1)]	**142,895**	182,523	-21.7%

Note (1) See "Non-IFRS Measures" for details.

REVENUE

The following table sets forth the breakdown of our revenue for the six months ended June 30, 2018 and 2017:

	For the six months ended June 30,			
	2018		2017	
	(RMB'000)	***(% of total revenue)***	*(RMB'000)*	*(% of total revenue)*
Online game revenue	**137,939**	**59.1%**	246,370	93.0%
— Self-development games				
published by us	**2,715**	**1.2%**	3,447	1.3%
published by other publishers	**123,095**	**52.7%**	236,917	89.4%
— Licensed games				
published by us	**—**	**—**	12	-0.0%
published by other publishers	**12,129**	**5.2%**	5,994	2.3%
Sales of online game technology and publishing solutions services	**48,201**	**20.6%**	14,384	5.4%
Intellectual property licensing	**47,532**	**20.3%**	4,304	1.6%
Total	**233,672**	**100.0%**	265,058	100.0%

By location	For the six months ended June 30, **2018**		2017	
	(RMB'000)	***(% of total revenue)***	*(RMB'000)*	*(% of total revenue)*
The PRC	**95,154**	**40.7%**	172,720	65.2%
Overseas	**138,518**	**59.3%**	92,338	34.8%
Total revenue	**233,672**	**100.0%**	265,058	100%

For the six months ended June 30, 2018, total revenue was approximately RMB233.7 million, representing a decrease of approximately 11.8% as compared with the corresponding period of 2017. This was mainly attributable to the launch of DDTank (mobile) (彈彈堂(手遊)) in April 2017, which recorded the highest billing at the initial rollout stage due to the domestic marketing strategies of our business partners, followed by the transition to stable development in the PRC. The decrease in total revenue was also because of the fact that most of our new self-development game products are expected to be launched in the second half of 2018.

For the six months ended June 30, 2018, our revenue from online games amounted to approximately RMB137.9 million, representing a decrease of approximately 44.0% as compared with the corresponding period of 2017. This was mainly attributable to the launch of DDTank (mobile) (彈彈堂(手遊)) in April 2017, which recorded the highest billing at the initial rollout stage due to the domestic marketing strategies of our business partners, followed by the transition to stable development in the PRC. The decrease in revenue was also because of the fact that most of our new self-development game products are expected to be launched in the second half of 2018.

Among which, our revenue from self-development games amounted to approximately RMB125.8 million, representing a decrease of approximately 47.7% as compared with the corresponding period of 2017. This was mainly attributable to the fact that most of our new self-development game products are expected to be launched in the second half of 2018.

Our revenue from licensed games amounted to approximately RMB12.1 million, representing an increase of approximately 101.9% as compared with the corresponding period of 2017. This was mainly attributable to the launch of new licensed games in the first half of 2018, which led to the higher revenue from game licensing.

For the six months ended June 30, 2018, our revenue from the sales of web and mobile game technology and publishing solutions services amounted to approximately RMB48.2 million, representing an increase of 235.1% as compared with the corresponding period of 2017. This was mainly attributable to our exploration of diversified business models, and the significant growth in the revenue from the technology installation fee and the consulting service business in the first half of 2018.

For the six months ended June 30, 2018, our revenue from intellectual property licensing amounted to approximately RMB47.5 million, representing an increase of approximately 1,004.4% as compared with the corresponding period of 2017. This was mainly attributable to the drastic growth in revenue from the intellectual property licensing business as we accelerated the development of intellectual properties.

COST OF REVENUE

Our cost of revenue mainly comprises employee benefit expense and consulting services fee incurred by business units. The cost of revenue was RMB26.7 million for the first half of 2018, representing an increase of 32.5% as compared with the corresponding period of 2017. This was mainly attributable to the increase in compensation and benefits, which include the share incentive expenses, and the increase in the cost of game licensing.

Our employee benefit expense primarily represents the salary and compensation of our operation team. The employee benefit expense was RMB4.3 million for the first half of 2018, representing an increase of 334.3% as compared with the corresponding period of 2017. This was mainly attributable to the increase in compensation and benefits, which include the share incentive expenses.

Our cost of game licensing was RMB6.5 million for the first half of 2018, representing an increase of 417.7% as compared with the corresponding period of 2017. This was mainly attributable to the growth in revenue and cost resulting from additional game licensing.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit was RMB207.0 million for the first half of 2018, representing a year-on-year decrease of approximately 15.5%. Our gross profit margin was 88.6% for the first half of 2018, as compared with 92.4% for the first half of 2017.

EXPENSES

R&D Expenses

Our R&D expenses primarily consist of employee benefit expense incurred by our R&D department and outsourcing expenses. The R&D expenses were RMB56.5 million for the first half of 2018, representing an increase of 37.3% as compared with the corresponding period of 2017. This was mainly attributable to the increase in staff remuneration, which includes the share incentive expenses, and the growth in additional outsourced R&D expenses.

Administrative Expenses

Our administrative expenses primarily comprise benefit expenses and professional consulting fees for employees in business units. The administrative expenses were RMB45.5 million for the first half of 2018, representing an increase of 285.5% as compared with the corresponding period of 2017. This was mainly attributable to the increase in listing expenses and share incentive expenses.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of advertising expenses and employee benefit expense of marketing and sales staff incurred by our marketing department. The selling and marketing expenses were RMB243,000 for the first half of 2018, representing a decrease of 96.1% as compared with the corresponding period of 2017. This was mainly attributable to the decrease in selling and marketing expenses, which include the advertising fee.

Income Tax Expenses

Our income tax expenses were RMB17.6 million for the first half of 2018, representing an increase of 28.6% as compared with the corresponding period of 2017. This was mainly attributable to the adjustment of the applicable tax rate for domestic operating entities and the share incentive expenses for employees which were not tax deductible. For the six months ended June 30, 2018, the nominal income tax rate for our major domestic operating entities was approximately 15%.

NON-IFRS MEASURES

To supplement our consolidated financial information which is presented in accordance with IFRS, we set forth below our adjusted net profit/(loss) as an additional financial measure which is not presented in accordance with IFRS. We believe this is meaningful because potential impacts of certain items which our management does not consider indicative of our operating performance have been eliminated, and this would be useful for investors to compare our financial results directly with those of our peer companies.

Adjusted net profit eliminates the effect of certain non-cash or non-recurring items, namely listing-related expenses and share incentive expenses. The term "adjusted net profit" is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year. The following table reconciles our adjusted net profit for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	For the six months ended June 30,	
	2018	2017
	(RMB'000)	*(RMB'000)*
Profit for the period	**104,543**	182,523
Add:	**38,352**	—
Listing-related expenses	**19,500**	—
Share-based compensation costs	**18,852**	—
Adjusted net profit[1]	**142,895**	182,523

Note (1) See "Non-IFRS Measures" for details.

In light of the foregoing limitations for other financial measures, when assessing our operating and financial performance, you should not consider adjusted net profit in isolation or as a substitute for our profit for the year, operating profit or any other operating performance measure that is calculated in accordance with IFRS. In addition, because such measure may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

FINANCIAL POSITIONS

As of June 30, 2018, our total equity was approximately RMB611.9 million, as compared with approximately RMB555.8 million as of December 31, 2017. The increase was mainly attributable to the increase in profit.

As of June 30, 2018, our net current assets were approximately RMB246.4 million, as compared with approximately RMB173.8 million as of December 31, 2017. The increase was mainly attributable to the transfer of a deposit from non-current asset to current asset.

LIQUIDITY AND FINANCIAL RESOURCES

	June 30, 2018 *(RMB'000)*	December 31, 2017 *(RMB'000)*	**Change%**
Cash at bank and on hand	**83,316**	130,186	-36.0%
Restricted funds	**164,504**	165,058	-0.3%
Banking facilities	**30,000**	—	
Total	**277,820**	295,244	-5.9%

As of June 30, 2018, our cash at bank and on hand and restricted funds totaled RMB247.8 million, as compared with RMB295.2 million as of December 31, 2017. The change was mainly attributable to the growth in bonus and other payments.

As at June 30, 2018, we had unutilised short-term working capital loans from banks amounted to RMB30 million. Currently, we have satisfied the debt covenant in relation to these banking facilities, which are readily available for our use. These facilities are valid until May 11, 2019.

GEARING RATIO

As of June 30, 2018, our gearing ratio, which is calculated as total debt divided by total assets, was 35.1%, as compared with 39.4% as of December 31, 2017.

CAPITAL EXPENDITURE

	June 30, 2018 *(RMB'000)*	June 30, 2017 *(RMB'000)*	**Change %**
Office computer	**116**	271	-57.2%
Electronic appliance	**29**	—	—
Software	**82**	—	—
Total	**227**	271	-16.2%

Our capital expenditure includes office computer, electronic appliance and software. For the six months ended June 30, 2018 and 2017, total capital expenditure amounted to approximately RMB227,000 and RMB271,000 respectively.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS, AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended June 30, 2018, we did not engage in the above matters. We propose to establish two funds in the second half of 2018 to focus on investing the R&D business of quadratic-element games and H5 games respectively. Moreover, we will also continue to identify new opportunities for business development.

CHARGE ON ASSETS

As of June 30, 2018, a property for our own use was pledged to secure a bank loan granted to us in September 2016.

CONTINGENT LIABILITIES AND GUARANTEES

As of June 30, 2018, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2018, we had 291 full-time employees, mostly based in Shenzhen, China. The following table sets forth the number of our employees by function as of June 30, 2018:

Function	Number of employees	% of total
R&D	235	80.8%
— Game R&D	210	72.2%
— Game operation	25	8.6%
Marketing and sales	5	1.7%
General and administration	51	17.5%
Total	**291**	**100.0%**

As of June 30, 2018, our employee remuneration totaled approximately RMB63 million (including salary, bonus, share-based compensation, pension scheme contribution, other social security fund 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, bonus related to our performance, allowances and state-managed retirement benefit schemes for employees in the PRC. The Company 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, bonuses, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension schemes on their behalf.

In addition, we have adopted the RSU scheme as a long-term incentive scheme.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Global Offering were approximately HK$900 million, after deducting the underwriting fees and commission, and related total expenses paid and payable by us in connection with the Listing. We have, and will continue to utilize the net proceeds from the Global Offering in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

EVENTS AFTER REPORTING PERIOD

Except for the listing of the Company on the Main Board of the Stock Exchange since July 18, 2018, as of the date of this announcement, the Group did not have any significant events after the Reporting Period.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2018

		Unaudited	
		Six months ended June 30,	
	Notes	**2018**	2017
		RMB'000	*RMB'000*
Revenue	3	**233,672**	265,058
Cost of revenue	6	**(26,718)**	(20,163)
Gross profit		**206,954**	244,895
Research and development expenses	6	**(56,538)**	(41,165)
Selling and marketing expenses	6	**(243)**	(6,196)
Administrative expenses	6	**(45,463)**	(11,792)
Other income	4	**9,779**	10,037
Other gains/(losses), net	5	**7,097**	(1,183)
Operating profit		**121,586**	194,596
Finance income	7	**2,945**	3,151
Finance costs	7	**(3,614)**	(3,757)
Finance costs, net	7	**(669)**	(606)
Share of results of associates		**1,271**	2,254
Profit before income tax		**122,188**	196,244
Income tax expense	8	**(17,645)**	(13,721)
Profit for the period		**104,543**	182,523
Profit attributable to owners of the Company		**104,543**	182,523
Earnings per share for profit attributable to the ordinary equity holders of the company (expressed in RMB per share):	9		
Basic earnings per share		**0.057**	0.100
Diluted earnings per share		**0.057**	0.100

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2018

	Note	Unaudited Six months ended June 30, 2018 *RMB'000*	2017 *RMB'000*
Profit for the period		**104,543**	182,523
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value changes on financial asset at fair value through other comprehensive income		**997**	—
Currency translation differences		**(199)**	(1,243)
Share of other comprehensive (loss)/income of associates	11	**(152)**	612
Other comprehensive income, net of tax		**646**	(631)
Total comprehensive income for the period		**105,189**	181,892
Total comprehensive income attributable to owners of the Company		**105,189**	181,892

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2018

	Notes	**Unaudited As at June 30, 2018** *RMB'000*	Audited As at December 31, 2017 *RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**18,568**	19,895
Land use rights		**72,414**	73,056
Intangible assets		**30,095**	30,907
Investments in associates	11	**177,743**	175,268
Available-for-sale financial assets		**—**	41,979
Financial assets at fair value through other comprehensive income		**5,172**	—
Financial assets at fair value through profit or loss		**93,111**	80,000
Financial assets at amortised cost		**4,052**	—
Prepayment and other receivables		**13,475**	7,848
Restricted cash		**2,174**	2,728
Deferred income tax assets		**6,505**	6,326
		423,309	438,007
Current assets			
Trade receivables	12	**158,758**	101,367
Prepayment and other receivables		**115,478**	42,114
Income tax recoverable		**—**	458
Financial assets at fair value through profit or loss		**—**	43,000
Restricted cash		**162,330**	162,330
Cash and cash equivalents		**83,316**	130,186
		519,882	479,455
Total assets		**943,191**	917,462
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	13	**60**	10,042
Other reserves		**50,918**	29,774
Retained earnings		**560,930**	516,029
Total equity		**611,908**	555,845

	Notes	Unaudited As at June 30, 2018 *RMB'000*	Audited As at December 31, 2017 *RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	15	**44,504**	47,573
Contract liabilities		**10,463**	5,592
Deferred income tax liabilities		**2,785**	2,785
		57,752	55,950
Current liabilities			
Trade payables, other payables and receipt in advance	16	**115,825**	137,348
Borrowings		**110,239**	112,178
Current income tax liabilities		**14,538**	2,835
Contract liabilities		**32,929**	53,306
		273,531	305,667
Total liabilities		**331,283**	361,617
Total equity and liabilities		**943,191**	917,462

NOTES

1 General information

7Road Holdings Limited was incorporated in Cayman Islands on September 6, 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of 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, Cayman Islands.

The Company is an investment holding company. The Group are principally engaged in the development and distribution of web games and mobile games in the PRC and other countries and regions.

The Company's shares have been listed on the Main Board of Stock Exchange since July 18, 2018.

The Interim Condensed Consolidated Financial Information is presented in thousands of RMB, unless otherwise stated, and is approved for issue by the Board on August 28, 2018. The interim condensed consolidated financial information has not been audited.

2 Basis of preparation

The Interim Condensed Consolidated Financial Information has been prepared in accordance with IAS 34, "Interim Financial Reporting". The Interim Condensed Consolidated Financial Information should be read in conjunction with the accountant's report in the prospectus of the Group dated June 29, 2018, which have been prepared in accordance with IFRS.

The accounting policies adopted are consistent with those of the Prospectus and corresponding interim reporting period, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

IFRS 9

The Group has adopted IFRS 9 since January 1, 2018, which resulted in a change in accounting policies and adjustments to the amounts recognized in the consolidated financial information. In accordance with the transitional provision under IFRS 9, comparative figures are not required to be restated.

Management has assessed the classification and measurement of the financial assets held by the Group at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss). The main effects resulting from this reclassification are as follows:

As at January 1, 2018	Before the adoption of IFRS 9 *RMB'000*	Effect of the adoption of IFRS 9 *RMB'000*	After the adoption of IFRS 9 *RMB'000*
Available-for-sale financial assets	41,979	(41,979)	—
Financial assets at fair value through profit or loss (non-current)	80,000	11,829	91,829
Financial assets at fair value through profit or loss (current)	43,000	—	43,000
Financial assets at fair value through other comprehensive income	—	30,150	30,150
Equity — available-for-sale financial assets fair value reserve	8,359	(8,359)	—
Equity — retained earnings	516,029	8,359	524,388

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken, the changes in the loss allowance for account receivables was immaterial.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, while the Group does not have any such liabilities. Furthermore, the impact for hedging accounting is not applicable to the Group as the Group has not entered into any hedging instruments.

IFRS 15

The Group has adopted IFRS 15 since January 1, 2018 and elected to apply the modified retrospective approach which means the cumulative impact of the adoption shall be recognized in retained earnings as of January 1, 2018 and that comparatives shall not be restated. The main impact of IFRS 15 that may impact on the Group's consolidated financial information is identified as related to the upfront revenue recognition of the Group's license arrangements while the impact assessed by the management is immaterial to the Group, therefore, the adoption of IFRS 15 did not have any material impact on the consolidated financial information of the Group.

(b) New standards and amendments to standards relevant to the Group that have been issued but are not yet effective

IFRS 16

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted subject to the entity adopting IFRS 15 "Revenue from contracts with customers" at the same time. At this stage, the Group does not intend to adopt the standard before its effective date.

As at June 30, 2018 and December 31, 2017, the operating lease commitments of the Group amounted to RMB19,548,000 and RMB22,700,000, respectively, the impact of adoption of IFRS 16 is therefore not expected to have a significant effect on the financial information of the Group.

There are no other IFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

(c) Taxes on income in the Reporting Period are accrued using the tax rate that would be applicable to expected total annual earnings.

3 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 consider that the Group's operations are operated and managed as a single segment and no segment information is presented, accordingly.

As at June 30, 2018 and 2017, the majority of the non-current assets of the Group other than certain long-term receivables were located in the PRC.

Revenue for the six months ended June 30, 2018 and 2017 are as follows:

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Online game revenue	**137,939**	246,370
— Self-development games		
published by the Group	**2,715**	3,447
published by other publishers	**123,095**	236,917
— Licensed games		
published by the Group	**—**	12
published by other publishers	**12,129**	5,994
Sales of online game technology solutions and publishing consulting services	**48,201**	14,384
Intellectual property licensing	**47,532**	4,304
	233,672	265,058

4 Other income

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Government grants	**6,401**	6,701
VAT refunds	**3,378**	3,336
	9,779	10,037

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

5 Other gains/(losses), net

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Gains on financial assets at fair value through profit or loss	**1,520**	1,508
Gains/(loss) on disposal of property, plant and equipment	**52**	(27)
Gains on disposal of an investment	**111**	—
Foreign exchange gains/(losses), net	**4,903**	(2,502)
Others	**511**	(162)
	7,097	(1,183)

6 Expenses by nature

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Payroll and employee benefit expense	**44,415**	36,401
Share-based compensation (Note 14)	**18,852**	—
Promotion and advertising expenses	**11,338**	16,996
Utilities and office expenses	**6,154**	5,744
Outsourced technical services	**11,528**	3,461
Depreciation of property, plant and equipment	**1,448**	3,230
Amortization of intangible assets	**895**	1,196
Amortization of land use rights	**642**	642
Listing expenses	**19,500**	—
Travelling and entertainment expenses	**2,116**	2,815
Tax and levies	**1,200**	1,585
(Reversal)/accrual of impairment on trade receivable	**(601)**	941
Revenue sharing cost	**6,495**	1,255
Others	**4,980**	5,050
	128,962	79,316

7 Finance costs, net

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income on restricted bank deposits	**2,937**	2,937
Others	**8**	214
	2,945	3,151
Finance costs		
Interest expenses on bank borrowing	**(3,227)**	(3,280)
Others	**(387)**	(477)
	(3,614)	(3,757)
Finance costs, net	**(669)**	(606)

8 Income tax expense

The income tax expense of the Group for the six months ended June 30, 2018 and 2017 is analyzed as follows:

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Current income tax	**18,193**	13,123
Deferred income tax	**(548)**	598
	17,645	13,721

Corporate Income Tax

Taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries/regions in which the Group operates.

Income tax expense is recognised based on management's best estimation of the annual income tax rate applicable to the respective group entities expected for the full financial year. The estimated income tax rates applicable to the group entities (excluding the entities that are currently tax exempted) for the year ending December 31, 2018 varies from 15% to 25% (2017: 10% to 25%).

PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the period.

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**104,543**	182,523
Weighted average number of ordinary shares in issue (in thousands)	**1,821,068**	1,821,068
Earnings per share for profit attributable to equity holders of the Company	**0.057**	0.10

Note: The weighted average number of ordinary shares for the purposes of basic earnings per share for the six months ended June 30, 2018 and 2017 has been retrospectively adjusted for the effects of each of the ordinary shares of the Company subdivided into 20 ordinary shares which took place on July 18, 2018 and 178,932,000 ordinary shares of the Company contributed by a Shareholder to the RSU Scheme which took place upon completion of the Reorganization.

During the six months ended June 30, 2018 and 2017, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.

10 Dividends

At a meeting held on August 28, 2018, the Directors declared an interim dividend of HK$3.1 cents per share, totalling HK$83.0 million for the six months ended June 30, 2018. This dividend is not reflected as a dividend payable in this interim condensed consolidated financial information, but will be reflected as an appropriation for the year ending December 31, 2018.

11 Investments in associates

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
At beginning of the period	**175,268**	201,090
Shares of results	**1,271**	2,254
Share of other comprehensive (loss)/income	**(152)**	612
Disposal of an associate	**(888)**	—
Currency translation differences	**2,244**	(4,689)
Net off payable	**—**	(3,000)
At end of the period	**177,743**	196,267

Set out below are the associates of the Group as at June 30, 2018 and December 31, 2017. The associates as listed below have share capital consisting solely of ordinary shares.

Name of associates	Place of incorporation/ establishment	Principal activities and place of operation	Equity interest held as at June 30, 2018	Equity interest held as at December 31, 2017
Digital Hollywood Interactive Limited Co., Ltd.	Cayman Islands	Development, operations and publishing of web-based games and mobile games	15.52%	15.52%
Shenzhen Xiaotudou Cultural and Communication Co., Ltd.	The PRC	Designation of advertisement and animation	—	30%

12 Trade receivable

	Unaudited As at June 30, 2018	Audited As at December 31, 2017
	RMB'000	*RMB'000*
Trade receivables	**159,325**	102,626
Less: allowance for impairment of trade receivables	**(567)**	(1,259)
Trade receivables — net	**158,758**	101,367

The Group allows a credit period of 60–120 days to its customers. An ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited As at June 30, 2018 *RMB'000*	Audited As at December 31, 2017 *RMB'000*
Up to 3 months	**109,821**	57,799
3 to 6 months	**31,702**	30,215
6 months to 1 year	**12,797**	10,790
1 to 2 years	**4,232**	2,390
Over 2 years	**773**	1,432
	159,325	102,626

13 Share capital

	Number of shares	**Share capital** *RMB'000*
As at January 1, 2018 (note a)	63,729,400	42
Issuance of ordinary shares for Reorganization (note b)	36,270,600	23
Shares held for Restricted Share Units Scheme (note c)	(8,946,600)	(5)
As at June 30, 2018	**91,053,400**	**60**

Notes:

(a) On September 6, 2017, the Company was incorporated in the Cayman Islands with limited liability and authorized share capital of US$50,000, divided into 500,000,000 shares of a par value of US$0.0001 each. 1 ordinary share was allotted and issued for cash at par to the initial subscriber of the Company and was subsequently transferred to Ben Holdings. On the same day, the Company further allotted and issued 9,999 ordinary shares for cash at par to Ben Holdings and credited as fully paid. These shares rank pari passu in all respects with the share in issue.

(b) On November 17, 2017, February 28, 2018, March 12, 2018 and May 4, 2018, the Company allotted and issued an aggregate of 99,990,000 ordinary shares for cash at par to the offshore investment holding companies pursuant to the Offshore Shareholding Agreement for the purpose of Reorganization. The ordinary shares for Reorganization were credited as fully paid at the amount of the fair value of the Group's Business upon the completion of Reorganization.

(c) On March 6, 2018, a RSU Scheme was approved and adopted by the Company. An aggregate of 8,946,600 ordinary shares allotted and issued to ESOP 1 Holdings and ESOP 2 Holdings are ordinary shares originally planned to be allotted to Mr. Liu Jing, for the purpose of Reorganization, in accordance with his shareholding percentage in Shenzhen 7Road. Mr. Liu Jing agreed to contribute these shares to ESOP 1 Holdings and ESOP 2 Holdings for the purpose of establishment of the RSU Scheme.

(d) On June 23, 2018, the Shareholders resolved, among other things subject to the Global Offering becoming unconditional, that all the issued and unissued ordinary share of US$0.0001 par value each of our Company will be subdivided into 20 Shares of US$0.000005 par value each such that the authorized share capital of our Company shall be US$50,000 divided into 10,000,000,000 Shares of par value US$0.000005 each and the issued share capital shall be US$10,000 divided into 2,000,000,000 Shares of US$0.000005 par value each.

(e) On July 18, 2018, the Company issued 666,680,000 ordinary shares of US$0.000005 each at an offer price of HK$1.50 per share through the Global Offering for an aggregated consideration of approximately HK$1,000,020,000 (equivalent to approximately RMB852,557,000). These shares rank pari passu in all respects with the shares in issue.

14 Equity-settled share-based compensation

On March 6, 2018, to incentivize Directors, senior management and employees, a Restricted Share Units Scheme was approved and adopted by the Company. 7Road Elite Holdings Limited ("ESOP 1") and 7Road Talent Holdings Limited ("ESOP 2") were incorporated to hold 8,946,600 ordinary shares of the Company (in equivalent to 178,932,000 ordinary shares upon the completion of the Share Subdivision and Global Offering), which was contributed by a former shareholder. ESOP 1 and ESOP 2 were consolidated by the Company as to the Company is able to execute power over the control and management over ESOP 1 and ESOP 2. These shares are considered treasury shares held for the RSU Scheme indirectly by the Company.

On March 31, 2018, in exchange for employee services to the Group, RSUs in equivalent to 100,800,000 ordinary shares were granted to certain eligible persons selected by the Board of Directors. Under the terms of the grant letter, the RSUs shall be vested as to 30%, 30% and 40% on March 31, 2019, March 31, 2020 and March 31, 2021, respectively. For several game development employees, the vesting of RSUs granted to them is also subject to the initial launch date of games in pipeline. At current stage, the Company expects such performance condition to be met.

Details of each grant under the RSU Scheme and the equivalent number of shares in the Company after the Reorganization indirectly held by the eligible employees through ESOP 1 and ESOP 2 for the six months ended June 30, 2018 are as follows:

	Unaudited Six months ended June 30, 2018
At January 1	**—**
Granted during the period	**5,040,000**
Forfeited	**(212,500)**
At June 30	**4,827,500**

As the Group received the benefits associated with the services of the eligible persons, the fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by the fair value of the restricted shares granted less the subscription cost, if any, taking into consideration of forfeiture rate, and amortized over the different vesting periods of each grant with a credit recognized in equity as the equity-settled share based compensation reserve.

For the six months ended June 30, 2018, expenses arising from the share-based compensation have been charged to the condensed consolidated statement of profit or loss as follows:

	Unaudited Six months ended June 30, 2018 *RMB'000*
Cost of revenue	**1,132**
General and administrative expenses	**12,008**
Research and development expenses	**5,712**
	18,852

15 Borrowings

	Unaudited As at June 30, 2018 *RMB'000*	Audited As at December 31, 2017 *RMB'000*
Secured bank borrowings		
— RMB loan (note a)	**50,643**	53,711
— USD loan (note b)	**104,100**	106,040
	154,743	159,751

Notes:

(a) In September, 2016, the Group received a loan from a bank of RMB61,600,000 at an interest rate of SHIBOR basic loan rate plus 1.09% per annum. The borrowing was secured by certain property, plant and equipment and land use rights of the Group.

(b) According to the facility agreement with a bank signed in August 2015, the Group was provided with a total facility amount of US$27,600,000 for a term of 3 years at an interest rate of LIBOR plus 1.55%. As at June 30, 2018 and December 31, 2017, the borrowing was secured by the restricted bank deposits of the Group to the extent of RMB162,330,000.

16 Trade payables

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

	Unaudited As at June 30, 2018 *RMB'000*	Audited As at December 31, 2017 *RMB'000*
0–30 days	**3,131**	3,109
31–60 days	**6,363**	4,117
61–90 days	**3,030**	61
91–180 days	**2,274**	97
181–365 days	**205**	—
	15,003	7,384

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date.

COMPLIANCE WITH CG CODE

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules of the Stock Exchange. Since the Listing Date, the Company has complied with all applicable code provisions set out in the CG Code except for the deviation from code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separated and should not be performed by the same individual. The role of Chairman and CEO are both performed by Mr. Meng Shuqi. Since Mr. Meng Shuqi is the key person for the Group's establishment and development, the Board considers that vesting the roles of Chairman and CEO in the same person, i.e., Mr. Meng Shuqi, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Meng Shuqi as both the Chairman and CEO.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors of the Company, they have all confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the six months ended June 30, 2018.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this interim report, the Audit Committee consists of three independent non-executive Directors, namely Mr. Ho Chit, Mr. Liu Yunli and Mr. Wu Xiaoguang. Mr. Ho Chit is the chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2018 was reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The Audit Committee has reviewed the interim financial information for the six months ended June 30, 2018.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2018 INTERIM REPORT

This interim results announcement was published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.7road.com). The Interim Report of the Group for the six months ended June 30, 2018, which contains all the information required under the Listing Rules, will be despatched to Shareholders and available on the above websites in due course.

DEFINITIONS

"ARPPU"	the total revenue generated by the paying users for a particular game, a particular type of games or all of our games, as applicable, during a certain period divided by the number of paying users of the game, the 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
"Board"	the board of Directors of the Company
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"client game(s)"	game(s) that can be played by first downloading the client base from game providers' websites and then connecting to the servers through Internet browsers
"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 September 6, 2017
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Director(s)"	the director(s) of the Company
"Global Offering"	the public offering of 66,668,000 Shares for subscription by the public in Hong Kong and the international offering (as defined respectively in the Prospectus) of 600,012,000 Shares for subscription by the institutional, professional, corporate and other investors

"Group", "we" 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, 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)
"Contractual Arrangements"	certain contractual arrangements entered into on April 13, 2018 by us
"H5"	a markup language used for structuring and presenting content on the World Wide Web, which is the fifth and current major version of the HTML standard
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	the International Accounting Standards
"IFRS"	the International Financial Reporting Standards
"Independent Third Party(ies)"	any person or entity who is not considered a connected person of our Company or an associate of any such person within the meaning under the Listing Rules
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. July 18, 2018
"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 of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MPUs"	monthly paying users, refers to the number of paying users in the relevant calendar month

"online game(s)"	video game(s) that is/are played over some form of computer or mobile network, including primarily client games, web games and mobile games
"paying users"	in any given period, (1) 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 (2) paying users of a particular type or all of our game 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 users that purchased virtual items for two or more games in such period is counted as two or more paying users in such period
"Prospectus"	the prospectus issued by the Company dated June 29, 2018
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2018
"RMB"	Renminbi, the lawful currency of the PRC
"RPGs"	role-playing games, which refer to games that involve a large number of users who interact with each other in an evolving fictional world; each user adopts skill sets (such as melee combat or casting magic spells) and controls the avatars' actions; there are unlimited possible game scenarios where the evolution of the game world is determined by the actions of the users, and the storyline continuously evolves even while the users are offline and away from the games
"RSU Scheme"	the restricted share unit scheme adopted by our Company on March 6, 2018
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme
"senior management"	the senior management of the Company
"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 7th Road 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 January 22, 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
"SNK"	SNK Playmore Corporation, a company incorporated under the laws of Japan with limited liability on August 1, 2001, and an Independent Third Party

"SRPG"	strategy role-playing games, which incorporate elements from strategy video games as an alternative to traditional role-playing game systems, emphasizing tactics
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States
"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

Shenzhen, the PRC
August 28, 2018

As at the date of this announcement, the executive Directors are Mr. Meng Shuqi, Mr. Hu Min and Mr. Wang Chendong; the non-executive Directors are Mr. Li Shimeng and Mr. Yan Kaidan; and the independent non-executive Directors are Mr. Ho Chit, Mr. Liu Yunli and Mr. Wu Xiaoguang.