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第七大道
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7Road Holdings Limited
第七大道控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 797)

DISCLOSEABLE TRANSACTION
ENTERING INTO THE PARTNERSHIP AGREEMENT
AND SUBSCRIPTION OF INTEREST IN THE LIMITED
PARTNERSHIP

THE PARTNERSHIP AGREEMENT

On 24 May 2022 (after trading hours), Wuxi 7Road, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Shanghai Yunxi, Ms. Huang and the Limited Partnership, pursuant to which Wuxi 7Road agreed to act as a Limited Partner and subscribed for interests in the Limited Partnership with a total capital commitment of RMB330,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription and the transactions contemplated under the Partnership Agreement exceed 5% but are less than 25%, the entering into of the Partnership Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 24 May 2022 (after trading hours), Wuxi 7Road, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Shanghai Yunxi, Ms. Huang and the Limited Partnership, pursuant to which Wuxi 7Road agreed to act as a Limited Partner and subscribed for interests in the Limited Partnership with a total capital commitment of RMB330,000,000. The principal terms of the Partnership Agreement are set out as follows:

THE PARTNERSHIP AGREEMENT

Date: 24 May 2022

Parties:

- (i) Shanghai Chengying Management Consulting Partnership (Limited Partnership)* (上海誠英管理諮詢合夥企業 (有限合夥)), the Limited Partnership;
- (ii) Shanghai Yunxi, as General Partner;
- (iii) Ms. Huang, as Limited Partner; and
- (iv) Wuxi 7Road, as Limited Partner.

The existing Partners (namely Shanghai Yunxi and Ms. Huang) agreed to accept Wuxi 7Road as a Limited Partner of the Limited Partnership.

Term: The Limited Partnership will have a term of operation of five years, effective from the date of signing of the Partnership Agreement, which may be extended subject to further agreement between the Partners.

Paid-in capital of the Limited Partnership: Upon completion of the Subscription, the total paid-in capital of the Limited Partnership will be RMB414,179,046, pursuant to which RMB100,000, RMB84,079,046 and RMB330,000,000 would be contributed by Shanghai Yunxi, Ms. Huang and Wuxi 7Road, respectively.

Given that key matters relating to the management and operation of the Limited Partnership are subject to the unanimous consent of the Partners, and Wuxi 7Road, as a Limited Partner, shall take no part in the management nor control of the Limited Partnership's business, the Group has no control over the Limited Partnership, and the financial results of the Limited Partnership will therefore not be consolidated into the financial statements of the Group.

Payment Terms: As at the date of this announcement, Wuxi 7Road has paid earnest money in the amount of RMB135,000,000 to the Limited Partnership (the “**Earnest Money**”).

Pursuant to the Partnership Agreement, the total capital commitment of Wuxi 7Road is RMB330,000,000, which shall be settled in cash by instalment as follows:

- (i) Wuxi 7Road shall pay to the Limited Partnership a sum of RMB165,000,000 (inclusive of the Earnest Money already paid to the Limited Partnership) within 2 business days after the date of signing of the Partnership Agreement;
- (ii) Wuxi 7Road shall pay to the Limited Partnership a sum of RMB99,000,000 within 2 business days after the date on which the Limited Partnership issues a payment notice to Wuxi 7Road and each party having signed the relevant filing documents to be submitted to the State Administration for Market Regulation of the PRC; and
- (iii) Wuxi 7Road shall pay to the Limited Partnership a sum of RMB66,000,000 within 20 business days after the date on which the relevant filing procedures for the Subscription have been completed with the State Administration for Market Regulation of the PRC.

Out of the RMB330,000,000, being the total capital commitment of Wuxi 7Road, RMB150,000,000 will be funded from the net proceeds from the Disposal and the remaining amount will be funded from the Group's internal resources.

The capital commitment of Wuxi 7Road was determined between Wuxi 7Road and the Limited Partnership after arm's length negotiations with reference to (i) a valuation consultation report made by an independent valuer based on market approach in respect of the entire equity interest of Shanghai Silicon as at 31 December 2021, which amounted to a valuation of approximately RMB14.21 billion; (ii) the attributable interest of Wuxi 7Road in Shanghai Silicon via the Limited Partnership based on the pre-money valuation of Shanghai Silicon adopted in its Series-B financing in January 2022 (being approximately RMB14.00 billion) and a cost per share of RMB16.23 (the "**Benchmark Price**"), which was calculated by dividing the post-money valuation of Shanghai Silicon adopted in its Series-B financing in January 2022 (being approximately RMB15.72 billion) by the total number of issued shares of Shanghai Silicon (being 968,327,977 shares); and (iii) the benefits to be derived by the Subscription as described under the section headed "Reasons for and benefits of entering into the Subscription and the Partnership Agreement" in this announcement.

**Scope of the
Limited
Partnership:**

As at the date of this announcement, the sole asset held by the Limited Partnership is its investment in Shanghai Silicon, and the Limited Partnership holds 51,182,521 shares of Shanghai Silicon, representing approximately 5.29% of Shanghai Silicon's total number of issued shares (the "**Shanghai Silicon Investment**"). Pursuant to the Partnership Agreement, unanimous approval from all the Partners of the Limited Partnership is required for any new investment other than the Shanghai Silicon Investment. The Partners will enter into further agreement(s) in relation to the terms of such investments as and when appropriate.

Attributable interests in Shanghai Silicon:

It was agreed that upon completion of the Subscription, the Partners' attributable interests in Shanghai Silicon through the Limited Partnership will be as follows:

Partners	% of interest in the Shanghai Silicon Investment⁽¹⁾	Number of shares effectively held in Shanghai Silicon
Shanghai Yunxi	0.0140	7,167
Ms. Huang	60.2601	30,842,637
Wuxi 7Road	39.7259	20,332,717 ⁽²⁾
Total	<u>100.0000</u>	<u>51,182,521</u>

Notes:

- (1) The calculation is based on the number of shares of Shanghai Silicon attributable to such Partners divided by the total number of shares held in Shanghai Silicon by the Limited Partnership.
- (2) The calculation is based on the amount of total capital commitment of Wuxi 7Road divided by the Benchmark Price.

Management:

Except for specific matters which require unanimous consent from the Partners as specified under the terms of the Partnership Agreement, the daily operations and management of the Limited Partnership shall be carried out and managed by the General Partner.

The Limited Partners shall have the right to monitor and oversee the actions carried out by the General Partner in relation to the Limited Partnership. The Limited Partners shall not manage the daily operations of the Limited Partnership and are not allowed to act on behalf of the Limited Partnership externally.

Transferability:

Except for any transfer to their respective affiliates, the Partners shall not transfer any of their respective interests in the Limited Partnership unless unanimous approval from all the Partners has been obtained.

Profit Distribution: Since the sole asset held by the Limited Partnership is the Shanghai Silicon Investment as at the date of this announcement, the terms of the profit distribution under the Partnership Agreement are based on the attributable interests in Shanghai Silicon.

The Limited Partnership shall distribute the returns generated from the Shanghai Silicon Investment based on each Partners' attributable interest in the Shanghai Silicon Investment (after deducting the fees and expenses paid or payable in relation to the Limited Partnership under the Partnership Agreement, in which Wuxi 7Road does not bear any fees incurred by the Limited Partnership prior to it acting as the Limited Partner) as follows:

Return of paid-in capital:

- (i) first, to the Partners based on an amount equivalent to the respective paid-in capital of each Partner in the Limited Partnership; and

Distribution of profits:

- (ii) second, the remaining amount of the distributable returns shall be distributed as follows: (1) 20% will be distributed to the General Partner; and (2) the remaining 80% will be distributed to the relevant Partner.

INFORMATION OF THE PARTIES

The Group and Wuxi 7Road

The Company is an investment holding company and the Group is principally engaged in the research and development, operation and publication of games and the provision of other services such as cloud computing.

Wuxi 7Road is an indirect wholly-owned subsidiary of the Company established in the PRC and is principally engaged in online game development, promotion and management.

Shanghai Yunxi and Ms. Huang

Shanghai Yunxi is a company established in the PRC and is owned as to 99% by Ms. Huang. Shanghai Yunxi is principally engaged in investment management consulting, business management consulting, business information consulting, marketing planning and conference services.

Ms. Huang is a professional investor with investment experiences, and primarily invests in high technology industries.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Shanghai Yunxi and Ms. Huang and their ultimate beneficial owners (if any) are Independent Third Parties.

The Limited Partnership

The Limited Partnership is a partnership established in the PRC and is principally engaged in investments. As at the date of this announcement, the Limited Partnership is owned as to 0.03% and 99.97% by Shanghai Yunxi (as the General Partner) and Ms. Huang (as the Limited Partner), respectively.

Further, as at the date of this announcement, the sole asset held by the Limited Partnership is the Shanghai Silicon Investment. Shanghai Silicon is a company established in the PRC and is principally engaged in the manufacture of large-scale semiconductor silicon chips. As at the date of this announcement, based on public information available of Shanghai Silicon and after due and careful inquiry, there is no shareholder who is interested in more than 30% of the issued share capital of Shanghai Silicon.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, each of Shanghai Silicon and its ultimate substantial beneficial owners as publicly disclosed is an Independent Third Party.

For the year ended 31 December 2021, the Limited Partnership incurred an unaudited loss before taxation and unaudited loss after taxation of approximately RMB2.4 million. For the year ended 31 December 2020, the Limited Partnership incurred an unaudited profit before taxation and unaudited profit after taxation of approximately RMB6.5 million. The unaudited net asset value of the Limited Partnership as at 31 December 2021 amounted to approximately RMB481.8 million.

For the year ended 31 December 2021, Shanghai Silicon incurred an unaudited loss before taxation and unaudited loss after taxation of approximately RMB661.1 million. For the year ended 31 December 2020, Shanghai Silicon incurred an unaudited loss before taxation and unaudited loss after taxation of approximately RMB1.2 billion. The unaudited net asset value of Shanghai Silicon as at 31 December 2021 amounted to approximately RMB5.0 billion.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AND THE PARTNERSHIP AGREEMENT

As disclosed in the 2021 annual report of the Company, as part of the Group's development strategy to create better returns for the Shareholders, the Group intends to continue seeking investment and development opportunities. As further disclosed in the Circular, the Group intends to invest in projects from which the Group can maximize its expected return, and the key areas of the Group's investment focus will generally include, among others, upstream and downstream companies along the cloud industry chain which have potential to create business synergies with the Group's cloud business.

Shanghai Silicon is a market-leading domestic PRC manufacturer of large-scale semiconductor silicon chips, a material which requires high technology production, and is currently short in supply 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 (CPUs), graphic processing units (GPUs) and various semi-conductor components. The Directors are of the view that Shanghai Silicon is positioned as an upstream company of the Group's cloud business, and given the future prospects of large-scale semiconductor silicon chips and the Group's prospects in further developing its cloud business in high technology industries as a result of the Subscription, it has the potential to create business synergies with the Group. The Group would also be able to generate investment returns from the Shanghai Silicon Investment as well as any investments to be made by the Limited Partnership (if any) through the Subscription.

Based on the above, the Directors consider that the Subscription and the transactions contemplated under the Partnership Agreement is on normal commercial terms and the terms of the Partnership Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription and the transactions contemplated under the Partnership Agreement exceed 5% but are less than 25%, the entering into of the Partnership Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Circular”	the circular of the Company dated 29 April 2022
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 49% equity interest in the Wuxi Shouxin Network Technology Co., Ltd.* (無錫手心網絡科技有限公司) by Shanghai Xinla Networks Technology Co., Ltd.* (上海辛辣網絡科技有限公司), the details of which are set out in the Circular
“General Partner”	the general partner of the Limited Partnership
“Group”	the Company and all its subsidiaries and companies whose financial results have been consolidated and accounted as subsidiaries of the Company by virtue of contractual arrangements, or, where the context so requires, in respect of the period before the Company became the holding company of its 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
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Limited Partner(s)”	the limited partner(s) of the Limited Partnership

“Limited Partnership”	Shanghai Chengying Management Consulting Partnership (Limited Partnership)* (上海誠英管理諮詢合夥企業 (有限合夥)), a partnership established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ms. Huang”	Ms. Huang Yu (黃瑜)
“Partners”	collectively, the General Partner and the Limited Partner(s)
“Partnership Agreement”	the Partnership Agreement dated 24 May 2022 entered into between the Partners in respect of Wuxi 7Road entering into the Limited Partnership
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Shanghai Yunxi”	Shanghai Yunxi Investment Management Consulting Co., Ltd.* (上海韻禧投資管理諮詢有限公司), a company established under the laws of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of interests in the Limited Partnership with a total capital commitment of RMB330,000,000 as contemplated under the Partnership Agreement

“Wuxi 7Road” Wuxi 7Road Technology Co., Ltd.* (無錫第七大道科技有限
公司), a company established under the laws of the PRC and an
indirect wholly-owned subsidiary of the Company

“%” per cent

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

Wuxi, the PRC, 24 May 2022

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*