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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)**

### **CONNECTED TRANSACTION PROVISION OF LOAN**

#### **THE LOAN**

On 12 October 2018, the Lender, a subsidiary of the Company, entered into the Original Loan Agreement with the Borrower, pursuant to which the Lender granted the Loan of approximately HK\$3.07 million to the Borrower. On 9 October 2020, 9 October 2021 and 9 October 2023, the Lender and the Borrower entered into the First Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement, respectively, pursuant to which the date of repayment for the Loan was extended to 11 October 2021, 11 October 2023 and 11 October 2025, respectively.

#### **LISTING RULES IMPLICATIONS**

As at the date of the Original Loan Agreement, the First Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement, the Borrower is wholly-owned by Mr. Meng, the chairman of the Board, an executive Director and a substantial shareholder of the Company. Accordingly, each of Mr. Meng and the Borrower is a connected person of the Company within the meaning under Chapter 14A of the Listing Rules, and each of the provision and/or extension of the Loan under the each of the Loan Agreements constituted a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceed 0.1% but are less than 5% and the total value of the financial assistance plus the monetary advantage to the connected person is higher than HK\$3 million as at the date of each of the Loan Agreements, the provision and/or extension of the Loan under each of the Loan Agreements are subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, due to an inadvertent omission by the Company, the Company did not announce the Loans in a timely manner in accordance with the requirements of the Listing Rules. The Company would like to express deep regret for its inadvertent and unintentional misinterpretation of the requirements of the Listing Rules. The Board will adopt measures to strengthen the relevant internal control procedures to prevent recurrence of similar incident in the future.

## **THE LOAN**

On 12 October 2018, the Lender, a subsidiary of the Company, entered into the Original Loan Agreement with the Borrower, pursuant to which the Lender granted the Loan to the Borrower. On 9 October 2020, 9 October 2021 and 9 October 2023, the Lender and the Borrower entered into the First Supplemental Loan Agreement, Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement, respectively, pursuant to which the date of repayment for the Loan was extended to 11 October 2021, 11 October 2023 and 11 October 2025, respectively.

## **THE LOAN AGREEMENTS**

Set out below are the salient terms of the Loan Agreements:

Date	: Original Loan Agreement	: 12 October 2018
	First Supplemental Loan Agreement	: 9 October 2020
	Second Supplemental Loan Agreement	: 9 October 2021
	Third Supplemental Loan Agreement	: 9 October 2023
Borrower	: Ben 7Road Holdings Limited	
Lender	: 7Road Elite Holdings Limited, a subsidiary of the Company	
Principal Amount of the Loan	: Approximately HK\$3.07 million	

Interest rate : 5% per annum (on 360 days basis), which shall be payable on the repayment date

Security : The Loan is unsecured

Repayment Date : 11 October 2020 as stipulated under the Original Loan Agreement, and extended to 11 October 2021, 11 October 2023 and 11 October 2025, respectively by each of the Supplemental Loan Agreements

Pursuant to the Original Loan Agreement, the Borrower may early repay the Loan together with the accrued interest thereon on an actual-day of borrowings basis by serving a written notice to the Lender on or before two working days of such early repayment. As at the date of this announcement, the outstanding amount of the Loan (inclusive of the principal amount of the Loan plus accrued interest) is approximately HK\$3.71 million.

Purpose of the Loan : General working capital of the Borrower

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN**

At the time of providing the Loan, the Company was of the view that the provision of the Loan to the Borrower was in the interest of the Company and its shareholders in that it could generate additional interest income at a relatively lower risk level without putting material pressure on the working capital of the Group, taking into account of the market price of the Company's shares held by the Borrower, the working capital position of the Group and the additional interest income. At the time of extension of the Loan, the Company was of the view that, the risk of default of the Borrower was relatively low, and accordingly considered that the extension of the Loan pursuant to the Supplemental Loan Agreements were in the interest of the Company and its shareholders for the additional interest income.

The Directors (including the independent non-executive Directors but excluding Mr. Meng) considered that the provision and/or extension of the Loan under the Loan Agreements were fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

The Directors confirmed that, save for Mr. Meng, none of them have a material interest in the Loan. As such, Mr. Meng had not participated in the discussions of the relevant resolution in the relevant Board meeting and abstained from voting on the Board resolution on approving, confirming and ratifying the Loans relevant to him or his associates.

## **INFORMATION ON THE PARTIES**

### **The Group and the Lender**

The Company is an investment holding company and the Group is principally engaged in the research and development, operation and publication of games.

The Lender is a limited liability company incorporated under the laws of the British Virgin Islands on 7 February 2018 and accounted for as a subsidiary of the Company within the meaning under the Listing Rules as its results are consolidated by the Company since the Company is able to execute its power over the control and management of the Lender by virtue of a trust deed entered into with the Company for the purpose of administering the restricted share unit scheme adopted by the Company on 6 March 2018.

### **The Borrower**

The Borrower is a company incorporated under the laws of the British Virgin Islands with limited liability and wholly owned by Mr. Meng, the chairman of the Board, an executive Director and a substantial shareholder of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of the Original Loan Agreement, the First Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement, the Borrower is owned as to 100% by Mr. Meng, the chairman of the Board, an executive Director and a substantial shareholder of the Company. Accordingly, each of Mr. Meng and the Borrower is a connected person of the Company within the meaning under Chapter 14A of the Listing Rules, and each of the provision and/or extension of the Loan under the each of the Loan Agreements constituted a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceed 0.1% but are less than 5% and the total value of the financial assistance plus the monetary advantage to the connected person is higher than HK\$3 million as at the date of each of the Loan Agreements, the provision and/or extension of the Loan under each of the Loan Agreements are subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, due to an inadvertent omission by the Company, the Company did not announce the Loans in a timely manner in accordance with the requirements of the Listing Rules. The inadvertent omission was due to the misinterpretation of Rule 14A.76(1)(c) of the Listing Rules, in particular, the currency used in Rule 14A.76(1)(c) and the omission of monetary advantage to the connected person under the Loan (i.e. the interest accrued thereon) when calculating the relevant percentage ratio as defined under Rule 14.04(9) of the Listing Rules.

## **REMEDIAL MEASURES**

The Company would like to express deep regret for its inadvertent and unintentional misinterpretation of the requirements of the Listing Rules. The Borrower has undertaken to repay the Loan in accordance with the terms of the relevant agreements. The Board will also urge the Borrower to repay the principal and interest of the Loan as agreed. The Board hereby emphasizes that it attaches great importance to this matter and has been taking remedial actions to tighten its internal control procedures with a view to ensuring timely compliance with the Listing Rules and to prevent recurrence of similar incidents. The Company has and will continue to implement the following remedial measures:

- (1) an internal training materials would be distributed to all the Directors and senior management/relevant personnel of the Company and its subsidiaries to explain the requirements under Chapter 14A of the Listing Rules;
- (2) a list of connected persons will be updated on a regular basis and circulated to each member of the Group to assist them identifying which counterparty is a connected person of the Group;
- (3) the relevant departments of each member of the Group will be required to promptly report to the legal compliance department of the Company that any proposed transaction may related to any connected person of the Group in order to ascertain whether there will be any connected transaction implication under Chapter 14A of the Listing Rules; and
- (4) seeking legal advice and other professional advice from time to time to ensure compliance with 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
“Borrower”	Ben 7Road Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and wholly-owned by Mr. Meng, the chairman of the Board, an executive Director and a substantial shareholder of the Company
“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
“Contractual Arrangements”	certain contractual arrangements entered into on 13 April 2018 by the Group
“Director(s)”	the director(s) of the Company
“First Supplemental Loan Agreement”	the supplemental loan agreement dated 9 October 2020 entered into between the Borrower and the Lender extending the date of repayment of the Loan to 11 October 2021
“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)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Lender”	7Road Elite Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 7 February 2018, wholly-owned by the Borrower and accounted for as a subsidiary of the Company for the reasons set out in section headed “INFORMATION ON THE PARTIES — The Group and the Lender” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan provided by the Lender to the Borrower pursuant to the Loan Agreements subject to the terms and conditions thereof
“Loan Agreements”	collectively, the Original Loan Agreement and the Supplemental Loan Agreements
“Mr. Meng”	Mr. Meng Shuqi, the chairman of the Board, an executive Director and a substantial shareholder of the Company
“Original Loan Agreement”	the loan agreement dated 12 October 2018 entered into between the Borrower and the Lender in respect of the provision of the Loan
“PRC”	the People’s Republic of China
“Second Supplemental Loan Agreement”	the supplemental loan agreement dated 9 October 2021 entered into between the Borrower and the Lender extending the date of repayment of the Loan to 11 October 2023
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreements”	collectively, the First Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement

“Third Supplemental  
Loan Agreement”

the supplemental loan agreement dated 9 October 2023 entered into between the Borrower and the Lender extending the date of repayment of the Loan to 11 October 2025

“%”

per cent

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

Wuxi, the PRC, 23 April 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.*