

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



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)

PROFIT WARNING

This announcement is made by 7Road Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Rule 13.09(2)(a) of the Listing Rules.

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and potential investors that the Board is of the view that, based on the unaudited consolidated management accounts of the Group for the year ended December 31, 2018 (the “**Management Accounts**”) and information currently available, the Group is expected to record a loss attributable to the Shareholders for the year ended December 31, 2018 (the “**Loss**”). The Board considers that, excluding the impact of the listing expenses and the share-based compensation expenses, the Group is expected to record profit attributable to the Shareholders for the year ended December 31, 2018. The Board further considers that, the Loss was primarily due to the above-mentioned impact and the following factors:

1. The State Administration of Press, Publication, Radio, Film and Television of the PRC has ceased issuing approvals for publishing new online games from March 2018 to the end of 2018. Consequently, we have not released any new games to the mainland China market from June 2018 to the end of 2018, which has negatively impacted our revenue and profit in 2018 significantly. At the same time, the revenue generated from several of our existing games in the mainland China market decreased by approximately 50% as compared with the previous year. Although the revenue generated from our games in the international market has recorded increase by approximately 50% in the year of 2018, such increase was not able to offset the decrease in revenue of our games in the mainland China market, resulting in an overall decrease of our total revenue.
2. As of the date of this announcement, the Group held approximately 15.52% equity in Digital Hollywood Interactive Limited (“**Digital Hollywood**”), which is a company listed on the Stock Exchange of Hong Kong Limited (HK: 2022). The Group’s investment in Digital Hollywood has been accounted for financial assets at fair value instead of equity method since December 2018 because the Group no longer has significant influence on Digital Hollywood (“**Change of Accounting Treatment**”). The Change of Accounting Treatment, together with the low trading price of Digital Hollywood’s shares, resulted in an approximately RMB110 million loss in aggregate on the book of the Group.

It should be noted that the Group has yet to finalize its annual results for the year ended December 31, 2018. The information contained in this announcement is solely based on the information currently available to the Group and the Board’s preliminary assessment of the Management Accounts, which were not audited or reviewed by the Company’s auditors. As such, the final annual results of the Group for the year ended December 31, 2018 may be different from the financial disclosure contained in this announcement. Shareholders and potential investors are therefore advised to read carefully the preliminary results announcement of the Company for the year ended December 31, 2018 to be published before the end of March 2019.

Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shenzhen, the PRC, January 31, 2019

As at the date of this announcement, the executive directors of the Company are Mr. Meng Shuqi, Mr. Hu Min and Mr. Yang Cheng; the non-executive directors of the Company are Mr. Li Shimeng and Mr. Yan Kaidan; and the independent non-executive directors of the Company are Mr. Xue Jun, Mr. Liu Yunli and Mr. Wu Xiaoguang.