

Full 7Road Holdings Limited Fiscal Year 2022 overview

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Goals and objectives of the research

Research Objective: To study 7Road Holdings Limited's publicly available financial information, determine the company's development strategy, and compile an overview of its annual financial reports.

Research Tasks:

- Find the company's comprehensive financial and corporate information;
- Analyze the gathered information;
- Draw conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

Document markup

- FY - Financial Year;
- YoY - Year-to-Year;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- 7Road Holdings Limited report period is from January 1, December 31, 2022.
 - The specified financial year coincides with the calendar year.

Conclusions

General information

Parameter	7Road Holdings Limited
Website	7road.com
Country (location)	China
Country (issuer)	China*
Year of foundation	2008
Founder	Kai Cao
Sector	Software & Services
Type	Public
Year of IPO	2018
Stock market	HKEX
Ticker	0797

*Note: To access the registry, you need to register at cr.gov.hk

Members of the board and Managers

Members of the board ¹		
Name	Title	Since
Shu Qi Meng	Chairman	2017
Min Hu	Corporate Officer/Principal	2018
Zheng Quan Li	Director/Board Member	2019
Chen Dong Wang	Human Resources Officer	2018
Cheng Yang	Director/Board Member	2018
Yi Qing Li	Director/Board Member	2019
Jun Xue	Director/Board Member	2018
Chi Ho Lui	Director/Board Member	2021

Managers ²		
Name	Title	Since
Shu Qi Meng	Chairman	2017
Cheng Peng	Chief Executive Officer	2019
Zheng Quan Li	Director of Finance/CFO	2019
Jia Xu	Chief Operating Officer	-
Min Hu	Corporate Officer/Principal	2018
Chen Dong Wang	Human Resources Officer	2018
Cheng Yang	Corporate Officer/Principal	2018
Kai Cheong Cheung	Corporate Secretary	2018

¹ [Marketscreener, 7Road Members of the board](#)

² [Marketscreener, 7Road Managers](#)

Employees

Parameter	7Road Holdings Limited
Number of Employees as of December 31, 2020	346 ³
Number of Employees as of December 31, 2021	440 ⁴
Number of Employees as of December 31, 2022	424 ⁵

Shareholders

Shareholders structure

Ownership Breakdown as at September 22, 2023 ⁶		
Owner Type	Number of Shares	Ownership Percentage
Individual Insiders	1,129,920,000	41.04%
General Public	820,918,000	29.82%
Institutions	353,586,000	12.84%
VC/PE Firms	174,410,000	6.33%
Private Companies	140,666,000	5.11%
Public Companies	133,700,000	4.86%
Total Shares	2,753,200,000	100%

Total Shares Outstanding - 2,753,200,000⁷ (As at 31 Aug 2023)

³ [7Road Holdings Limited Annual report 2020, p.26](#)

⁴ [7Road Holdings Limited Annual report 2021, p.37](#)

⁵ [7Road Holdings Limited Annual report 2022, p.43](#)

⁶ [Simplywall, Ownership Breakdown](#)

⁷ [Hkex, 7Road Shares Outstanding](#)

Shareholders Equities

Top 8 Shareholders as at September 22, 2023 ⁸				
Name	Number of Shares	Current Value, mill HKD	Last Reported Holding Date	Ownership Percentage
Shuqi Meng	528,854,000	1,100	Dec 31 2022	19.21%
Min Hu	411,130,000	863.400	Dec 31 2022	14.93%
Shanghai Baohui Investment Management Center (Limited Partnership)	352,714,000	740.700	Dec 31 2022	12.81%
Shuxing Song	189,936,000	398.900	Dec 31 2022	6.90%
Zhejiang Longxin Equity Investment Management Co., Ltd.	174,410,000	366.300	Dec 31 2022	6.33%
Shanda Games Limited	140,666,000	295.400	Dec 31 2022	5.11%
Zhejiang Century Huatong Group Co.,Ltd	133,700,000	280.800	Dec 31 2022	4.86%
Bao pu Asset Management Co., Ltd.	872,000	1.800	Dec 31 2022	0.03%
Total Top 8	1,932,282,000	4,047	-	70.18%

⁸ [Simplywall, 7Road Top Shareholders](#)

Mergers, acquisitions and subsidiaries⁹

Name	Date	Price, mill HKD
Osmanthus Vale Holdings Limited	Aug 2019	1,000
Maple Vale Limited	Aug 2019	-
Beijing Meimai Technology	Apr 2021	10,000

Note: This section may not fully represent all the company's transactions, but, within the scope of this current report, presents the maximum amount of information available via open sources.

⁹ The list of subsidiaries is, please refer to [Appendix #1](#) - Particulars of principal subsidiaries of the company

Company strategy¹⁰

As part of its development strategy for its gaming business, 7Road Holdings Limited aims to expand gaming intellectual property (IP), enhance game quality, and achieve globalization. This approach is intended to bring joy and added value to users through technology and innovation. In the product development process, the company seeks to bolster its revenue model through the further development of classic games, improvements to characters, and the storyline.

7Road leverages its extensive resources invested in the global market by enhancing marketing efforts. It continues to explore high-quality and innovative promotional channels within the gaming industry, paving the way for a new stage of development in the future.

7Road Holdings Limited is committed to continuously creating and strengthening business growth opportunities by further leveraging its advantages in classic intellectual property (IP). The company actively seeks other avenues for business development with the aim of delivering value to its shareholders. The company's capabilities in research, development, and operations play a pivotal role in achieving its goals, which include:

- Independent game development;
- Ongoing updates and operation of games with long lifecycles;
- Localization and global launches of premium-class foreign games.

7Road Holdings Limited is committed to the continuous modernization of its gaming system and user ecosystem, with a focus on long-term sustainability. The company is progressively establishing a multidimensional and long-term interaction model between content and users, fostering an active community, and enhancing the overall value of the user lifecycle. Additionally, the company maintains its collaborations with leading suppliers while expanding its business development and resource consolidation capabilities to bolster competitiveness and industry standing.

¹⁰ [7Road Holdings Limited Annual report 2022, p.12](#)

Games

Genres of games

Main game genres¹¹:

- Sandbox
- Real-time strategy (RTS)
- Shooter:
 - FPS
 - TPS
- Multiplayer online battle arena (MOBA)
- Role-playing:
 - RPG
 - ARPG
 - CRPG
 - MMORPG
 - TRPG
 - Roguelike
 - Roguelite
- Simulation and sports
- Puzzler and party game
- Action-adventure
- Survival and horror
- Platformer

Note: This gaming genre structure, in our view, is the most comprehensive and flexible when specifying the genre of a particular game.

¹¹ [Hp, Video Game Genres](#)

Game titles^{12 13}

Famous game franchises	
Name	Genre
DDtank	Role-playing
Wartune	Role-playing
Mythic Glory	Role-playing
Island Story — Let's Boom!	Role-playing
Dragon Oath	Role-playing
Arcadia	Role-playing
Tian Long Ba Bu	Role-playing
Alice's wardrobe	Role-playing
Demi-Gods and Dragons M	Role-playing
Oatland of War	Puzzler and party game
Divine Comedy H5	Role-playing
Soul Land: Second Coming	Role-playing
Heroic Spirit Fantasy	Role-playing
Divine Comedy: Rune Hero-New Demon Spirit	Role-playing
Legend: Rise of Empires	Real-time strategy

Other games ¹⁴	
Name	Genre
Desperate to Survive (Browser Game)	Shooter
Demi-Gods and Semi-Devil (Mobile Game)	Role-playing
Crouching Tiger (Mobile & Browser Game)	Role-playing
True Demi-Gods and Semi-Devil (Browser Game)	Role-playing
Demi-Gods and Semi-Devil (Browser Game)	Role-playing

¹² [7Road Holdings Limited Web, Games](#)

¹³ [App Magic.rocks, Games](#)

¹⁴ [7Road Holdings Limited, List of company games](#)

Billionaires	Simulation and sports
The Cat	Puzzler and party game
Project S	Role-playing
Project N	Puzzler and party game
Project XX	Role-playing
Luna (Mobile Game)	Puzzler and party game
McDull Adventures H5	Puzzler and party game
King of Fighters H5	Puzzler and party game
Demi-Gods and Semi-Devil H5	Role-playing
Demi-Gods and Semi-Devil 3D (Browser Game)	Role-playing

Genres percentages:

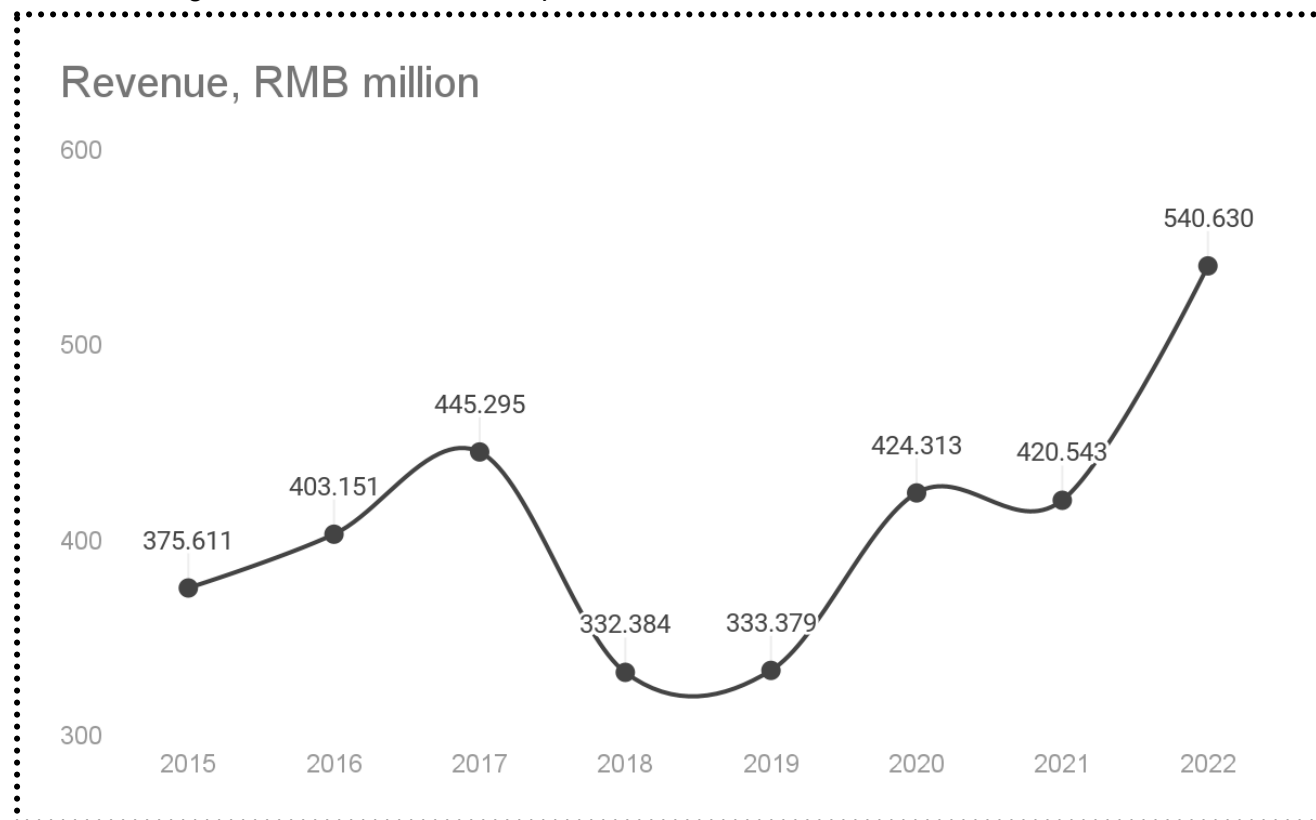
Parameter	Amount	Percentage
Role-playing	21	70.00%
Puzzler and party game	6	20.00%
Real-time strategy	1	3.33%
Shooter	1	3.33%
Simulation and sports	1	3.33%
Total	30	100%

Note: This section may not fully represent all of the company's games, but within the scope of the current report, it presents the maximum information available information from open sources.

Financial Statements for 2022 Fiscal Year Revenue Retrospective

Revenue Retrospective

7Road Holdings Limited Revenue Retrospective for 2015-2022¹⁵ ¹⁶



¹⁵ [7Road Holdings Limited Annual report 2022, p.10](#)

¹⁶ [7Road Holdings Limited Annual report 2018, p.8](#)

Sales per Business

Net Revenue Structure^{17 18}

Parameter/Revenue, mill RMB	2022	YoY, %	2021	YoY, %	2020
Online game revenue	426.054	67.98%	253.628	-8.92%	278.461
Sales of customisation game software	-	-	-	-	8.585
Sales of game copyrights	1.458	-96.91%	47.171	34.77%	35.000
Sales of online game technology and publishing solutions services	0.082	-99.81%	42.791	-5.61%	45.333
Intellectual property licensing	6.669	-76.18%	27.999	-50.82%	56.934
Cloud computing and related cloud service	106.367	117.28%	48.954	-	-
Total Consolidated Net Revenue	540.630	28.55%	420.543	-0.89%	424.313

Net Revenue Structure Percentages

Parameter	Percentage
Online game revenue	78.80%
Cloud computing and related cloud service	19.68%
Intellectual property licensing	1.24%
Sales of game copyrights	0.27%
Sales of online game technology and publishing solutions services	0.01%

Sales per region¹⁹

7Road Holdings Limited exclusively operates within its domestic region - China.

Dividend information^{20 21 22 23 24}

The last instance of dividend payments occurred in 2018 at a rate of 3.1 cents HKD per share, amounting to a total of 83 million HKD. The company has not distributed dividends since that time.

¹⁷ [7Road Holdings Limited Annual report 2022, p.175](#)

¹⁸ [7Road Holdings Limited Annual report 2021, p.175](#)

¹⁹ [Marketscreener, Sales per region](#)

²⁰ [7Road Holdings Limited Annual report 2022, p. 40](#)

²¹ [7Road Holdings Limited Annual report 2021, p. 35](#)

²² [7Road Holdings Limited Annual report 2020, p. 19](#)

²³ [7Road Holdings Limited Annual report 2019, p. 35](#)

²⁴ [7Road Holdings Limited Annual report 2018, p. 4](#)

Balance Sheet²⁵

Parameter	2022	YoY, %	2021	YoY, %	2020
Assets					
Total Current Assets, mill RMB	691	45.78%	474	-45.58%	871
Total Non-current assets, mill RMB	1,955	27.36%	1,535	23.49%	1,243
Total Assets, mill RMB	2,646	31.71%	2,009	-4.97%	2,114
Liabilities					
Total Current Liabilities, mill RMB	455	32.27%	344	-27.58%	475
Total Non-current liabilities, mill RMB	290	574.42%	43	-66.14%	127
Total Liabilities, mill RMB	745	92.51%	387	-35.71%	602
Total Equity, mill RMB	1,901	17.20%	1,622	7.35%	1,511

Income Statement^{26 27}

Parameter	2022	YoY, %	2021	YoY, %	2020
Revenue, mill RMB	540.630	28.6%	420.543	-0.9%	424.313
Gross Profit, mill RMB	261.203	16.4%	224.471	-28.4%	313,478
Operating profit, mill RMB	307.374	714.8%	37.724	-35.2%	58.179
Profit for the year, mill RMB	279.606	185.3%	97.990	22.5%	80.001
EPS Basic, RMB	0.1097	199.72%	0.0366	9.9%	0.0333
EPS Diluted, RMB	0.1097	199.72%	0.0366	9.9%	0.0333

²⁵ [7Road Holdings Limited Annual report 2022, p.11](#)

²⁶ [7Road Holdings Limited Annual report 2021, p.93](#)

²⁷ [7Road Holdings Limited Annual report 2022, p.95](#)

Cashflow Statement ^{28 29}

Parameter	2022	YoY, %	2021	YoY, %	2020
Cash flows from operating activities, mill RMB	196	12.00%	175	69.90%	103
Cash flows from investing activities, mill RMB	(338)	-8.40%	(369)	485.71%	(63)
Cash flows from financing activities, mill RMB	135	-	(75)	-	295

²⁸ [7Road Holdings Limited Annual report 2021, p.99-100](#)

²⁹ [7Road Holdings Limited Annual report 2022, p.101-102](#)

Criticism

Youlai Interactive announced that its subsidiary, Proficient City Limited, has filed a lawsuit and applied for a restraining order against Shenzhen 7Road Technology, a subsidiary of 7Road Holdings Limited, in a local court in Dallas, Texas, USA. On October 19, 2020, the company received official notification from the US court confirming the case's acceptance and the issuance of the temporary restraining order against Shenzhen 7Road Technology.³⁰

This lawsuit pertains to the company's flagship web-based gaming product, Wartune, which is exclusively published and operated by the company. Shenzhen 7Road Technology serves as the content provider for this product. The lawsuit was filed due to the alleged illegal acquisition and unauthorized use of the company's trade secrets by Shenzhen 7Road Technology.³¹

The Digital Hollywood Guangzhou ZYK division has initiated a lawsuit against the 7Road Qianhai Huanjing division for losses incurred as a result of the termination of their licensing agreements for intellectual property by Qianhai.³²

In 2019, 7Road Holdings Limited faced issues with the publication of its annual report. These issues were linked to a change in the auditor. While preparing the annual reports for 2019, the company's audit committee received a letter from PricewaterhouseCoopers requesting clarification on two unresolved matters:

- Concerning the payment to the subsidiary company Shanghai Spicy, approximately 6.5 million HKD in bonuses were allocated to research and development staff;
- Concerning the payment to the subsidiary company Qidao Hong Kong, \$225 million was allocated in accordance with the agreement for the joint distribution of games to promote specific mobile games in international markets.

7Road Holdings Limited responded solely to the second question, confirming that as of April 13, 2019, the outstanding amount of \$14 million related to the reimbursement of expenses for issuance and promotion incurred by these counterparties has been fully settled.³³

³⁰ [Finance.sina, Youlai Interactive sues subsidiary of Seventh Avenue](#)

³¹ [Finance.sina, Youlai Interactive sues subsidiary of Seventh Avenue](#)

³² [Marketscreener, Trial between Digital Hollywood and 7Road Units](#)

³³ [36kr, The auditor refuses to audit the financial statement and resigns as auditor](#)

Analyst's opinion

7Road Holdings Limited is a prominent game developer and operator in China. Since its establishment in 2008, the company has been actively involved in the research and development, operation, and licensing of a variety of popular games.

In 2022, the company's revenue reached 540.630 million HKD, marking a 28.55% increase from the previous year.

The company's gaming market primarily focuses on the domestic market, with future plans to expand its intellectual property to foreign markets.

In 2019, 7Road Holdings Limited faced challenges in preparing and publishing its financial report due to disagreements with the auditing firm. 7Road Holdings Limited is the only company that did not disclose its results for the year 2019.

In 2021, the company introduced a new sector titled "Cloud Computing and Related Services." By 2022, the revenue in this sector had surged by 117.28%.

In 2021, the company ventured into the cloud computing sector, and by 2022, its revenue from businesses, including cloud computing and related services, reached approximately 106.4 million HKD, compared to around 49 million HKD in 2021. This service is expected to serve as a long-term, stable source of income and diversify the company's revenue streams.

In May 2022, the company made an indirect investment in Shanghai Advanced Silicon Technology Co., Ltd., a leading domestic manufacturer of large-scale silicon semiconductor chips in China. This investment is anticipated to create future value for the company.

Over the past 5 years, 7Road Holdings Limited's stock price has increased by 61%, surpassing the market's decline of 28%. However, the company's earnings per share have shown a yearly decrease of 6.2%, indicating that investors may prioritize stock price growth over earnings per share.

7Road Holdings Limited continues to be actively involved in the dynamic online gaming industry while diversifying into new sectors like cloud computing and semiconductor investments. However, it is currently contending with legal challenges that could influence its long-term development, depending on the outcomes of ongoing legal proceedings.

Sources List

- [7Road Holdings Limited](#)
- [7Road Holdings Limited Annual report 2020](#)
- [7Road Holdings Limited Annual report 2021](#)
- [7Road Holdings Limited Annual report 2022](#)
- [Crunchbase](#)
- [Cr.gov](#)
- [Owler](#)
- [News.futunn](#)
- [Cbinsights](#)
- [Simplywall](#)
- [App Magic.rocks](#)
- [Aastocks](#)
- [Yahoo, Shares](#)
- [Hkex](#)
- [Etnet](#)
- [Marketscreener](#)
- [Hp](#)
- [Gametarget](#)
- [Finance.sina](#)
- [36kr](#)

Appendix #1 Particulars of principal subsidiaries of the company³⁴

Directly held by the Company		
Name of subsidiary	Date of incorporation/ establishment	Principal activity
7Road Fun Limited	15 September 2017	Investment holdings
7Road International Group Limited	12 May 2015	Publication of online games
Osmanthus Vale Holdings Limited	27 June 2019	Investment holdings

Indirectly held by the Company		
Name of subsidiary	Date of incorporation/ establishment	Principal activity
7Road HK Digital Limited	9 October 2017	Investment holdings
Qianhai Huanjing@ (Note a)	12 July 2015	Online game development, promotion and management
Shenzhen 7Road@ (Note a)	22 January 2008	Online game development, promotion and management
Shenzhen Qianqi@ (Note a)	28 November 2013	Online game development, promotion and management
Huoguo 7Road@ (Note a)	27 November 2015	Online game development, promotion and management
7Road International HK Limited	3 June 2015	Publication of online games
7Road International Pte. Ltd.	28 September 2015	Publication of online games
Wuxi 7Road Technology Co., Ltd.	18 July 2019	Online game development, promotion and management
Malus Vale Holdings Limited	21 December 2018	Investment holdings
Shanghai Xinla	6 January 2016	Online game development, promotion and management
Hangzhou Shengfeng Network Technology Co., Ltd.@	6 August 2015	Online game development, promotion and management
Wuxi Zhongyao Network Technology Co., Ltd.	26 January 2018	Mobile game development
Shanghai Lingsu Network Technology	16 July 2018	Cloud computing and other related services

³⁴ [7Road Holdings Limited Annual report 2022, p.234-235](#)

Shanghai Xifeng Network Technology Co.,Ltd.	22 October 2018	Cloud business and other related services
Beijing Lingsu Network Technology Co.,Ltd	27 August 2021	Cloud computing and other related services
Beijing Meimai Technology Co., Ltd.	17 July 2018	Sandbox game development and operation
Huoerguosi Meimai Technology Co., Ltd.	9 July 2020	Sandbox game development and operation
Wuxi Longshan 7Road Investment Management Co., Ltd. @	18 March 2020	Investment holdings
Wuxi Qida Yuexiang Enterprise Management Partnership (Limited Partnership)	21 July 2022	Investment holdings
Wuxi Qidao Yuedong Enterprise Management Partnership (Limited Partnership)	25 August 2022	Investment holdings
Wuxi Qidao Longrui Enterprise Management Partnership (Limited Partnership)	17 October 2022	Investment holdings
Shanghai Zhuiman Huyu Technology Company Limited	14 October 2016	Mobile game development and operation
Shenzhen Zhuiman Network Technology Limited	25 July 2022	Mobile game development and operation
Sichuan Lingying Technology Co., Ltd	26 December 2022	Research and development, production and sales of semiconductor Quartz crucible and the cleaning equipment for silicon chips

META



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