

*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.*



## **360 LUDASHI HOLDINGS LIMITED**

**360 魯大師控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3601)**

### **CONTINUING CONNECTED TRANSACTIONS (1) SUPPLEMENTAL AGREEMENT TO THE 360 MASTER PURCHASE AGREEMENT; AND (2) REVISION OF ANNUAL CAPS**

Reference is made to the Continuing Connected Transactions between the Company and 360 Technology under the 360 Master Purchase Agreement as disclosed in the section headed “Connected Transactions” in the Prospectus.

The Company has been closely monitoring the progress of its Continuing Connected Transactions with 360 Technology Group under the 360 Master Purchase Agreement. In view of the development of the Group’s exclusive agency games business and the increasing demand of the Advertising Traffic Services and other internet services required by the Group, taking into account the historical transaction amounts, it is expected that additional services will have to be procured from 360 Technology Group and the transaction amounts of the Continuing Connected Transactions under the 360 Master Purchase Agreement for the years ending 31 December 2020 and 2021 will exceed the Original Annual Caps. As such, the Board considers that the existing service scope and the Original Annual Caps for the years ending 31 December 2020 and 2021 under the 360 Master Purchase Agreement shall be revised to satisfy the business needs between the Group and 360 Technology Group for the years ending 31 December 2020 and 2021.

On 23 October 2020 (after trading hours), the Company and 360 Technology entered into the Supplemental Agreement to (i) revise the existing service scope under the 360 Master Purchase Agreement from only Server Leasing Services to cover Server Leasing Services, Game Traffic Services, Advertising Traffic Services and other internet services; and (ii) increase the Original Annual Caps for the years ending 31 December 2020 and 2021 to the Revised Annual Caps.

As at the date of this announcement, 360 Technology, through its direct wholly owned subsidiary, is interested in approximately 30.76% of the total issued share capital of the Company and is one of the controlling shareholders of the Company. Accordingly, 360 Technology is a connected person of the Company under the Listing Rules, and each of the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Revised Annual Caps for the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) are more than 0.1% but less than 5%, the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) and the Revised Annual Caps are subject to the reporting, announcement and annual review requirements, but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the Continuing Connected Transactions between the Company and 360 Technology under the 360 Master Purchase Agreement as disclosed in the section headed "Connected Transactions" in the Prospectus.

The Company has been closely monitoring the progress of its Continuing Connected Transactions with 360 Technology Group under the 360 Master Purchase Agreement. In view of the development of the Group's exclusive agency games business and the increasing demand of the Advertising Traffic Services and other internet services required by the Group, taking into account the historical transaction amounts, it is expected that additional services will have to be procured from 360 Technology Group and the transaction amounts of the Continuing Connected Transactions under the 360 Master Purchase Agreement for the years ending 31 December 2020 and 2021 will exceed the Original Annual Caps. As such, the Board considers that the existing service scope and the Original Annual Caps for the years ending 31 December 2020 and 2021 under the 360 Master Purchase Agreement shall be revised to satisfy the business needs between the Group and 360 Technology Group for the years ending 31 December 2020 and 2021.

On 23 October 2020 (after trading hours), the Company and 360 Technology entered into the Supplemental Agreement to (i) revise the existing service scope under the 360 Master Purchase Agreement from only Server Leasing Services to cover Server Leasing Services, Game Traffic Services, Advertising Traffic Services and other internet services; and (ii) increase the Original Annual Caps for the years ending 31 December 2020 and 2021 to the Revised Annual Caps.

## **THE SUPPLEMENTAL AGREEMENT**

A summary of the principal terms of the Supplemental Agreement is as follows:

- Date:** 23 October 2020
- Parties:** (1) the Company; and  
(2) 360 Technology
- Terms amended:**
- service scope: in addition to the existing Server Leasing Services, 360 Technology Group has agreed to provide the Game Traffic Services, Advertising Traffic Services and other internet services to the Group.
  - annual cap: the annual cap of the transaction amount for the services procured by the Group from 360 Technology Group pursuant to the 360 Master Purchaser Agreement be increased from RMB2.6 million and RMB2.9 million for the two years ending 31 December 2020 and 2021 to RMB15.2 million and RMB19.7 million for the two years ending 31 December 2020 and 2021, respectively.

Save as disclosed above, all existing material terms and conditions under the 360 Master Purchase Agreement remain unchanged. Please refer to the Prospectus for further details on the other principal terms of the 360 Master Purchase Agreement.

It is envisaged that from time to time and as required, members of the Group will enter into individual service agreement with 360 Technology and/or its subsidiaries. Such individual service agreements are expected to set out the detailed terms of the transactions and provisions which reflect the binding principles, guidelines, terms and conditions in the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement).

## **PRICING POLICY**

In respect of the Server Leasing Services, the Group shall pay 360 Technology on the basis of the amount of services provided taking into account the number of devices, online traffic volume and storage space volume involved. In respect of the Game Traffic Services, the Group shall pay 360 Technology Group for the commissions calculated based on a certain percentage of the Gross Billing generated from all the exclusive agency games of the Group launched on the game platform operated by 360 Technology Group. As for the Advertising Traffic Services and other internet services, the Group shall pay 360 Technology Group on the basis of the online traffic volume to be procured from 360 Technology Group and the benefits resulted from online traffic directing services calculated based on the real-time market price per unit.

The service fees paid by the Group to 360 Group are determined based on arm's length commercial negotiations with reference to the market price of similar services, which are comparable to the service fees paid by the Group to independent third party suppliers for similar services and on normal commercial terms.

## **REVISED ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT**

The Original Annual Caps and the Revised Annual Caps for the years ending 31 December 2020 and 2021 are set out below:

	<b>For the years ending 31 December (RMB'million)</b>	
	<b>2020</b>	<b>2021</b>
Original Annual Caps	2.6	2.9
Revised Annual Caps	15.2	19.7

The historical transaction amounts under the 360 Master Purchase Agreement for the year ended 31 December 2019 and the nine months ended 30 September 2020 were approximately RMB1.5 million and RMB2.1 million, respectively.

## **BASIS OF DETERMINING THE REVISED ANNUAL CAPS**

The Revised Annual Caps are determined with reference to:

- (1) In addition to the Server Leasing Services, the services scope under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) were extended to Game Traffic Services, Advertising Traffic Services and other internet services. The transaction amount under the 360 Master Purchase Agreement for the nine months ended 30 September 2020 was approximately RMB2.1 million, representing approximately 80.8% of the Original Annual Cap for the year ending 31 December 2020. Although the transaction amount of the Server Leasing Services alone will not exceed the Original Annual Caps, the Original Annual Caps need to be increased to satisfy the demand of procuring new services from 360 Technology Group by the Group.
- (2) The Group has started the development of exclusive agency games since early 2020 and is expected to launch 2 to 3 new exclusive agency games by the end of 2020 and 4 to 5 new exclusive agency games in 2021 on different game platforms in China for promotion, including the game platform operated by 360 Technology Group, which will result in the continuous increase in the fees to be paid to 360 Technology Group for the Game Traffic Services. In terms of the Game Traffic Services, the Revised Annual Caps are determined with reference to (i) the potential of the continuous growth of the online game business of the Group; (ii) the increasing demand of the online traffic directing services due to new exclusive agency games, which are expected to be formally launched in the fourth quarter of 2020; (iii) the number of new exclusive agency games planned to be launched in 2021; (iv) the estimated Gross Billing for each new exclusive agency game; (v) the expected life cycle of each of the new exclusive agency games; and (vi) the commissions to be paid to 360 Technology Group.
- (3) To further enhance the Group's brands and products recognition, the Group plans to cooperate with 360 Technology Group on the Advertising Traffic Services and other internet services from the fourth quarter of 2020. In terms of the Advertising Traffic Services and other internet services, the Revised Annual Caps is determined with reference to the expected online traffic volume to be procured from 360 Technology Group and the benefits resulted from online traffic directing services calculated based on the real-time market price per unit by the end of 2020 and in 2021.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

The existing services procured by the Group from 360 Technology Group pursuant to the 360 Master Purchase Agreement are the Server Leasing Services. To cater for the business development of the Group, the services to be procured by the Group from 360 Technology Group will have to include the Server Leasing Services, Game Traffic Services, Advertising Traffic Services and other internet services. Since early 2020, the Group has commenced the research and development of exclusive agency games, some of which will be launched by the end of 2020 and in 2021 on different game platforms in China for promotion upon debut, including the game platform operated by 360 Technology Group. It is expected that the exclusive agency games business of the Group will continue to develop in the near future, which will result in an increase in the Group's demand for Game Traffic Services. Therefore, the Group will have to procure the Game Traffic Services from 360 Technology Group and the transaction amount of the Game Traffic Services procured by the Group from 360 Technology Group will increase accordingly.

360 Technology is one of the largest suppliers in China for internet security products and services, focusing on the internet and computers securities. Its brand “360” is a well-known brand for internet security in China with large user bases. Benefiting from the brand recognition and large user bases of “360” brand, the game platform operated by 360 Technology also has large active users. By launching exclusive agency games and advertisements on the online game platform operated by 360 Technology, the game and software products of the Group will be exposed to more players and users by online traffic directing, thus increasing the Group’s game players and software products users bases and enhancing the Gross Billing of the games.

The Directors (including the independent non-executive Directors) are of the view that the 360 Master Purchase Agreement (as supplemented by the Supplement Agreement) was entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the terms of the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mr. Tian Ye, an executive Director, who is able to exercise the entire voting rights ultimately held by 360 Technology pursuant to the Entrustment Arrangements, and each of Mr. Liu Wei and Mr. Zhao Dan, each a non-executive Director and vice president of 360 Technology, have abstained from voting on the relevant resolutions of the Board approving the Supplemental Agreement. Save as disclosed in this announcement, none of the other Directors has any material interest in the same, and hence no other Director is required to abstain from voting on such resolutions of the Board.

## **INFORMATION OF THE PARTIES**

The Company is incorporated in the Cayman Islands with limited liability and develops a series of PC and mobile devices utility software and offer them to users free-of-charge in exchange for online traffic that the Company monetizes by online advertising and online game business and further expands by electronic devices sales.

360 Technology is a limited liability company established in the PRC and is principally engaged in research and development of internet technology with particular focus on internet and computer security, and provision of online advertising and other value-added services and commercialization of intelligent devices based on its internet security products, and is directly wholly-owned by 360. 360 is a joint stock company with limited liability established in the PRC whose shares are listed on the Shanghai Stock Exchange (上海證券交易所) (stock code: 601360).

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 360 Technology, through its direct wholly owned subsidiary, is interested in approximately 30.76% of the total issued share capital of the Company and is one of the controlling shareholders of the Company. Accordingly, 360 Technology is a connected person of the Company under the Listing Rules, and each of the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) constitutes a Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Revised Annual Caps for the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) are more than 0.1% but less than 5%, the transactions contemplated under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) and the Revised Annual Caps are subject to the reporting, announcement and annual review requirements, but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“360”	360 Security Technology Inc. (三六零安全科技股份有限公司), a joint stock company with limited liability established in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: 601360), one of the Company's controlling shareholders
“360 Master Purchase Agreement”	the master purchase agreement dated 18 September 2019 entered into between the Company and 360 Technology, the details of which are set out in the Prospectus
“360 Technology Group”	360 Technology and its subsidiaries
“360 Technology”	360 Technology Group Co., Ltd.* (三六零科技集團有限公司), a limited liability company established in the PRC on 15 September 2011 and directly wholly-owned by 360, who is one of the Company's controlling shareholders
“Advertising Traffic Services”	online traffic directing services for online advertising business of the Group to be procured from 360 Technology Group
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of directors of the Company
“China” or “PRC”	the People's Republic of China
“Company”	360 LUDASHI HOLDINGS LIMITED (360魯大師控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	the transactions contemplated under the 360 Master Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrustment Arrangements”	as defined in the Prospectus
“Game Traffic Services”	the online traffic directing services required by the exclusive agency games of the Group, i.e. the services that generate online user traffic by exhibiting the exclusive agency games of the Group on the game platform operated by 360 Technology Group
“Group”	the Company and its subsidiaries from time to time
“Gross Billing”	total amount paid by users during a given period for purchase of virtual items
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Caps”	the existing annual cap amounts pursuant to the 360 Master Purchase Agreement as set out in the section headed “REVISED ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT” in this announcement
“Prospectus”	the prospectus of the Company dated 26 September 2019
“Revised Annual Caps”	the revised annual cap amounts pursuant to the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) as set out in the section headed “REVISED ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT” in this announcement
“RMB”	Renminbi, the lawful currency of China
“Server Leasing Services”	servers leasing for data processing and storage purposes from 360 Technology Group
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Supplemental Agreement”	the supplemental agreement entered into between the Company and 360 Technology on 23 October 2020 (after trading hours) to revise and supplement the 360 Master Purchase Agreement

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By order of the Board  
**360 Ludashi Holdings Limited**  
**Mr. Tian Ye**  
*Chairman and executive Director*

Hong Kong, 23 October 2020

*As at the date of this announcement, the Board comprises: Mr. Tian Ye and Mr. He Shiwei as executive Directors; Mr. Sun Chunfeng, Mr. Liu Wei and Mr. Zhao Dan as non-executive Directors; and Mr. Li Yang, Mr. Wang Xinyu, Mr. Zhang Ziyu and Mr. Zhu Jinglei as independent non-executive Directors.*