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## 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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2024. The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

#### SUMMARY OF RESULTS

	For the six months ended		Year-on-year change
	30 June		
	2024	2023	
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	(%)
Revenue	742,125	291,800	154.3
Gross profit	86,481	89,846	(3.7)
Profit before taxation	26,141	36,525	(28.4)
Profit for the period	21,884	31,390	(30.3)
Profit attributable to equity holders of the Company for the period	20,228	28,573	(29.2)
Earnings per share			
– Basic and diluted (in RMB cents)	7.52	10.62	(29.2)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	742,125	291,800
Costs of sales and services		<u>(655,644)</u>	<u>(201,954)</u>
Gross profit		86,481	89,846
Other income	4	3,337	5,329
Impairment losses under expected credit loss model, net of reversal		(195)	(1,805)
Other gains and losses	5	(3,294)	(1,563)
Selling and distribution expenses		(13,567)	(13,119)
Administrative expenses		(19,787)	(16,177)
Research and development expenses		(26,382)	(23,838)
Share of results of associates		(326)	(2,096)
Finance costs		<u>(126)</u>	<u>(52)</u>
Profit before taxation		26,141	36,525
Taxation	6	<u>(4,257)</u>	<u>(5,135)</u>
Profit and total comprehensive income for the period		<u>21,884</u>	<u>31,390</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		20,228	28,573
Non-controlling interests		<u>1,656</u>	<u>2,817</u>
		<u>21,884</u>	<u>31,390</u>
Earnings per share			
Basic and diluted (in RMB cents)	7	<u>7.52</u>	<u>10.62</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		30 June 2024 <i>RMB'000</i> <i>(unaudited)</i>	31 December 2023 <i>RMB'000</i> <i>(audited)</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		8,543	8,306
Goodwill		989	989
Other intangible assets		2,408	2,605
Interests in associates		12,698	13,004
Financial assets at fair value through profit or loss (“FVTPL”)		9,600	4,600
Deferred tax assets		14,025	14,973
Prepayments		14,873	14,873
		63,136	59,350
<b>Current assets</b>			
Trade receivables	8	234,007	78,203
Other receivables, deposits and prepayments	9	68,214	40,701
Inventories		566	133
Tax recoverable		1,247	1,247
Financial assets at FVTPL		–	50,000
Term deposits with initial terms of over three months		–	30,000
Cash and cash equivalents		427,685	503,852
		731,719	704,136
<b>Current liabilities</b>			
Trade and other payables	10	106,364	99,941
Contract liabilities		12,232	11,591
Lease liabilities		1,924	1,687
Income tax payable		6,002	3,895
		126,522	117,114
<b>Net current assets</b>		605,197	587,022
<b>Total assets less current liabilities</b>		668,333	646,372

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued**

AT 30 JUNE 2024

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<i>Notes</i>	
	<b>(unaudited)</b>	<i>(audited)</i>
<b>Capital and reserves</b>		
Share capital	2,425	2,425
Reserves	<u>659,013</u>	<u>638,785</u>
Equity attributable to owners of the Company	<b>661,438</b>	641,210
Non-controlling interests	<u>3,928</u>	<u>2,272</u>
<b>Total equity</b>	<u><b>665,366</b></u>	<u>643,482</u>
<b>Non-current liability</b>		
Lease liabilities	<u>2,967</u>	<u>2,890</u>
	<u><b>668,333</b></u>	<u><b>646,372</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of online advertising services, online game platforms, operation of exclusive licensed online game business and smart accessories sales in the PRC.

Revenue represents services and sales income comprising the business mentioned above.

#### Segment information

The Group’s chief operating decision maker has been identified as chief executive officer who reviews revenue analysis by business lines when making decisions about allocating resources and assessing performance of the Group.

As there is no other discrete financial information available for assessment of performance of different business lines, only entity-wide disclosures and geographic information are presented.

The revenue attributable to the Group's business lines are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>	<b>2023</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>
Online traffic monetisation		
– Online advertising services	279,782	102,196
– Online game platforms	16,988	65,121
– Operation of exclusive licensed online game business	445,343	124,255
Electronic devices sales		
– Smart accessories sales	12	228
Total	<u>742,125</u>	<u>291,800</u>

#### **Geographical information**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>	<b>2023</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>
PRC	713,439	260,074
Overseas	28,686	31,726
Total	<u>742,125</u>	<u>291,800</u>

#### **Timing of revenue recognition**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>	<b>2023</b> <i><b>RMB'000</b></i> <i><b>(unaudited)</b></i>
A point in time	287,755	98,365
Over time	454,370	193,435
Total	<u>742,125</u>	<u>291,800</u>

#### 4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Government grants	94	482
Interest income		
– bank deposits	2,885	4,253
– financial assets at FVTPL	358	594
	<u>3,337</u>	<u>5,329</u>

#### 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss from changes in fair value of financial assets at FVTPL	(3,000)	(1,424)
Gain on derecognition of interest in an associate	–	119
Net foreign exchange (losses) gains	(215)	690
Provision for compensation	(200)	(800)
Others	121	(148)
	<u>(3,294)</u>	<u>(1,563)</u>

#### 6. TAXATION

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Tax expense comprises:		
Current tax		
– PRC Enterprise Income Tax	3,309	4,763
– Hong Kong	–	303
– Singapore	–	659
Deferred tax	948	(590)
	<u>4,257</u>	<u>5,135</u>

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>20,228</b>	28,573

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<b>269,000</b>	269,000

No diluted earnings per share for both periods was presented as there was no potential ordinary shares in issue for both periods.

## 8. TRADE RECEIVABLES

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Trade receivables		
– related parties	<b>8,843</b>	11,687
– third parties	<b>232,587</b>	73,694
Less: allowance for credit losses	<b>(7,423)</b>	(7,178)
	<b>234,007</b>	78,203



The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the dates of delivery of goods/dates of rendering of services.

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
0 – 90 days	142,679	69,020
91 – 180 days	90,901	7,091
Over 180 days	427	2,092
	<u>234,007</u>	<u>78,203</u>

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Included in non-current assets:		
Prepayment for game development and license	<u>14,873</u>	<u>14,873</u>
Included in current assets:		
Other receivables	14,148	14,400
Less: allowance for credit losses	(6,851)	(7,051)
Deductible value-added tax	5,638	4,669
Prepayments and deferred expenses	47,241	22,614
Online payment platforms	8,014	5,627
Interest receivables	<u>24</u>	<u>442</u>
	<u>68,214</u>	<u>40,701</u>
Total	<u><u>83,087</u></u>	<u><u>55,574</u></u>

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Trade payables		
– related parties	7	16
– third parties	<b>87,014</b>	68,764
Other payables	<b>5,498</b>	7,106
Payables arisen from online game platforms business	<b>1,736</b>	2,090
Payroll payable	<b>10,685</b>	19,595
Other tax payable	<b>1,424</b>	2,370
	<u><b>106,364</b></u>	<u>99,941</u>

The credit period granted by trade creditors is normally within three months. The following is an aging analysis of trade payables presented based on the dates of delivery of goods/dates of rendering of services:

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
0 – 90 days	<b>53,308</b>	55,858
91 – 180 days	<b>31,244</b>	12,267
Over 180 days	<b>2,469</b>	655
	<u><b>87,021</b></u>	<u>68,780</u>
Total	<u><b>87,021</b></u>	<u>68,780</u>

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review**

In the first half of 2024, the PRC experienced slowing economic growth and an inactive market atmosphere, leading to more conservative customer consumption and a corresponding reduction in capital investment by companies. Although digital marketing remains an important strategy for market promotion, the business environment was undoubtedly hit by low consumption power. Most companies took a more conservative approach to their budgets amid economic uncertainties. The number of advertisements from the Group's clients continued to decline and its online advertising services business for PC and overseas mobile device utility software was also significantly impacted, resulting in an overall profit decline of the Group.

The modern technology industry steers the development of other industries. The Group has actively seized opportunities of such business development to develop more utility software for different industries and explore more profitable business opportunities. Furthermore, through developing the online game business and exploring e-commerce business for mobile devices, the Group recorded certain growth in revenue despite a decrease in net profit in the first half of 2024 due to the continuous decline of its online advertising services business for PC and overseas mobile device utility software, which had a relatively high gross profit. Even facing ever-changing market conditions, the Group will continue to explore and strive for new growth points.

In the first half of 2024, the Group continued to focus on the development of its online traffic monetization business. Through upgrading and iterating our products, as well as research and development and launch of new products, we continued to explore new business directions for our online advertising services business. The e-commerce business for mobile devices also achieved development. As for our online game business, including the operation of online game platforms and operation of exclusive licensed online game business, we acquired new gamers and expanded our user base by continuously launching attractive new online games and conducting marketing and promotional campaigns.

We developed a series of PC and mobile device utility software which were offered to users free of charge in exchange for online traffic which we monetized through the Group's online advertising services business and online game business. In particular, our utility software, "Ludashi Software", a well-known brand and software in China and globally specializing in PC/smartphone hardware and system benchmarking and monitoring, had accumulated a large user base through providing free downloads and installations. Meanwhile, we were committed to the research and development and advertising of various utility software for mobile devices in the domestic market, from which we have accumulated a vast number of active users. In the first half of 2024, although we continued to promote the traffic purchase for Ludashi Software and various utility software, the promotion effect failed to meet our expectations and the number of our MAUs decreased due to the sluggish overall market in China. Therefore, as at 30 June 2024, the MAUs of all our PC and mobile device utility software amounted to approximately 71.9 million.

In the first half of 2024, the PC version of Ludashi Software, adhering to the core concept of “Technology-driven innovation, AI realizing user vision”, achieved innovation in product functions and technological leaps. Through the deep integration of AI technology, the Group has launched a series of intelligent and personalized computer tools, which have greatly enhanced user experience. Key achievements include (1) the launch of an AI intelligent cleaning system to perform functions such as C drive redundant file cleaning, duplicate file cleaning, disk cleaning and memory optimization; (2) the launch of intelligent system management tools, such as intelligent context menu management, adaptive Windows update management and dynamic taskbar optimization, etc.; (3) updating the security protection system; (4) the launch of an AI office assistant; and (5) a comprehensive upgrade of the benchmarking system. With such innovations and optimizations, the PC version of Ludashi Software has been enabled to provide users with a smarter, more personalized and more efficient computer use environment in 2024. Driven by technological innovation, the Group will further take advantage of AI technology to continuously explore and develop new features to create more value for users in a way that promotes the development of the industry.

The Group has vigorously developed its e-commerce business for mobile devices in the first half of 2024. Leveraging on its extensive experience in traffic placement, the Group provides precise traffic placement and attraction services for live streaming and short videos on renowned domestic e-commerce platforms for mobile devices to earn revenue from traffic placement. In the second half of 2024, the Group will focus more on optimizing our traffic placement strategy and increasing profitability through more precise and efficient traffic placement services.

In the first half of 2024, by following the boutique strategy, the Group’s online game platforms successively launched various online game products to provide users with better gaming experience and customer service. In the first half of 2024, the Group achieved efficient user conversion, and the overall payment amount per user increased as compared with the corresponding period last year. The Group has established an exclusive service mechanism, and the customer service satisfaction of new and existing users continues to increase.

In the first half of 2024, the Group continued to expand its user base through the launch of new exclusive licensed online games and the ongoing promotion of existing online games. The Group’s newly launched exclusive licensed online game “Call Me Grand Director (《叫我大導演》)”, is currently available in Hong Kong, Macau Special Administrative Region of the PRC, Taiwan, Singapore and Malaysia, and will be launched in Europe and the Americas in the future. The Group’s current reserve of online game products covers categories including business operation simulation game, role-playing game, IP licensing, and card game, etc. It is expected that some of these online game products will be launched in the second half of the year, among which, “Kung Fu Panda: Dragon Warrior (《功夫熊貓：神龍大俠》)” is planned to be tested in Australia, the Philippines, Singapore, Malaysia and other countries in the second half of 2024.

The Group has also continued to closely monitor the utility products for mobile devices in the overseas market and has actively expanded its product lines. Upholding the concept of focusing on users' needs, the Group has been committed to providing efficient and practical utility products. In the first half of 2024, the Group further innovated and expanded by successfully launching four new utility products. In particular, it is worth noting that one of the Group's utility products ranked among the top ten in application markets in many countries around the world. This not only proves the outstanding quality of the Group's products, but also reflects the Group's keen insight into market trends and deep understanding of users' needs. In the second half of 2024, the Group will remain committed to innovation and the localization strategy in regions of launching, so as to provide users with more practical products.

In the first half of 2024, the Group has explored new business types in addition to expansion of its existing evaluation business. We launched a private cloud product, "Ludashi AiNAS", which has been in development for many years, and pioneered the development of a deep interconnection system platform between mobile phones and PC to allow a low-thread access to NAS by users. Moreover, the Group has established research laboratories with a renowned university and conducted in-depth discussions with industry-leading professionals to explore the innovation and wider application of evaluation technology.

## **OUTLOOK**

Looking ahead to the second half of 2024, the economy is expected to gradually recover under various economic stimulus policies rolled out by the government of China. The Group is confident in its existing business and will continue to focus on developing new businesses, including but not limited to continuously enriching domestic and overseas product matrix for mobile devices and expanding e-commerce business for mobile devices, so as to expand our market share. At the same time, the Group also focuses on the steady development of its existing businesses in order to achieve long-term, healthy, sound and sustainable development of the Group.

The Group will further increase the user numbers and stickiness of our utility software and online game business through continued efforts to actively improve our software products and enrich our product matrix. In the meantime, we will leverage on our expertise in PC, mobile device hardware, system benchmarking and monitoring to develop innovative products so as to enhance our monetization capability. In addition, we will, through stabilizing the relationship with our suppliers, customers and users, strive to increase our operating revenue and profitability and continue to create greater value for our Shareholders and investors.

In the second half of 2024, the Group will continue to implement the following strategies and strive to become a reliable hardware expert and leading internet company:

- update and iterate the PC version of Ludashi Software on an on-going basis, and proactively improve our product features to adapt to more requirements of users;

- continuously develop various types of online games and explore new distribution strategies for our premium products, and keep distributing and operating our exclusive licensed online games in China and overseas;
- continue to expand the scale of promotion investment in online game business, combine the online game traffic direction business with online game distribution business, and keep improving our competitiveness, so as to expand the scale of our operating revenue;
- complement and improve the precise traffic placement capability of the e-commerce for mobile devices, and improve traffic attracting ability and conversion efficiency;
- continue to enrich the domestic and overseas product matrix for mobile devices, and obtain more quality users through development and promotion of more diversified utility products;
- further improve our product quality, maintain and expand our user base, and stabilize the overseas markets by strengthening our research and development capability, and enhance our brand image as a reliable hardware expert; and
- continue to attract and retain talents and professionals, and form strategic alliances with business partners and pursue investments and acquisitions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

We derived revenue from two business lines, namely online traffic monetization and electronic devices sales. The revenue of online traffic monetization is generated from online advertising services, online game platforms and the operation of exclusive licensed online game business. The revenue from electronic devices sales mainly includes revenue from sales of smart accessories.

Our revenue increased by over 100% from approximately RMB291.8 million for the six months ended 30 June 2023 to approximately RMB742.1 million for the six months ended 30 June 2024. The increase was mainly attributable to (1) the Group acquired 80% equity interest in Tianjin Qiyu Network Technology Company Limited\* (天津旗魚網絡科技有限公司) (“**Tianjin Qiyu**”) in early May 2023, so only two months of its revenue were included in the first half of 2023, whereas the entire first six months of 2024 benefited from this acquisition; (2) in the first half of 2023, Tianjin Qiyu had two well-performing exclusive licensed online games, while in the first half of 2024, Tianjin Qiyu had three outstanding exclusive licensed online games, with the newly launched exclusive licensed online game which contributed significantly to the Group’s revenue; and (3) the Group vigorously developed its e-commerce business for mobile devices in the first half of 2024, resulting in a significant increase in revenue.

The following table sets forth our segment revenue by amount and as a percentage of our revenue for the six months ended 30 June 2023 and 2024:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>RMB'000</b></i>	<i><b>Proportion</b></i>	<i><b>RMB'000</b></i>	<i><b>Proportion</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(%)</b></i>	<i><b>(Unaudited)</b></i>	<i><b>(%)</b></i>
<b>Online traffic monetization</b>				
Online advertising services	279,782	37.6	102,196	35.0
Online game platforms	16,988	2.3	65,121	22.3
Operation of exclusive licensed online game business	445,343	60.0	124,255	42.6
<b>Electronic devices sales</b>				
Smart accessories sales	12	0.1	228	0.1
<b>Total</b>	<b>742,125</b>	<b>100.0</b>	<b>291,800</b>	<b>100.0</b>

**(i) Online traffic monetization**

*(a) Online advertising services*

Our revenue from online advertising services increased by over 100.0% from approximately RMB102.2 million for the six months ended 30 June 2023 to approximately RMB279.8 million for the six months ended 30 June 2024. This is attributable to the Group's vigorous development of e-commerce business for mobile devices in the first half of 2024, resulting in a significant increase in the Group's revenue.

*(b) Online game platforms*

Our revenue from online game platforms decreased by approximately 73.9% from approximately RMB65.1 million for the six months ended 30 June 2023 to approximately RMB17.0 million for the six months ended 30 June 2024. Such decrease was mainly due to (1) several online games that had been in operation reaching a late stage of their game life-cycle; and (2) the overall inactivity in the market, which resulted in the decreased amount of payments made by paying players.

*(c) Operation of exclusive licensed online game business*

Our revenue from operation of exclusive licensed online game business increased by over 100.0% from approximately RMB124.3 million for the six months ended 30 June 2023 to approximately RMB445.3 million for the six months ended 30 June 2024. Such increase was mainly due to (1) the Group acquired 80% equity interest in Tianjin Qiyu in early May 2023, so only two months of its revenue were included in the first half of 2023, whereas the entire first six months of 2024 benefited from this acquisition; and (2) in the first half of 2023, Tianjin Qiyu had two well-performing exclusive licensed online games, while in the first half of 2024, Tianjin Qiyu had three outstanding exclusive licensed online games, with the newly launched exclusive licensed online game which contributed significantly to the Group's revenue.

*(ii) Electronic devices sales*

Our revenue from electronic devices sales decreased by approximately 94.7% from approximately RMB0.2 million for the six months ended 30 June 2023 to approximately RMB12,000 for the six months ended 30 June 2024, which was mainly due to the decrease in income generated from the sales of electronic hardware products.



## Costs of sales and services

The following table sets forth a breakdown of our costs of sales and services by amount and as a percentage of costs of sales and services for the six months ended 30 June 2023 and 2024:

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i> <i>(unaudited)</i>	<i>Proportion</i> <i>(%)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>Proportion</i> <i>(%)</i>
<b>Online traffic monetization</b>				
Advertising and promoting	650,884	99.3	197,936	98.0
Server leasing	4,653	0.6	3,953	1.9
<b>Electronic devices sales</b>				
Smart accessories sales	107	0.1	65	0.1
<b>Total</b>	<b>655,644</b>	<b>100.0</b>	<b>201,954</b>	<b>100.0</b>

### (i) *Online traffic monetization*

Cost of online traffic monetization business increased by over 100.0% from approximately RMB201.9 million for the six months ended 30 June 2023 to approximately RMB655.5 million for the six months ended 30 June 2024, which was mainly due to the increase in the cost of operation of exclusive licensed online game business, and the increase in the cost of traffic placement for the expansion of the e-commerce business for mobile devices.

### (ii) *Electronic devices sales*

Cost of electronic devices sales increased by approximately 64.6% from approximately RMB65,000 for the six months ended 30 June 2023 to approximately RMB107,000 for the six months ended 30 June 2024, which was mainly due to the increase in cost of sales of electronic hardware products.

## Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin by business line for the six months ended 30 June 2023 and 2024:

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i> <i>(unaudited)</i>	<i>Gross</i> <i>profit margin</i> <i>(%)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>Gross</i> <i>profit margin</i> <i>(%)</i>
Online traffic monetization	86,576	11.7	89,683	30.8
Electronic devices sales	(95)	(791.7)	163	71.5
<b>Total gross profit and gross profit margin</b>	<b>86,481</b>	<b>11.7</b>	<b>89,846</b>	<b>30.8</b>

Our gross profit decreased by approximately 3.7% from approximately RMB89.8 million for the six months ended 30 June 2023 to approximately RMB86.5 million for the six months ended 30 June 2024, and the gross profit margin was approximately 30.8% and 11.7% for the six months ended 30 June 2023 and 2024, respectively. The decrease in gross profit margin was mainly due to the increase in the proportion of operation of exclusive licensed online game business and e-commerce business for mobile devices, which had lower gross profit margins to the Group's overall businesses.

## Other income

Other income decreased by approximately 37.4% from approximately RMB5.3 million for the six months ended 30 June 2023 to approximately RMB3.3 million for the six months ended 30 June 2024, which was mainly due to a decrease in interest income from bank deposits and governments grants.

## Other gains and losses

We recorded an increase in other losses by over 100.0% from approximately RMB1.6 million for the six months ended 30 June 2023 to approximately RMB3.3 million for the six months ended 30 June 2024, which was mainly due to provisions made for loss on investment in unlisted equity.

## **Administrative expenses**

Administrative expenses increased by approximately 22.3% from approximately RMB16.2 million for the six months ended 30 June 2023 to approximately RMB19.8 million for the six months ended 30 June 2024. The increase in administrative expenses was due to the increase in consulting service fees and the reduction in the number of employees for business optimization, which resulted in payment of compensation expenses.

## **Research and development expenses**

Research and development expenses increased by approximately 10.7% from approximately RMB23.8 million for the six months ended 30 June 2023 to approximately RMB26.4 million for the six months ended 30 June 2024. The increase in research and development expenses was mainly due to the reduction in the number of research and development employees for business optimization, which resulted in payment of corresponding compensation expenses.

## **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 3.4% from approximately RMB13.1 million for the six months ended 30 June 2023 to approximately RMB13.6 million for the six months ended 30 June 2024. Selling and distribution expenses remained relatively stable as compared with the same period last year.

## **Taxation**

Taxation decreased by approximately 17.1% from approximately RMB5.1 million for the six months ended 30 June 2023 to approximately RMB4.3 million for the six months ended 30 June 2024. Such decrease was mainly due to the decrease in the Group's profit before tax.

## **Profit and total comprehensive income for the period**

As a result of the foregoing, the profit and total comprehensive income for the period of the Group decreased by approximately 30.3% from approximately RMB31.4 million for the six months ended 30 June 2023 to approximately RMB21.9 million for the six months ended 30 June 2024.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

Since Listing, we have financed our cash requirements through a combination of cash generated from operating activities and the proceeds from the Listing. In the future, we expect to continue to rely on cash flows generated from operations and other debt and equity financing to fund our working capital needs and finance part of our business expansion.

As at 31 December 2023 and 30 June 2024, our bank balances and cash amounted to approximately RMB533.9 million and approximately RMB427.7 million, respectively.

The Group mainly operates in China and its functional currency is RMB. However, we are exposed to foreign currency risks due to certain bank balances, trade receivables and certain payables denominated in foreign currencies held by us. We believe the existing bank balances, trade receivables and certain payables denominated in foreign currencies expose us to limited and controllable foreign currency risks. We will continue to monitor the movements in exchange rates and will take measures to mitigate the impacts brought by movements in exchange rates if necessary.

As at 30 June 2024, we did not have any bank borrowings. Accordingly, no gearing ratio is presented.

## CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the year ended 31 December 2023 and for the six months ended 30 June 2024:

	<b>For the six months ended 30 June 2024 RMB'000 (unaudited)</b>	For the year ended 31 December 2023 RMB'000 (audited)
Purchase of property and equipment	<u>460</u>	<u>701</u>
<b>Total</b>	<b><u><u>460</u></u></b>	<b><u><u>701</u></u></b>

Our capital expenditures primarily include expenditures for purchase of property and equipment such as laboratories, servers and computers.

## SIGNIFICANT INVESTMENTS HELD

In order to effectively utilize the Group's idle funds and generate better returns, the Group has from time to time subscribed for principal-guaranteed structured deposit products issued by reputable commercial banks with its idle funds.

These structured deposit products subscribed by the Group (the “**Structured Deposit Products**”) are fully principal-guaranteed with minimal risks involved and their returns are relatively high as compared with the deposit interest rates generally offered by commercial banks in the PRC. The Structured Deposit Products were funded by the Group's idle funds with a relatively short term which would not affect the operational liquidity of the Group.

During the Reporting Period, the Group subscribed 6 Structured Deposit Products offered by China Merchants Bank, details of which are as follows:

**i. The Structured Deposit Product Agreement XXXIV**

Date: 4 January 2024

Product: Gold-linked Series Bearish Two-tier 21-day Structured Deposit of China Merchants Bank\* (招商銀行點金系列看跌兩層區間21天結構性存款)

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB50 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the price of gold. Deposit interest is determined based on the performance of the linked gold price

Expected maturity interest rate per annum: 1.85% to 2.70%

Term of the deposit: 21 days

Value date: 5 January 2024

Expiry date: 26 January 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Chengdu Qilu has no right of early termination and redemption of the product

## ii. The Structured Deposit Product Agreement XXXV

Date: 2 February 2024

Product: Gold-linked Series Bearish Two-tier 21-day Structured Deposit of China Merchants Bank\* (招商銀行點金系列看跌兩層區間21天結構性存款)

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB43 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the price of gold. Deposit interest is determined based on the performance of the linked gold price

Expected maturity interest rate per annum: 1.85% to 2.71%

Term of the deposit: 21 days

Value date: 5 February 2024

Expiry date: 26 February 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Chengdu Qilu has no right of early termination and redemption of the product

### iii. The Structured Deposit Product Agreement XXXVI

Date: 4 March 2024

Product: Gold-linked Series Bearish Two-tier 21-day Structured Deposit of China Merchants Bank\* (招商銀行點金系列看跌兩層區間21天結構性存款)

Parties: Anyixun Technology and China Merchants Bank

Amount of the deposit: RMB46 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the price of gold. Deposit interest is determined based on the performance of the linked gold price

Expected maturity interest rate per annum: 1.85% to 2.71%

Term of the deposit: 21 days

Value date: 5 March 2024

Expiry date: 26 March 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Anyixun Technology has no right of early termination and redemption of the product

#### **iv. The Structured Deposit Product Agreement XXXVII**

Date: 15 April 2024

Product: Exchange rate-linked Series Bearish Two-tier 14-days Structured Deposit of China Merchants Bank\* (招商銀行智匯系列看跌兩層區間14天結構性存款)

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB40 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the exchange rate of USD to JPY. Deposit interest is determined based on the performance of the linked exchange rate of USD to JPY

Expected maturity interest rate per annum: 1.85% to 2.86%

Term of the deposit: 14 days

Value date: 16 April 2024

Expiry date: 30 April 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Chengdu Qilu has no right of early termination and redemption of the product



**v. The Structured Deposit Product Agreement XXXVIII**

Date: 8 May 2024

Product: Exchange rate-linked Series Bearish Two-tier 21-days Structured Deposit of China Merchants Bank\* (招商銀行智匯系列看跌兩層區間21天結構性存款)

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB40 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the exchange rate of EUR to USD. Deposit interest is determined based on the performance of the linked exchange rate of EUR to USD

Expected maturity interest rate per annum: 1.85% to 2.61%

Term of the deposit: 21 days

Value date: 9 May 2024

Expiry date: 30 May 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Chengdu Qilu has no right of early termination and redemption of the product

**vi. The Structured Deposit Product Agreement XXXIX**

Date: 5 June 2024

Product: Exchange rate-linked Series Bearish Two-tier 21-days Structured Deposit of China Merchants Bank\* (招商銀行智匯系列看跌兩層區間21天結構性存款)

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB45 million

Type: Principal-guaranteed with floating interest rate

Linked subject and deposit interest: The interest on such deposit is linked to the exchange rate of EUR to USD. Deposit interest is determined based on the performance of the linked exchange rate of EUR to USD

Expected maturity interest rate per annum: 1.85% to 2.51%

Term of the deposit: 21 days

Value date: 6 June 2024

Expiry date: 27 June 2024

Risk rating of the product (the risk rating made by the bank): R1 (cautious)

Termination and redemption: In principle, Chengdu Qilu has no right of early termination and redemption of the product

As at 30 June 2024, the Structured Deposit Product Agreement XXXIV, Structured Deposit Product Agreement XXXV, Structured Deposit Product Agreement XXXVI, Structured Deposit Product Agreement XXXVII, Structured Deposit Product Agreement XXXVIII and Structured Deposit Product Agreement XXXIX have expired and the total amount of the actual interest received from these matured Structured Deposit Products were RMB77,671.23, RMB67,044.66, RMB71,722.19, RMB43,879.45, RMB60,065.75 and RMB64,984.93, respectively.

As at 30 June 2024, there were no outstanding Structured Deposit Products. Save as disclosed in this announcement, there were no other significant investments held during the Reporting Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any significant acquisitions and disposals during the Reporting Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 30 June 2024, the Group had no future plans for material investments or capital assets.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2024, we had 222 full-time employees, all of whom are located in the PRC. Specifically, such full-time employees included 2 senior management members, 87 employees who are responsible for sales and marketing, 105 employees who are responsible for research and development and 28 administrative employees.

We offer employees competitive remuneration, performance-based bonuses and incentives. Our employees' performance is reviewed every year on the basis of, among other criteria, their ability to achieve stipulated performance targets. We place great emphasis on the training and development of our employees. We have developed a series of personalized training conferences based on our industry experience over the years. We invest in continuing education and training programs for our management personnel and other employees with a view to constantly upgrading their skills and knowledge. We also arrange internal and external professional training programs to develop our employees' skills and knowledge. These programs include further education, basic economic and financial knowledge and skills training, as well as professional development courses for our management personnel. New employees are required to attend induction meetings to ensure they have understanding of the Group and the necessary skills to perform their duties. In accordance with the applicable PRC laws and regulations, we have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident funds for our employees.

## **PLEDGE OF ASSETS**

As of 30 June 2024, the Group did not have any pledge of assets.

## **CONTINGENT LIABILITIES AND GUARANTEES**

As of 30 June 2024, the Group did not have any significant contingent liabilities, guarantees or any litigations.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to pay interim dividend for the six months ended 30 June 2024.

## **COMPLIANCE WITH THE CG CODE**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. During the Reporting Period, except for code provision C.2.1 of the CG Code, the Company has complied with all the applicable code provisions as set out in the CG Code in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Tian Ye currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

## **THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiries to all the Directors, all the Directors confirmed that they have strictly complied with the required standards as set out in the Model Code throughout the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has established the Audit Committee, the primary duties of which are to make recommendations to the Board on the appointment and dismissal of the external auditor, monitor and review the financial statements and information and oversee the financial reporting system, risk management and internal control systems of the Company. The Audit Committee consists of three members, namely Mr. Zhang Ziyu, Mr. Li Yang and Mr. Wang Xinyu. The chairman of the Audit Committee is Mr. Zhang Ziyu.

The unaudited interim results of the Group for the six months ended 30 June 2024 have not been reviewed by the auditor of the Company but has been reviewed by the Audit Committee.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.ludashi.com](http://www.ludashi.com)). The 2024 interim report containing all information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

## DEFINITIONS

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

“AI”	Artificial Intelligence, intelligence demonstrated by machines;
“Audit Committee”	the audit committee of the Board;
“Anyixun Technology”	Chengdu Anyixun Technology Company Limited* (成都安易迅科技有限公司), a limited liability company established in the PRC on 20 October 2015 and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
“Chengdu Qilu”	Chengdu Qilu Technology Company Limited* (成都奇魯科技有限公司), a limited liability company established in the PRC on 25 November 2014 and is deemed to be a wholly-owned subsidiary of the Company pursuant to the Contractual Arrangements;
“China” or the “PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“China Merchants Bank”	China Merchants Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600036) and the Main Board of the Stock Exchange (stock code: 3968);
“Company” or “our 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 (stock code: 3601);
“Contractual Arrangements”	a series of contractual arrangements entered into among Anyixun Technology, Chengdu Qilu and the registered shareholders of Chengdu Qilu, i.e. Beijing Qihu Technology Company Limited* (北京奇虎科技有限公司), Mr. Tian Ye, Shanghai Songheng Network Technology Company Limited* (上海嵩恒網絡科技股份有限公司) (currently known as Shanghai Dongfangwang Digital Technology Company Limited* (上海東方網數字科技服務有限公司)) and Chengdu Qilu Haochen Enterprise Management Consulting Company Limited* (成都奇魯昊宸企業管理諮詢有限公司);
“Director(s)”	director(s) of the Company;

“EUR”	Euro, the lawful currency of Eurozone
“Group”, “we”, “our”, “us”, or “our Group”	the Company, its subsidiaries and the PRC Operating Entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKAS(s)”	Hong Kong Accounting Standards;
“HKFRS(s)”	Hong Kong Financial Reporting Standards;
“HKICPA”	the Hong Kong Institute of Certified Public Accountants;
“JPY”	Japanese yen, the lawful currency of Japan;
“Listing”	the Listing of the Shares on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ludashi Software”	hardware and system benchmarking and monitoring software and App operated by our Group;
“MAU(s)”	monthly active user(s), a key performance indicator for software, Apps and online games. Monthly active users are calculated by counting the number of unique devices that activate the software, Apps or online games for at least once during a calendar month;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules;
“NAS”	Network Attached Storage;
“PC(s)”	personal computer(s);
“PRC Operating Entities”	collectively, Chengdu Qilu, Tianjin Qiyu, Tianjin Weilaiying Technology Company Limited* (天津未來盈科技有限公司), Tianjin Liu Liuyou Technology Company Limited* (天津六六遊科技有限公司) and its subsidiary (and the “ <b>PRC Operating Entity</b> ” means any one of them), the financial results of which have been consolidated and accounted for as the subsidiaries of the Company by virtue of the Contractual Arrangements;

“Reporting Period”	the six months ended 30 June 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“USD”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

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

Hong Kong, 28 August 2024

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

\* *For identification purpose only*