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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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On 6 November 2024, the Company entered into the following agreements to renew certain continuing connected transactions:

- (i) the 360 Master Purchase Agreement 2025-2027 with 360 Technology in relation to the provision of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services by 360 Group to the Group; and
- (ii) the 360 Master Sales Agreement 2025-2027 with 360 Technology in relation to the provision of online traffic monetization services by the Group to 360 Group,

for the three financial years commencing from 1 January 2025 to 31 December 2027.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement and so far as is known to the Company, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is interested in approximately 16.91% of the total issued share capital of the Company, and is one of the substantial 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 2025-2027 and 360 Master Sales Agreement 2025-2027 constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding profits ratio) under Rule 14.07 of the Listing Rules for the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 are, on an annual basis, over 5% and the related Annual Caps are more than HK\$10,000,000, the continuing connected transactions contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for True Thrive and its associates (including Dashi Technology pursuant to the Entrustment Arrangements) held an aggregate of 91,415,057 Shares, representing approximately 33.98% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting at the EGM, no other Shareholders had a material interest and would be required to abstain from voting at the EGM in respect of the resolutions in relation to the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 and the continuing connected transactions contemplated thereunder.

Mr. Tian Ye, an executive Director, is the sole shareholder of Dashi Technology, which is deemed to be interested in all Shares and voting rights held by 360 Technology through True Thrive pursuant to the Entrustment Arrangements. Mr. Tian Ye is therefore deemed to be interested in all the Shares held by True Thrive. Mr. Liu Wei is the chairman of the board of directors of Kincheng Bank of Tianjin Co., Ltd.\* (天津金城銀行股份有限公司), which is held as to 30% by 360, and Mr. Zhao Dan is the vice president of the 360 Group. Accordingly, Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan abstained from voting on the Board resolutions in respect of the continuing connected transactions between the Group and 360 Group.

The Board confirms that except for Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan, none of the Directors have any material interest in the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder between the Group and 360 Group. Accordingly, none of the Directors (except for Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan who abstained as mentioned above) was required to abstain from voting on the Board resolutions in relation to the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder.

## **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps. No member of the Independent Board Committee has any material interest in the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps.

A circular containing, amongst other things, details of the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, the continuing connected transactions contemplated thereunder, the related Annual Caps, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and a notice convening the EGM for the Independent Shareholders to consider and, if thought fit, approve (i) the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps, in accordance with the requirements of the Listing Rules, is expected to be despatched to the Shareholders requiring printed copies and 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)) on or before 27 November 2024.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On 6 November 2024, the Company entered into (i) the 360 Master Purchase Agreement 2025-2027 and (ii) the 360 Master Sales Agreement 2025-2027 with 360 Technology to renew certain continuing connected transactions for the three financial years commencing from 1 January 2025 to 31 December 2027.

### **(A) Procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet Services from 360 Group**

#### ***Background***

As disclosed in the announcements of the Company dated 2 November 2021 and 21 August 2023 and the circulars of the Company dated 6 December 2021 and 7 September 2023, the Company and 360 Technology have entered into a master agreement dated 2 November 2021 (as supplemented by a supplemental agreement dated 21 August 2023) for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group by the Group, which validity of such agreement will expire on 31 December 2024. As such, the 360 Master Purchase Agreement 2025-2027 was entered into to renew such continuing connected transactions for a further term of three years commencing from 1 January 2025 and ending on 31 December 2027.

### ***360 Master Purchase Agreement 2025-2027***

Details of the 360 Master Purchase Agreement 2025-2027 are set out below:

|                         |                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date:                   | 6 November 2024                                                                                                                                                                                                                                                                                                                                                      |
| Parties:                | (i) the Company<br>(ii) 360 Technology                                                                                                                                                                                                                                                                                                                               |
| Term:                   | Three years commencing from 1 January 2025 to 31 December 2027.                                                                                                                                                                                                                                                                                                      |
| Nature of transactions: | Pursuant to the 360 Master Purchase Agreement 2025-2027, the Group has agreed to procure server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group.                                                                                                                                                    |
| Consideration:          | The price for the services to be paid by the Group to the 360 Group shall be determined with reference to the prevailing market price upon fair negotiation in accordance with normal commercial terms and market customs, and such price shall be no higher than the price paid by the Group to Independent Third Parties in respect of obtaining similar services. |
| Conditions Precedent:   | The 360 Master Purchase Agreement 2025-2027 and the transactions contemplated thereunder are conditional upon approval by the Independent Shareholders.                                                                                                                                                                                                              |

### ***Annual Caps***

The annual transaction amount for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services under the 360 Master Purchase Agreement 2025-2027 shall not exceed the following annual caps:

| <b>For the year ending 31 December</b> | <b>Annual Cap<br/>(RMB'000)</b> |
|----------------------------------------|---------------------------------|
| 2025                                   | 130,000                         |
| 2026                                   | 130,000                         |
| 2027                                   | 130,000                         |

***Existing annual caps for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group***

The existing annual caps for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for the three years ending 31 December 2024 are as follows:

| <b>For the year ended/ending 31 December</b> | <b>Existing<br/>annual cap<br/>(RMB'000)</b> | <b>Actual<br/>transaction<br/>amount<br/>(RMB'000)</b> |
|----------------------------------------------|----------------------------------------------|--------------------------------------------------------|
| 2022                                         | 17,200                                       | 728                                                    |
| 2023                                         | 100,700                                      | 63,524                                                 |
| 2024                                         | 264,500                                      | 45,325*                                                |

\* up to 30 September 2024

The Directors confirmed that the existing annual caps for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for the three years ending 31 December 2024 have not been exceeded up to the date of this announcement.

***Basis for the Annual Caps for the 360 Master Purchase Agreement 2025-2027***

The Annual Caps for the three years ending 31 December 2027 were determined with reference to:

- (i) the historical actual transaction amount for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for the two years ended 31 December 2023 and the nine months ended 30 September 2024;
- (ii) the fact that the actual transaction amounts in the year ended 31 December 2023 and for the nine months ended 30 September 2024 are less than the respective annual caps was primarily due to, among others, the delayed launch of the new exclusive licensed online game developed using the “Kung Fu Panda (功夫熊貓)” licence with its animated character together with the distribution licence. The game was originally scheduled to be released by the end of 2023 but was delayed and is planned for a release by the end of 2024;

- (iii) the projected demand of the Group for server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group;
- (iv) the strategy to expand business operations including the expected launch of one to two new exclusive licensed online games annually by the Group in the next three years; and
- (v) the continuous offer of existing exclusive licensed online games and software by the Group in the next three years.

### ***Pricing policy***

The Group adopts the following pricing policy in respect of the services to be obtained from 360 Group under the 360 Master Purchase Agreement 2025-2027:

- (i) As an overriding general principal, the fees payable by the Group to 360 Group shall not be more favourable than the price offered by Independent Third Party service providers for comparable services.

#### ***(ii) Game Traffic Services***

For Game Traffic Services, the fees in the form of commission payable by the Group are calculated progressively at the rate in the range of 70% to 80% over of the Gross Billing to be generated from the online games of the Group which are launched on the game platform operated by 360 Group, which agreed fixed rate is comparable to those charged by other Independent Third Party service providers to the Group for similar services in the range of 70% to 80%. The agreed fixed rate is determined having regards to (i) credit evaluation by 360 Group on the Group in terms of size, reputation and industry; (ii) historical transactions creditability (in terms of monetary value and quantity of usage); (iii) the level of impression or popularity of the online games of the Group on the online game platform operated by 360 Group; (iv) the prevailing market rate and industry practice for similar services offered in the market as charged by other online game platform service providers; and (v) the potential future business opportunities with the service provider. Gross Billing is the total amount paid by online game players for the purchase of virtual items in the online games of the Group through 360 Group's online game platform. The Gross Billing is accumulated at the end of every month and agreed upon by both the Group and 360 Group within 15 days after the end of every month. 360 Group will pay to the Group the balance of the Gross Billing after retaining 70% to 80% of the Gross Billing (as calculated at progressive rate) within a period of 30 days from the date the invoice from the Group.

*(iii) Server leasing services*

For server leasing services to be procured by the Group from 360 Group, the price payable to 360 Group will be determined based on the number of servers to be leased, traffic or bandwidth volume and storage space volume, with reference to the prevailing market price for the same server leasing services that can be obtained from Independent Third Party service providers on normal commercial terms. For the purpose of determining market prices, the Group obtained quotations from at least two other Independent Third Party service providers for server leasing services based on similar number of servers, traffic or bandwidth volume, storage space volume involved and quality of services. The fees to be paid by the Group to 360 Group will be accumulated and billed by 360 Group at the end of every month with a credit term of 30 days from the date of the invoice.

Other factors that the Group considered included: (i) the brand, and hardware specifications such as processor, memory and storage capacity of the proposed servers listed on the quotations; (ii) the proposed bandwidth, reliability, security and backup systems of the relevant servers; and (iii) the cost of and the possible interruptions that maybe caused by migrating the current servers of the Group from 360 Group to a new service provider.

*(iv) Advertising Traffic Services and other Internet services*

The pricing mechanism and the charging rate for the Advertising Traffic Services and other Internet services of 360 Group are determined with reference to the prevailing market rate and industry practice for similar services offered in the market as charged by other Advertising Traffic Services and other Internet services service providers, depending on the daily volume of traffic by adding up the quantity of advertisements displayed on the device and the amount of online user traffic and specific performance, as the case may be, created by 360 Group's banner advertising services. The fees to be paid by the Group to 360 Group will be calculated using the above pricing mechanism, which will be accumulated and billed by 360 Group at the end of every month with a credit term of 30 days from the date of the invoice.

***Reasons for and benefits of the 360 Master Purchase Agreement 2025-2027***

360 Technology is one of the largest suppliers in the PRC for Internet security products and services. 360 Group has been providing reliable server leasing services to the Group since 2016.

Further, the “360” brand is a relatively well-known brand with a large user base in the PRC. Benefiting from the brand recognition and large user base, the game platform operated by 360 Group also has a large active user base. The Group will continue to operate existing exclusive licensed online games and expects to launch one to two new exclusive licensed online games annually for the next three years. The Group intends to place all of its exclusive licensed online games to be developed on the game platform operated by 360 Group, with an aim to increase the Group’s game players and software products user base and enhance the Gross Billing of the games.

The Directors (excluding the independent non-executive Directors whose view will be set out in “Letter from the Independent Board Committee” of the circular to be published after taking into account the advice of the Independent Financial Adviser, and Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan who are interested in the 360 Master Purchase Agreement 2025-2027) are of the view that the terms of the 360 Master Purchase Agreement 2025-2027 have been negotiated and arrived at on an arms-length basis and in the ordinary and usual course of business of the Group and on normal commercial terms between the Group and 360 Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole in line with, and with reference to, the industry practice and prevailing market prices.

The Directors (excluding the independent non-executive Directors) consider that (i) the continuing connected transactions contemplated under the 360 Master Purchase Agreement 2025-2027; and (ii) the proposed Annual Caps for the three years ending 31 December 2027 under the 360 Master Purchase Agreement 2025-2027 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **B. Provision of online traffic monetization services to 360 Group**

### ***Background***

As stated in the announcement of the Company dated 2 November 2021 and the circular of the Company dated 6 December 2021, the Company and 360 Technology have entered into a master agreement dated 2 November 2021 for the provision of online traffic monetization services by the Group to 360 Group, which validity of such agreement will expire on 31 December 2024. During the period of the master agreement, the Group provided (i) Game Traffic Services whereby 360 Group would place its online games on the game platforms operated by the Group; and (ii) Advertising Traffic Services, principally through homepage directing and to a lesser extent through banner advertising to 360 Group. As such, the 360 Master Sales Agreement 2025-2027 was entered into to renew such continuing connected transactions for a further term of three years commencing from 1 January 2025 and ending on 31 December 2027.

### ***360 Master Sales Agreement 2025-2027***

Details of the 360 Master Sales Agreement 2025-2027 are set out below:

|                         |                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date:                   | 6 November 2024                                                                                                                                                                                                                                                                                                                                         |
| Parties:                | (i) the Company<br>(ii) 360 Technology                                                                                                                                                                                                                                                                                                                  |
| Term:                   | Three years commencing from 1 January 2025 to 31 December 2027.                                                                                                                                                                                                                                                                                         |
| Nature of transactions: | Pursuant to the 360 Master Sales Agreement 2025-2027, the Group has agreed to provide online traffic monetization services to 360 Group.                                                                                                                                                                                                                |
| Consideration:          | The price for the services to be charged by the Group to the 360 Group shall be determined with reference to the prevailing market price upon fair negotiation in accordance with normal commercial terms and market customs, and such price shall be no less favourable to the Group than the price charged by the Group to Independent Third Parties. |
| Conditions Precedent:   | The 360 Master Sales Agreement 2025-2027 and the transactions contemplated thereunder are conditional upon approval by the Independent Shareholders.                                                                                                                                                                                                    |

### ***Annual Caps***

The annual transaction amount for the provision of online traffic monetization services (including Game Traffic Services and Advertising Traffic Services) under the 360 Master Sales Agreement 2025-2027 shall not exceed the following annual caps:

| <b>For the year ending 31 December</b> | <b>Annual Cap<br/>(RMB'000)</b> |
|----------------------------------------|---------------------------------|
| 2025                                   | 80,000                          |
| 2026                                   | 80,000                          |
| 2027                                   | 80,000                          |

***Existing annual caps for the provision of Game Traffic Services and Advertising Traffic Services to 360 Group***

The existing annual caps for the provision of Game Traffic Services and Advertising Traffic Services to 360 Group for the three years ending 31 December 2024 are as follows:

| <b>For the year ended/ending 31 December</b> | <b>Existing<br/>annual cap<br/>(RMB'000)</b> | <b>Actual<br/>transaction<br/>amount<br/>(RMB'000)</b> |
|----------------------------------------------|----------------------------------------------|--------------------------------------------------------|
| 2022                                         | 135,000                                      | 36,192                                                 |
| 2023                                         | 135,000                                      | 17,582                                                 |
| 2024                                         | 135,000                                      | 21,412*                                                |

\* up to 30 September 2024

The Directors confirmed that the existing annual caps for the provision Game Traffic Services and Advertising Traffic Services to 360 Group for the three years ending 31 December 2024 have not been exceeded up to the date of this announcement.

***Basis for the Annual Caps for the 360 Master Sales Agreement 2025-2027***

The Annual Caps for the three years ending 31 December 2027 were determined with reference to:

- (i) the historical actual transaction amount for the provision of Game Traffic Services and Advertising Traffic Services to 360 Group for the two years ended 31 December 2023 and the nine months ended 30 September 2024;
- (ii) the projected demand from 360 Group for the Game Traffic Services, having regard to:
  - (a) the number of games historically placed by 360 Group on the game platforms operated by the Group in the two years ended 31 December 2023 and the nine months ended 30 September 2024, which is expected to be on a growing trend in terms of the number of online games to be placed by 360 Group on the Group's game platforms; and
  - (b) the expectation that the Group's online games business will continue to expand as consumer patterns have witnessed an upsurge on spending more time on entertainment through computers and other mobile devices; and

- (iii) the projected demand from 360 Group for Advertising Traffic Services, having regard to:
- (a) the provision of homepage directing services to 360 Group by the Group since 2015, which is expected to continue;
  - (b) the planned extension of new Advertising Traffic Services to 360 Group due to the Group's large user base; and
  - (c) the continuous updates and development of the Group's products so as to enhance the brand awareness of Ludashi products and to capture and expand its user base.

***Pricing policy***

The fees payable by 360 Group for Game Traffic Services and Advertising Traffic Services shall be determined in accordance with the following general principles and sequence, but shall not be more favourable than the price offered by the Group to Independent Third Party customers for the comparable services:

- (i) where there is a government-prescribed price or government-guidance price, with reference to the government-prescribed price or government-guidance price;
- (ii) where there is neither government-prescribed price nor government-guidance price, the prevailing market price; or
- (iii) where none of the aforesaid is available, the price determined after arm's length negotiations and in accordance with normal commercial terms.

Given that the services provided by the Group are not subject to any government-prescribed price or government-guidance price, in this connection, the fees charged by the Group to 360 Group for Advertising Traffic Services and Game Traffic Services are determined with reference to the general principles (ii) and (iii) above as elaborated below:

## **Game Traffic Services**

For Game Traffic Services, the fees in the form of commission payable by 360 Group are calculated at the rate of 70% over the Gross Billing to be generated from their online games which are launched on the game platforms operated by the Group, which agreed fixed rate is comparable to those charged by the Group to other Independent Third Party customers for similar services. The agreed fixed rate is determined having regards to (i) credit evaluation of the customer in terms of size, reputation and industry of the customer involved; (ii) historical transactions creditability (in terms of monetary value and quantity of usage); (iii) the level of impression or popularity of the online games of the customer on the online game platforms operated by the Group; (iv) the prevailing market rate and industry practice for similar services offered in the market as charged by other online game platforms service providers; and (v) the potential future business opportunities with the customer. Gross Billing is the total amount paid by online game players for the purchase of virtual items in the online games of 360 Group through the Group's online game platforms.

## **Advertising Traffic Services**

Advertising Traffic Services to be provided by the Group to 360 Group under the 360 Master Sales Agreement 2025-2027 comprise (i) homepage directing services; and (ii) banner advertising, the fees of which shall be charged to 360 Group on the basis of cost-per-thousand IP times and cost-per-mille in accordance with the online traffic volume at the standard charging rate of the Group for different devices as follows:

### ***Homepage directing services***

For homepage directing services of the Advertising Traffic Services, the fees payable by 360 Group under the 360 Master Sales Agreement 2025-2027 will be charged on the daily volume of online traffic by adding up the number of every distinctive IPs that have been successfully directed to the customer's homepage. Such progressing pricing mechanism and the standard charging rate of the Group are fixed with reference to the prevailing market rate and industry practice for similar services offered in the market as charged by other homepage directing service providers.

The same pricing mechanism as that is adopted by the Group is also adopted by 360 Group as published on 360 Group's website, which is also applicable to all homepage directing service providers of 360 Group and is accessible to all Internet users. The fees to be paid by 360 Group to the Group will be calculated using the above pricing mechanism, which will be accumulated and billed by the Group at the end of every month.

## ***Banner advertising***

For the banner advertising services of the Group's Advertising Traffic Services, the fees payable by 360 Group under the 360 Master Sales Agreement 2025-2027 will be charged depending on the daily volume of online traffic by adding up the quantity of advertisements displayed on the device and the amount of online user traffic and specific performance, as the case may be, created by the Group's banner advertising services. Such pricing mechanism and the standard charging rate for banner advertising services of the Group are determined with reference to the prevailing market rate and industry practice for similar services offered in the market as charged by other banner advertising service providers. The same pricing mechanism is applicable to all Independent Third Party customers of the Group.

The same pricing mechanism as that is adopted by the Group is also adopted by 360 Group, which may be reset from time to time based on the prevailing market conditions, and such uniform pricing mechanism is applicable to all service providers of 360 Group. The fees to be paid by 360 Group to the Group will be calculated using the above pricing mechanism, which will be accumulated and billed by the Group at the end of every month.

## ***Reasons for and benefits of the 360 Master Sales Agreement 2025-2027***

The Group has been providing online traffic monetization services, including Advertising Traffic Services and Game Traffic Services in the ordinary course of business of the Group to 360 Group since 2015.

As 360 Group is one of the largest suppliers in the PRC for Internet securities products and services and also develops and distributes online games with a large active user base, 360 Group requires online traffic monetization services from service providers, such as the Group, to provide Advertising Traffic Services and Game Traffic Services for its games and products to further acquire more users and further expand its business. The 360 Master Sales Agreement 2025-2027 will enable the Group to achieve greater synergies with 360 Group.

The Directors (excluding the independent non-executive Directors whose view will be set out in "Letter from the Independent Board Committee" of the circular to be published after taking into account the advice of the Independent Financial Adviser, and Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan who are interested in the 360 Master Sales Agreement 2025-2027) are of the view that the terms of the 360 Master Sales Agreement 2025-2027 have been negotiated and arrived at on an arms-length basis and in the ordinary and usual course of business of the Group and on normal commercial terms between the Group and 360 Group and/or its associates, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole in line with, and with reference to, the industry practice and prevailing market prices.

The Directors (excluding the independent non-executive Directors) consider that (i) the continuing connected transactions contemplated under the 360 Master Sales Agreement 2025-2027; and (ii) the proposed Annual Caps for the three years ending 31 December 2027 under the 360 Master Sales Agreement 2025-2027 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

As a general principle, the price and terms of the individual service agreements in respect of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts business with other independent service providers and shall be on terms which are no less favourable to the Group than those offered by other independent service providers.

To ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole, and the transactions amounts under the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 will not exceed the Annual Caps, the Group has adopted the following internal control measures:

- (i) before entering into individual procurement agreements contemplated under the 360 Master Purchase Agreement 2025-2027, the procurement department or the project team will regularly, or at least once yearly, keep track of the offered prices for the server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services and, where available, compare with those offered by at least two Independent Third Parties in accordance with the Group's management systems on connected transaction, so as to ensure that the fees or prices for the aforementioned services are conducted on normal commercial terms and in accordance with the pricing policies in respect of the 360 Master Purchase Agreement 2025-2027 and conform to the prevailing market rate and industry practice;
- (ii) before entering into individual service agreements contemplated under the 360 Master Sales Agreement 2025-2027, the sales department or the project team will be responsible for preparing the relevant agreements in accordance with the Group's management systems on connected transaction, so as to ensure that the standard charging price conforms to the prevailing market rate and industry practice. The sales department or the project team will review the pricing on a yearly basis before the end of each year, and make adjustments to the standard charging price if required. In the event that there has been significant changes in the market conditions, the standard charging price will be adjusted accordingly to reflect such changes in the market;

- (iii) the Group's internal control department is responsible to conduct a yearly review on the pricing mechanism for the transactions under the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 to ensure that the prices are determined in accordance with the pricing policies adopted by the Group on normal commercial terms, the Group's internal control department will report to the Board, the audit committee of the Board and the independent non-executive Directors at the end of each review period;
- (iv) all individual agreements contemplated under the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 must be entered into prior to the procurement/provision of such services. The Group's internal control department is responsible to review the pricing mechanism for the transactions under the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 to ensure that the prices charged for a specific transaction are fair and reasonable and are determined in accordance with the applicable pricing policy and on normal commercial terms. The terms of the agreements and the prices will be reviewed by the Group's finance and legal departments to ensure that they are determined in accordance with the pricing policies and do not exceed the Annual Caps;
- (v) the Group's finance department will be responsible to monitor the transaction amount of all the connected transaction agreements including 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 individually and collectively on a monthly basis to ensure that on a standalone basis and an aggregate basis, they would comply with the Listing Rules and will not exceed the Annual Caps. The Group's finance department will report to the Board and the audit committee of the Board on a yearly basis regarding the amounts conducted during the period to facilitate the Board to monitor the actual amount of transaction amount, assess whether the Annual Caps will be exceeded. In the event that the Annual Caps are exceeded, the Group shall enter into further supplemental agreement with the relevant connected persons to agree on further revision of the annual caps and comply with the relevant requirements of the Listing Rules prior to the entering into further transactions with the connected persons in this regard;
- (vi) the independent non-executive Directors will continue to review the transactions contemplated under the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 and the auditors of the Company will also conduct an annual review on, among others, whether the pricing terms have been adhered to and whether the Annual Caps have been exceeded; and
- (vii) any Directors related to 360 Group shall abstain from voting on the relevant Board resolutions in relation to such continuing connected transactions.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 360 Master Purchase Agreement 2025-2027 and 360 Master Sales Agreement 2025-2027 will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## RELATION WITH 360 AND ITS SUBSIDIARIES

The Directors do not consider there is a material reliance on 360 and its subsidiaries and any change in the relationship with 360 and its subsidiaries will not have a material adverse impact on the business of the Group because:

- (i) there are at least four other game platforms of similar size of active user base in China as that of 360 Group. The Group has no difficulties to substitute 360 Group with another readily available game platform with similar pricing and credit term, which in fact, it is the Group's practice to place all its online games on all of these five game platforms (including 360 Group) and these game platforms charge similar pricing and credit term. In addition, the Group also places online games on not less than 10 other smaller game platforms as at the date of this announcement, it is ultimately up to the game users to decide which game platforms they would like to play their games at and to recharge the Gross Billing;
- (ii) the 360 Master Purchase Agreement 2025–2027 and the transactions contemplated thereunder are not exclusive. The Group is not restricted from working with other online platforms for game distribution, it is a matter of the Group's choice and it remains at the Group's absolute discretion as to whether or not to procure the Game Traffic Services by placing its online games on the game platform of 360 Group. Distributing the online games via 360 Group's online game platform corresponds with its market standing and reach to end users it provides as an online game platform;
- (iii) for the same contract duration of the 360 Master Purchase Agreement 2025–2027, the Group also provides similar Game Traffic Services under the 360 Master Sales Agreement 2025-2027 to 360 Group for them to place their online games on the game platforms operated by the Group. Therefore, the continuous business cooperations between the Group and 360 Group are mutually beneficial to, and complementary to each other. Hence, the likelihood that the relationship between the Group and 360 Group will materially adversely change or terminate is low; and
- (iv) further, the annual cap for the 360 Master Sales Agreement 2025-2027 only represent approximately 10.1% of the Group's revenue for the year ended 31 December 2023.

## INFORMATION OF THE PARTIES INVOLVED

### The Group

The Company is incorporated in the Cayman Islands with limited liabilities. The Group develops a series of PC and mobile devices utility software and offer them to users free-of-charge in exchange of online traffic that the Group monetizes from online advertising services, online game platforms and operation of exclusive licensed online game business.

## **360 Technology**

360 Technology is a limited liability company established in the PRC on 15 September 2011 and is principally engaged in the research and development of Internet technology with a particular focus on Internet and computer security, and the provision of online advertising and other value-added services and commercialisation of intelligent devices based on its Internet security products. 360 Technology is directly wholly-owned by 360. 360 is a joint stock company with limited liabilities established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601360). As at the date of this announcement and so far as is known to the Company, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is holding 45,496,082 Shares of the Company, representing approximately 16.91% of the total issued share capital of the Company. 360 Technology is a substantial shareholder of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement and so far as is known to the Company, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is interested in approximately 16.91% of the total issued share capital of the Company, and is one of the substantial 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 2025-2027, 360 Master Sales Agreement 2025-2027 constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding profits ratio) under Rule 14.07 of the Listing Rules for the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 are, on an annual basis, over 5% and the related Annual Caps are more than HK\$10,000,000, the continuing connected transactions contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for True Thrive and its associates (including Dashi Technology pursuant to the Entrustment Arrangements) held an aggregate of 91,415,057 Shares, representing approximately 33.98% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting at the EGM, no other Shareholders had a material interest and would be required to abstain from voting at the EGM in respect of the resolutions in relation to the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder.

Mr. Tian Ye, an executive Director, is the sole shareholder of Dashi Technology, which is deemed to be interested in all Shares and voting rights held by 360 Technology through True Thrive pursuant to the Entrustment Arrangements. Mr. Tian Ye is therefore deemed to be interested in all the Shares held by True Thrive. Mr. Liu Wei is the chairman of the board of directors of Kincheng Bank of Tianjin Co., Ltd.\* (天津金城銀行股份有限公司), which is held as to 30% by 360, and Mr. Zhao Dan is the vice president of the 360 Group. Accordingly, Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan abstained from voting on the Board resolutions in respect of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder between the Group and 360 Group.

The Board confirms that except for Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan, none of the Directors have any material interest in the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder between the Group and 360 Group. Accordingly, none of the Directors (except for Mr. Tian Ye, Mr. Liu Wei and Mr. Zhao Dan who abstained as mentioned above) was required to abstain from voting on the Board resolutions in relation to the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, and the continuing connected transactions contemplated thereunder.

## **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps. No member of the Independent Board Committee has any material interest in the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 and the continuing connected transactions contemplated thereunder.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps.

A circular containing, amongst other things, details of the terms of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, the continuing connected transactions contemplated thereunder, the related Annual Caps, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and a notice convening the EGM for the Independent Shareholders to consider and, if thought fit, approve (i) the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps, in accordance with the requirements of the Listing Rules, is expected to be despatched to the Shareholders requiring printed copies and 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)) on or before 27 November 2024.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “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 on the Shanghai Stock Exchange (上海證券交易所) (stock code: 601360), and one of the substantial shareholders of the Company                                                                                                                                                                                |
| “360 Group”                               | 360 Technology and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                             |
| “360 Master Purchase Agreement 2025-2027” | the master agreement dated 6 November 2024 entered into between the Company and 360 Technology in relation to the provision of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services by 360 Group to the Group                                                                                                                                                                               |
| “360 Master Sales Agreement 2025-2027”    | the master agreement dated 6 November 2024 entered into between the Company and 360 Technology in relation to the provision of online traffic monetization services by the Group to 360 Group                                                                                                                                                                                                                                                   |
| “360 Technology”                          | 360 Technology Group Co., Ltd.* (三六零科技集團有限公司), a limited liability established in the PRC and directly wholly-owned by 360. As at the date of this announcement, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is holding 45,496,082 Shares of the Company, representing approximately 16.91% of the total issued share capital of the Company. 360 Technology is one of the substantial shareholders of the Company |
| “Advertising Traffic Services”            | advertising traffic services including homepage directing services, banner advertising services and others for online advertising business, a type of online traffic monetization service                                                                                                                                                                                                                                                       |
| “Annual Caps”                             | the respective maximum aggregate proposed annual value for the continuing connected transactions under each of the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 for each of the three years ending 31 December 2027                                                                                                                                                                                     |
| “App(s)”                                  | the mobile Internet application(s)                                                                                                                                                                                                                                                                                                                                                                                                              |
| “associates”                              | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                        |

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”                                                 | the board of Directors                                                                                                                                                                                                                                                                                                                                                                        |
| “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 and is deemed to be a wholly-owned subsidiary of the Company pursuant to the Contractual Arrangements                                                                                                                                                                               |
| “Chengdu Qilu Shareholder Rights Entrustment Agreement” | the agreement dated 15 January 2018 and taking effect from 29 December 2016 among Mr. Tian Ye, Qihu Technology and Chengdu Qilu, pursuant to which Mr. Tian Ye is entrusted by Qihu Technology to exercise all of Qihu Technology’s rights as a shareholder of Chengdu Qilu (including but not limited to Qihu Technology’s voting power at general meetings of Chengdu Qilu)                 |
| “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, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3601)                                                                                                                                                                         |
| “Company Shareholder Rights Entrustment Agreement”      | the agreement dated and taking effect on 4 September 2018 between Dashi Technology and True Thrive, pursuant to which Dashi Technology is entrusted by True Thrive to exercise all of True Thrive’s rights as a Shareholder (including but not limited to True Thrive’s voting power at general meetings of the Company)                                                                      |
| “connected persons”                                     | has meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                          |
| “Contractual Arrangements”                              | a series of contractual arrangements entered into among Chengdu Anyixun Technology Company Limited* (成都安易迅科技有限公司), Chengdu Qilu and the registered shareholders of Chengdu Qilu, i.e. Qihu Technology, Mr. Tian Ye, Shanghai Dongfangwang Digital Technology Company Limited* (上海東方網數字科技股份有限公司) 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) |
| “controlling shareholder(s)”                            | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                      |
| “Dashi Technology”                                      | Dashi Technology Holdings Limited (大師控股有限公司), a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. Tian Ye, one of the Company’s controlling shareholders                                                                                                                                                                             |
| “Director(s)”                                           | the director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                |

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “EGM”                           | the extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, approving, among other things, the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027, the continuing connected transactions contemplated thereunder and the related Annual Caps                                                                                                                                                                                                                                                             |
| “Entrustment Arrangements”      | the entrustment arrangements under the Company Shareholder Rights Entrustment Agreement and the Chengdu Qilu Shareholder Rights Entrustment Agreement in relation to the shareholder rights of True Thrive in the Company in favour of Dashi Technology and the shareholder rights of Qihu Technology in Chengdu Qilu in favour of Mr. Tian Ye, respectively, details of which are set out in the paragraph headed “History, Reorganization and Corporate Structure – Entrustment Arrangements” in the Prospectus                                                                              |
| “Game Traffic Services”         | online traffic directing services that generate online user traffic by exhibiting the online games on the game platforms operated by the service provider, a type of online traffic monetization service                                                                                                                                                                                                                                                                                                                                                                                       |
| “Gross Billing”                 | total amount paid by users during a given period of time for purchase of virtual items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Group”                         | the Company, its subsidiaries and the PRC Operating Entities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “HK\$”                          | Hong Kong dollar(s), the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Independent Board Committee”   | the independent committee of the Board, comprising Mr. Li Yang, Mr. Wang Xinyu and Mr. Zhang Ziyu, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to (i) the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027 (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps                                                                                                                                                                                 |
| “Independent Financial Adviser” | Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the 360 Master Purchase Agreement 2025-2027 and the 360 Master Sales Agreement 2025-2027; (ii) the continuing connected transactions contemplated thereunder; and (iii) the related Annual Caps |

|                                |                                                                                                                                                                                                                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Independent Shareholders”     | Shareholders other than True Thrive, Dashi Technology and their respective associates                                                                                                                                                                                                       |
| “Independent Third Party(ies)” | any person or company and their respective ultimate beneficial owners(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, third party(ies) who is/are independent of, and not connected with the Company and its connected persons |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                         |
| “Liu Liuyou Technology”        | Tianjin Liu Liuyou Technology Company Limited* (天津六六遊科技有限公司), a limited liability company established in the PRC and is deemed to be a non-wholly owned subsidiary of the Company pursuant to the Contractual Arrangements                                                                  |
| “Ludashi Software”             | hardware and system benchmarking and monitoring software and Apps operated by the Group                                                                                                                                                                                                     |
| “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                                                                                                                                   |
| “PRC Operating Entities”       | collectively, Chengdu Qilu and Liu Liuyou Technology (and “PRC Operating Entity” means any 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                                   |
| “Prospectus”                   | the prospectus of the Company dated 26 September 2019                                                                                                                                                                                                                                       |
| “Qihu Technology”              | Beijing Qihu Technology Company Limited* (北京奇虎科技有限公司), a limited liability company established in the PRC, and directly wholly owned by 360 Technology, one of the Company’s substantial shareholders                                                                                       |
| “RMB”                          | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                                    |
| “SFO”                          | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                                                                                 |

|                  |                                                                                                                                                                                 |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “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                                                                                                                                         |
| “True Thrive”    | True Thrive Limited (誠盛有限公司), a limited liability company incorporated in the Cayman Islands, wholly owned by 360 Technology, and one of the Company’s substantial shareholders |
| “%”              | per cent                                                                                                                                                                        |

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

Hong Kong, 6 November 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*