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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)

**REVISION OF ANNUAL CAPS
CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

REVISION OF ANNUAL CAPS IN RESPECT OF THE 360 MASTER PURCHASE AGREEMENT 2022-2024

References are made to (i) the announcement of the Company dated 2 November 2021; and (ii) the circular to Shareholders dated 7 December 2021 in relation to the continuing connected transactions relating to, among others, the entering into of the 360 Master Purchase Agreement 2022-2024 for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for a term of three years commencing from 1 January 2022 and ending on 31 December 2024.

The Board expects the annual caps for the two years ending 31 December 2024 for the 360 Master Purchase Agreement 2022 – 2024 may not be sufficient to meet the needs of the Group's business growth in the future. Accordingly, on 21 August 2023 (after trading hours), the Company and 360 Technology entered into the Supplemental Agreement to revise the original annual caps to the Revised Annual Caps. Save for the revision of the original annual caps to the Revised Annual Caps, all other terms of the 360 Master Purchase Agreement 2022-2024 shall remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is interested in approximately 30.76% of the total issued share capital of the Company, and is one of the controlling shareholders of the Company. Accordingly, 360

Technology is a connected person of the Company under the Listing Rules, and the transactions under the 360 Master Purchase Agreement 2022-2024 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for the continuing connected transactions, the Company will be required to re-comply with the requirements under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios (excluding profits ratio) under Rule 14.07 of the Listing Rules for the Revised Annual Caps under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) are, on an annual basis, over 5% and the Revised Annual Caps are more than HK\$10,000,000, 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps 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 Dashi Techonology and its associates (including the shareholder rights of True Thrive in the Company in favour of Dashi Techonology pursuant to the Entrustment Arrangements) held an aggregate of 128,664,057 Shares, representing approximately 47.83% 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

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. Each of Mr. Liu Wei and Mr. Zhao Dan is a vice president 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

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 2022-2024 (as supplemented by Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps. 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised Annual Caps.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised Annual Caps.

A circular containing, amongst other things, details of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised 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 the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised Annual Caps in accordance with the requirements of the Listing Rules, is expected to be despatched to the Shareholders on or before 11 September 2023.

BACKGROUND

References are made to (i) the announcement of the Company dated 2 November 2021; and (ii) the circular to Shareholders dated 7 December 2021 in relation to the continuing connected transactions relating to, among others, the entering into of the 360 Master Purchase Agreement 2022-2024 for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for a term of three years commencing from 1 January 2022 and ending on 31 December 2024.

REVISION OF ANNUAL CAPS IN RESPECT OF THE 360 MASTER PURCHASE AGREEMENT 2022-2024 (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

The Board expects the annual caps for the two years ending 31 December 2024 for the 360 Master Purchase Agreement 2022 – 2024 may not be sufficient to meet the needs of the Group's business growth in the future. Accordingly, on 21 August 2023 (after trading hours), the Company and 360 Technology entered into the Supplemental Agreement to revise the original annual caps to the Revised Annual Caps. Save for the revision of the existing annual caps to the Revised Annual Caps, all other terms of the 360 Master Purchase Agreement 2022-2024 shall remain unchanged.

The 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised Annual Caps

A summary of the salient terms of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) is set out below.

Date : 21 August 2023

Parties : (i) the Company; and
(ii) 360 Technology

Pursuant to the Supplemental Agreement, the original annual caps for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group for each of the year ending 31 December 2023 and 31 December 2024 has been revised to the Revised Annual Caps as follows:

For the financial year ending 31 December	Original annual caps <i>RMB'000</i>	Revised Annual Caps <i>RMB'000</i>
2023	17,200	100,700
2024	17,200	264,500

Historical transaction amounts

The historical transaction amounts for the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group are as follows:

For the year ended/period ended	Historical transaction amounts <i>RMB'000</i>
31 December 2022	305
1 January 2023 to 30 June 2023	16,578

The Directors confirmed that from 1 January 2023 and up to the date of this announcement, the actual transaction amounts of the transactions under the 360 Master Purchase Agreement 2022 – 2024 had not exceeded the original annual caps for the financial year ending 31 December 2023.

Basis for the Revised Annual Caps for the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement)

The above Revised Annual Caps are determined with reference to:

- (i) the projected increase of demand of the Group for the procurement of the Game Traffic Services from 360 Group for the two years ending 31 December 2024 having regard to:
 - (a) the addition of a new subsidiary to the Group in May 2023 after completion of an acquisition, namely, 天津旗魚網絡科技有限公司 (Tianjin Qiyu Network Technology Company Limited*) (“**Tianjin Qiyu**”), which owns two well-performing exclusive licensed online games that are launched on the game platforms operated by 360 Group;
 - (b) the expected commercial release of a new exclusive licensed online game by Tianjin Qiyu in September 2023, the theme of which belongs to the same well-known online game IP as the two well-performing exclusive licensed online games as stated in sub-paragraph (a) above, on all online game platforms including the game platforms operated by 360 Group. Based on the past results of online games with such theme, it is expected that the new exclusive licensed online game will generate an upward surge in revenue of the operation of exclusive licensed online game business to the Group;
 - (c) the expected launch of a new exclusive licensed online game by the end of 2023, which is a strategy game combining operation simulation and card combat, and was developed using the “Kung Fu Panda (功夫熊貓)” licence with its animated character together with the distribution licence for mobile devices and PCs obtained by the Group from Universal Studios, on all online game platforms including the online game platforms operated by 360 Group; and
 - (d) the expected launch in the first half of 2024 of at least three online games of which (1) one is an exclusive licensed online game developed by a well-known external online game development team, which has developed two explosive online games each with an annual Gross Billing of more than RMB300 million; and (2) another one is a self-developed online game independently developed by the Group’s online game development team, which is one of the important online games of the Group to open up the self-developed online game market, and the Group expects to invest more in the promotion of this online game. The category of the online games includes role-playing game, which accounts for the highest proportion of the Group’s past online game revenue. All three online games will be launched on the online game platforms operated by 360 Group. Based on the professionalism and popularity of the external online game development team, the expected promotion efforts of the Group, the category and past results of the online games and the online games which have been launched in 2023, it is expected that the Group will need an enlarged annual cap of RMB264.5 million to support its online game business development in 2024;

- (ii) the historical transaction amount paid by the Group to 360 Group for the period from 1 January 2023 to 30 June 2023, including the period after the acquisition of Tianjin Qiyu by the Group in May 2023 reflecting the increase in demand for the Game Traffic Services from 360 Group attributable to the two well-performing exclusive licensed online games as mentioned in subparagraph (i)(a) above; and
- (iii) the procurement by the Group of the Game Traffic Services from 360 Group for its continuous offer of existing exclusive licensed online games in the two years ending 31 December 2024.

Pricing policy

As disclosed in the Company's circular to Shareholders dated 7 December 2021, the fees payable by the Group to 360 Group were determined after arm's length negotiations with reference to prevailing market price determined in accordance with the pricing policy from time to time. In any event, 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.

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 platforms 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. 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 platforms.

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 devices, traffic volume, storage space volume involved and quality of services.

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; (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.

Advertising Traffic Services and other Internet services

For Advertising Traffic Services and other Internet services to be procured from 360 Group, the fees payable by the Group to 360 Group under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) will be charged at cost-per-time and cost-per-click at the standard charging rate 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 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.

REASONS FOR AND BENEFITS OF THE ADOPTION OF THE REVISED ANNUAL CAPS

In view of the addition of the newly acquired subsidiary to the Group, namely, Tianjin Qiyu, the continuous popularity of the existing exclusive licensed online games and the anticipated popularity of the online games to be launched, by Tianjin Qiyu as explained above, as well as the expected launch of new online games by the Group in 2023 and 2024, the procurement by the Group from the 360 Group and the transaction amount under the 360 Master Purchase Agreement 2022-2024 are expected to increase substantially, and the Board envisages that the original annual caps under the 360 Master Purchase Agreement 2022-2024 will not be sufficient to fulfil the additional previously unforeseen transactions that may take place under the 360 Master Purchase Agreement 2022-2024 for the two financial years ending 31 December 2024. Therefore, the Board proposes to adopt the Revised Annual Caps.

360 Technology is one of the largest suppliers in the PRC for Internet security products and services. 360 Group has been providing server leasing services to the Group since 2016, and their server leasing services have proven to be reliable based on the Group's user experience in the past. If the Group were to change its server leasing service provider, it may cause unnecessary and unpredictable interruptions to the Group's operations and may affect the continuous enjoyment of the Group's online game players and software users.

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 platforms operated by 360 Group also has a large active user base. By placing the Group's online games on the game platforms operated by 360 Group, the Group will be able to tap into the large user base of 360 Group's game platforms with an aim to increase the Group's game players user base and enhance the Gross Billing of the Group from such online games.

Accordingly, to accommodate the expansion of the Group's online games operations and the anticipated increase in transaction volume contemplated under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement), whereby the transactions to be entered into are expected to be recurring in nature and will be agreed on an arm's length basis and on normal commercial terms or better, the Directors consider that it is in the best interest of the Group to adopt the proposed Revised Annual Caps.

The Directors (excluding the independent non-executive Directors whose view will be expressed after receiving advice from the Independent Financial Adviser) consider that the transactions under contemplated under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the proposed Revised Annual Caps are in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms or better, and in the interests of the Group 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 2022-2024 (as supplemented by the Supplemental Agreement) 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 annual caps under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) will not exceed the Revised 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 2022-2024 (as supplemented by the Supplemental Agreement), 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 2022-2024 and conform to the prevailing market rate and industry practice;
- (ii) 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 2022-2024 (as supplemented by the Supplemental Agreement) 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;

- (iii) all individual procurement agreements contemplated under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) must be entered into prior to the procurement 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 2022-2024 (as supplemented by the Supplemental Agreement) 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 Revised Annual Caps;
- (iv) the Group's finance department will be responsible to monitor the transaction amount of all the connected transaction agreements including 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) 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 Revised 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 Revised Annual Caps will be exceeded. In the event that the Revised 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;
- (v) the independent non-executive Directors will continue to review the transactions contemplated under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) 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 Revised Annual Caps have been exceeded; and
- (vi) Mr. Tian Ye and 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 2022-2024 (as supplemented by the Supplemental Agreement) have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

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, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is holding 82,745,082 Shares of the Company, representing approximately 30.76% of the total issued share capital of the Company. 360 Technology is a controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 360 Technology, through its direct wholly-owned subsidiary, True Thrive, is interested in approximately 30.76% of the total issued share capital of the Company, and is one of the controlling shareholders of the Company. Accordingly, 360 Technology is a connected person of the Company under the Listing Rules, and the transactions under the 360 Master Purchase Agreement 2022-2024 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for the continuing connected transactions, the Company will be required to re-comply with the requirements under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios (excluding profits ratio) under Rule 14.07 of the Listing Rules for the Revised Annual Caps under the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) are, on an annual basis, over 5% and the Revised Annual Caps are more than HK\$10,000,000, the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps 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 Dashi Technology and its associates (including the shareholder rights of True Thrive in the Company in favour of Dashi Technology pursuant to the Entrustment Arrangements) held an aggregate of 128,664,057 Shares, representing approximately 47.83% 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

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. Each of Mr. Liu Wei and Mr. Zhao Dan is a vice president 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps. 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised Annual Caps.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the continuing connected transactions contemplated thereunder (including the Revised Annual Caps for those transactions).

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the continuing connected transactions contemplated thereunder (including the Revised Annual Caps for those transactions).

A circular containing, amongst other things, details of the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised 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 the 360

Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement) and the Revised Annual Caps in accordance with the requirements of the Listing Rules, is expected to be despatched to the Shareholders on or before 11 September 2023.

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 (stock code: 601360), and one of the controlling shareholders of the Company
“360 Group”	360 and its subsidiaries
“360 Master Purchase Agreement 2022-2024”	the master agreement dated 2 November 2021 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 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 82,745,082 Shares of the Company, representing approximately 30.76% of the total issued share capital of the Company. 360 Technology is one of the controlling shareholders of the Company
“Advertising Traffic Services”	advertising traffic services including homepage directing services, mini-page advertising services, banner advertising services and others for online advertising business, a type of online traffic monetization service
“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 Songheng Network Technology Company Limited* (上海嵩恒網絡科技股份有限公司) 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 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised 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 the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised 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 the 360 Master Purchase Agreement 2022-2024 (as supplemented by the Supplemental Agreement), the transactions contemplated thereunder and the Revised 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
“PCs”	personal computers
“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 controlling shareholders
“Revised Annual Caps”	the revised annual cap amounts in respect of the procurement of server leasing services, Game Traffic Services, Advertising Traffic Services and other Internet services from 360 Group under the 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) for the two financial years ending 31 December 2024
“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
“Supplemental Agreement”	the supplemental agreement to the 360 Master Purchase Agreement 2022-2024 entered into between the Company and 360 Technology on 21 August 2023 in relation to the revision of original annual caps to the Revised Annual Caps
“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 controlling shareholders
“%”	per cent.

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

Hong Kong, 21 August 2023

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

* *For identification purposes only*