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

2021
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive Directors

Mr. Tian Ye *(Chairman)*
Mr. He Shiwei

Non-executive Directors

Mr. Sun Chunfeng
Mr. Liu Wei
Mr. Zhao Dan

Independent non-executive Directors

Mr. Li Yang
Mr. Wang Xinyu
Mr. Zhang Ziyu
Mr. Zhu Jinglei (Resigned on 25 June 2021)

AUDIT COMMITTEE

Mr. Zhang Ziyu *(Chairman)*
Mr. Li Yang
Mr. Wang Xinyu

NOMINATION COMMITTEE

Mr. Tian Ye *(Chairman)*
Mr. Li Yang
Mr. Wang Xinyu

REMUNERATION COMMITTEE

Mr. Wang Xinyu *(Chairman)*
Mr. Tian Ye
Mr. Zhang Ziyu

COMPANY SECRETARY

Mr. Cheng Ching Kit

AUTHORIZED REPRESENTATIVES

Mr. Tian Ye
Mr. Cheng Ching Kit

AUDITOR

Deloitte Touche Tohmatsu
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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1268 Tianfu Avenue, High-tech Zone
Chengdu, Sichuan Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISERS

As to Hong Kong laws:
Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws:
Llinks Law Offices
19F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai, PRC

As to Cayman Islands laws:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

China Merchants Bank Chengdu Tianfudadao Sub-Branch

STOCK CODE

3601

COMPANY WEBSITE

www.ludashi.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

During the first half of 2021, as continuously affected by the COVID-19 epidemic (the "**Epidemic**"), the global economy was in a slump as a whole. As the vaccine development and vaccination arrangement for COVID-19 were in progress in an orderly manner, China's economy has gradually recovered during the first half of 2021. However, external risks and challenges still existed, the recovery of the domestic economy remained under pressure and the overall market was still sluggish. The advertising promotion budgets of advertisers from PCs (personal computers) of our Group has been reduced to a large extent from last year, leading to the significant reduction in the number of advertisements and the amount of advertising expenses which have yet to recover to pre-epidemic levels, thus resulting in the decrease in the income of online advertising services from PCs and the overall net profit of the Group. At the same time, the continuous worldwide geopolitical tensions caused by the Sino-US trade dispute have also affected the overseas online advertising services business of our Group to some extent.

During the first half of 2021, the Group continued to focus on the development of its online traffic monetization business. Through upgrading and iteration of our products as well as enriching our product matrix, the number and stickiness of users of our online advertising services have increased. As for online game business including the provision of online game platform and operation of exclusive licensed online game business, the Group continued to launch attractive new games and obtained gamers and expanded user base through continuous marketing efforts.

We develop a series of PC and mobile device utility software which are offered to users free of charge in exchange for online traffic that we monetize by online advertising and online game business. In particular, our utility software, "Ludashi Software" (魯大師軟件), a well-known brand and software in China and elsewhere in the world with a specialty in PC/smartphone hardware and system benchmarking and monitoring, has accumulated a large user base through providing free download and installation. Meanwhile, during the first half of 2021, we were committed to the research and development and advertising of various utility software for mobile devices in the domestic market, bringing in a remarkable effect and significant increase of MAUs. As at 30 June 2021, the MAUs of all our PC and mobile device utility software amounted to approximately 192.0 million.

During the first half of 2021, we continued to optimize the functions of the PC version of Ludashi Software. The newly-launched estimation function for power consumption and the benchmarking engines through ray tracing would help users to build a more comprehensive understanding of core hardware such as graphics card, which is helpful for users to select and purchase as well as compare in an all-round manner. In the meantime, based on the upgrading of core benchmarking engines in 2020, we redesigned the list of performance benchmarking to set up a new ranking list, building a more scientific scoring system. Next, we will also continue to carry out iteration for general functions such as cleaning and hardware checking to better serve the users of our Group.

Ludashi Pro software was officially released in December 2020 and, has been in operation and under iteration for half a year. So far, it focuses on IT operation and maintenance industry, computer leasing industry and internet café industry, with product positioning focusing on three core modules of asset digitization and management, asset risk intelligent monitoring and remote risk resolutions, to provide IT asset management resolutions. As at the date of this report, it has brought in more than 2,400 validated users and over 10,000 validated devices, garnering widespread validation and compliments from most of our users. Meanwhile, we have established a close strategic cooperation relationship with famous hardware manufacturers to conduct marketing promotion for industry users in the second half of 2021, in order to further expand the user base of Ludashi Pro software.

For the online game platform business of our Group, we had constantly launched new games in the first half of 2021, including Flash port, H5 port and PCs, which contributed to a steady increase in the number of accumulated active users and paying users in our game platform business. The strategy to launch games on diversified ports and improve our service quality is the general goal of our Group in 2021.

For the operation of exclusive licensed online game business, adhering to the launching strategy of "attempt to diversify and category subdivision to break through", we have built up a sophisticated launching mechanism. From the initial stage of product accessment to the online evaluation, we responded promptly to achieve quick screening and have been exploring the launching strategies for high-quality products. Our Group has launched 8 exclusive licensed online games in the first half of 2021, including various types of games, and also plans to launch 2 new online games in the second half of 2021.

For our electronic devices sales, as there were intense competitions in electronic devices sales industry, and our Group recorded a relatively-low gross profit margin for such business all the time, our Group carried out business realignment in the first half of 2021 and suspended the operation of such business. In the meantime, we will continuously explore new operation models, until we find out a suitable operation model to develop such business.

In the first half of 2021, the Group established the intelligent hardware benchmarking laboratory jointly with the College of Computer Science of Sichuan University* (四川大學計算機學院), and the infrastructure construction of laboratory has been completed. The laboratory possesses testing capacities for various electronic products which can provide performance evaluation for UI fluency, aging ability, display effect and others. Meanwhile, we have carried out testing-related cooperation projects with Ninebot Technology Co., Ltd.* (九號科技有限公司), a well-known smart micro mobility vehicles manufacturer, to strengthen the research on smart micro mobility vehicles so as to carry out performance benchmarking.

Outlook

Looking forward to the second half of 2021, the Epidemic may persist for a period of time and there will be uncertainties arising from the worldwide geopolitical tensions, which may directly or indirectly affect the business of our Group in the future, and thus our overall revenue. The Group will continue to develop our existing principal business while making every effort to seek new business opportunities, including but not limited to developing the exclusive licensed online game business, continuously enriching domestic product matrix for mobile devices and enterprise business segment, in order to mitigate the adverse impact brought by the above factors.

We aim to further increase the user number and stickiness of our Ludashi Software and game business by upgrading and improving our software products and enriching our product matrix. In the meantime, we will leverage on our expertise in PC and mobile device hardware and system benchmarking and monitoring to develop innovative products and enhance our monetization capability. In addition, through stabilizing the relationship with our suppliers, customers and users to obtain stable economic benefits.

In the second half of 2021, the Group will continue to implement the following strategies and strive to become a reliable hardware expert and leading internet company:

- In order to keep providing customers with better services and experience, we will continue to update and iterate the Ludashi Software and Ludashi Pro software, rapidly enrich the content of our products. With a more proactive attitude and our professional knowledge, we will provide users with more comprehensive, flexible and easy-to-use products;

- Constantly expand the scale of investment in game business promotion, combine the game directing business and game launching business, and keep improving our competitiveness, so as to increase our operational revenue scale;

- Further improve our product quality by strengthening our research and development capability, maintain and expand our user base, stabilize the overseas markets, and enhance our brand image as a reliable hardware expert;

- Enhance our online advertising services and online game products so as to monetize our online traffic effectively; and

- Continue to attract and retain talents and professionals, and build strategic alliances and pursue investments and acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

We derived revenue from two business lines, namely online traffic monetization and electronic devices sales. The revenue of online traffic monetization is from online advertising services, online game platform and operation of exclusive licensed online game business. The revenue from electronic devices sales includes revenue generated from sales of certified pre-owned and factory smartphones, smart accessories and other electronic devices.

Our revenue decreased by approximately 6.4% from approximately RMB183.0 million for the six months ended 30 June 2020 to approximately RMB171.4 million for the six months ended 30 June 2021. Such decrease was mainly due to the fierce competitions in electronic devices sales industry, and in view of the relatively-low gross profit margin of such business, our Group carried out business realignment in the first half of 2021 and suspended the operation of electronic devices sales business.

The following table sets forth our revenue by amount and as a percentage of our revenue for the six months ended 30 June 2020 and 2021:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	***Proportion (%)***	*RMB'000*	*Proportion (%)*
	(unaudited)		(unaudited)	
Online traffic monetization				
Online advertising services	**105,837**	**61.8**	83,629	45.7
Online game platform	**50,807**	**29.6**	54,395	29.7
Operation of exclusive licensed online game business	**14,390**	**8.4**	1,195	0.7
Electronic devices sales				
Certified pre-owned and factory smartphones sales	**–**	**–**	43,057	23.5
Smart accessories sales	**282**	**0.2**	329	0.2
Certified pre-owned and factory other electronic devices sales	**52**	**0.0**	409	0.2
Total	**171,368**	**100.0**	183,014	100.0

(i) Online traffic monetization

(a) Online advertising services

Our revenue from online advertising services increased by approximately 26.6% from approximately RMB83.6 million for the six months ended 30 June 2020 to approximately RMB105.8 million for the six months ended 30 June 2021. This was due to the Group's efforts to actively develop and promote domestic mobile utility products, which achieved a result to some extent and increased our revenue.

(b) Online game platform

Our revenue from online game platform decreased by approximately 6.6% from approximately RMB54.4 million for the six months ended 30 June 2020 to approximately RMB50.8 million for the six months ended 30 June 2021. This was mainly due to game players spending long time for the home quarantine in the first half of 2020 and high payment amount, while there was no such home quarantine measure in the first half of 2021.

(c) Operation of exclusive licensed online game business

Our Group has commenced the mass operation of exclusive licensed game business since 2020. In the first half of 2021, the Group released a total of 8 web games with exclusive licenses for operation. As of 30 June 2021, our revenue from operation of exclusive licensed online game business was approximately RMB14.4 million.

(ii) Electronic devices sales

Our revenue from the electronic devices sales decreased by approximately 99.3% from approximately RMB43.8 million for the six months ended 30 June 2020 to approximately RMB0.3 million for the six months ended 30 June 2021, which was mainly due to intense competitions in electronic devices sales industry, which resulted in lower gross profit margin of the Group for such business, and therefore our Group carried out business realignment in the first half of 2021 and suspended the operation of electronic devices sales business.

Costs of sales and services

The following table sets forth a breakdown of our costs of sales and services by amount and as a percentage of costs of sales and services for the six months ended 30 June 2020 and 2021:

	For the six months ended 30 June			
	2021		2020	
		Proportion		*Proportion*
	RMB'000	***(%)***	*RMB'000*	*(%)*
	(unaudited)		(unaudited)	
Online traffic monetization				
Advertising and promoting	**84,621**	**91.0**	39,507	44.4
Server leasing	**8,178**	**8.8**	6,556	7.4
Electronic devices sales				
Certified pre-owned and factory smartphones sales	**–**	**–**	42,723	48.0
Smart accessories sales	**102**	**0.1**	44	0.1
Certified pre-owned and factory other electronic devices sales	**71**	**0.1**	112	0.1
Total	**92,972**	**100.0**	88,942	100.0

(i) Online traffic monetization

Cost of online traffic monetization business increased by approximately 101.3% from approximately RMB46.1 million for the six months ended 30 June 2020 to approximately RMB92.8 million for the six months ended 30 June 2021, which was mainly due to a significant increase in promotion of the domestic mobile utility software on the one hand and in promotion of online games on the other hand in order to continue to develop the online game platform and operate the exclusive licensed games business.

(ii) Electronic devices sales

Cost of electronic devices sales decreased by approximately 99.5% from approximately RMB42.9 million for the six months ended 30 June 2020 to approximately RMB0.2 million for the six months ended 30 June 2021, which was mainly due to the significant decrease in sales of electronic devices.

Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin by business lines for the six months ended 30 June 2020 and 2021:

	For the six months ended 30 June			
	2021		2020	
	RMB'000 (unaudited)	*%*	*RMB'000* (unaudited)	*%*
Online traffic monetization	**78,235**	**45.7**	93,156	66.9
Electronic devices sales	**161**	**48.2**	916	2.1
Total gross profit and gross profit margin	**78,396**	**45.7**	94,072	51.4

Our gross profit decreased by approximately 16.7% from approximately RMB94.1 million for the six months ended 30 June 2020 to approximately RMB78.4 million for the six months ended 30 June 2021, and the gross profit margins were approximately 51.4% and 45.7% for the six months ended 30 June 2020 and 2021, respectively. The decrease in gross profit margin was mainly due to the increase in promotion of the domestic mobile utility software and online game businesses in the first half of 2021.

Other income

Other income increased by approximately 56.1% from approximately RMB4.1 million for the six months ended 30 June 2020 to approximately RMB6.4 million for the six months ended 30 June 2021, which was due to the increase in the corresponding interest income of bank deposits and government grants.

Other gains and losses

Other gains and losses decreased by approximately 92.3% from other gains of approximately RMB2.6 million for the six months ended 30 June 2020 to other gains of approximately RMB0.2 million for the six months ended 30 June 2021, which was due to the loss in exchange gains and losses.

Administrative expenses

Administrative expenses decreased by approximately 5.0% from approximately RMB20.2 million for the six months ended 30 June 2020 to approximately RMB19.2 million for the six months ended 30 June 2021, which was due to the decrease in consulting services fees.

Research and development expenses

Research and development expenses increased by approximately 46.7% from approximately RMB13.5 million for the six months ended 30 June 2020 to approximately RMB19.8 million for the six months ended 30 June 2021, which was mainly due to the recruitment of research and development staff for the operation of exclusive licensed games business and the increase in the average salary of our existing research and development staff.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 23.7% from approximately RMB11.4 million for the six months ended 30 June 2020 to approximately RMB14.1 million for the six months ended 30 June 2021, which was mainly due to the increase in staff cost for marketing staff and marketing promotional expenses.

Taxation

Taxation decreased by approximately 79.0% from approximately RMB6.4 million for the six months ended 30 June 2020 to approximately RMB1.4 million for the six months ended 30 June 2021. Such decrease was mainly due to the reduction in profit before taxation in the first half of 2021 as compared to that of the corresponding period in 2020.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period decreased by approximately 54.6% from approximately RMB48.2 million for the six months ended 30 June 2020 to approximately RMB21.9 million for the six months ended 30 June 2021.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 31 December 2020 and 30 June 2021, our bank balances and cash amounted to approximately RMB369.2 million and approximately RMB320.1 million, respectively.

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

As at 30 June 2021, we did not have any bank borrowings. Accordingly, no gearing ratio is presented.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the year ended 31 December 2020 and for the six months ended 30 June 2021:

	For the six months ended 30 June 2021 *RMB'000* (unaudited)	For the year ended 31 December 2020 *RMB'000* (unaudited)
Purchase of property and equipment	**1,715**	3,183
Purchase of intangible assets	**1,650**	4,907
Purchase of intellectual properties	**–**	6,182
Total	**3,365**	14,272

Our capital expenditures primarily include expenditures for purchase of property and equipment such as laboratories, servers and computers, expenditures for purchase of intangible assets such as trademarks and franchises and expenditures for purchase of intellectual properties such as copyrights of games. For the six months ended 30 June 2021, we funded our capital expenditure requirements mainly from daily operation and receivables from sales and services we provided.

SIGNIFICANT INVESTMENTS HELD

We had no significant investment as at 30 June 2021.

SIGNIFICANT ACQUISITION AND DISPOSAL

Our Group did not have any significant acquisition and disposal during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2021, there was no specific plan for material investments or capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, we had 222 full-time employees, all of whom are located in the PRC and Hong Kong. Specifically, such full-time employees included 3 senior management members, 76 personnel who are responsible for sales and marketing, 119 personnel who are responsible for research and development and 24 administrative personnel.

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

PLEDGE OF ASSETS

As at 30 June 2021, the Group did not have any pledge of assets.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2021, the Group did not have any significant contingent liabilities, guarantees or any litigation.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2021 and up to the date of this report.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of the interim dividend for the six months ended 30 June 2021.

COMPLIANCE WITH THE CG CODE

The Company is committed to maintaining and ensuring a high standard of corporate governance practices and the corporate governance principles adopted by the Company are in the interests of the Company and its shareholders.

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

During the Reporting Period, save as disclosed above, the Company has complied with all the code provisions under the CG Code as set forth in Appendix 14 to the Listing Rules.

BOARD DIVERSITY

In order to achieve sustainable and balanced development, the Group has adopted the Board diversity policy (the "**Board Diversity Policy**"). As disclosed in the Prospectus, the Company recognized that gender diversity of our Board can be further improved given its current composition of all-male Directors and aimed to introduce at least one female Board member to our Board by the end of 2020 (the "**Diversity Promise**"). However, the Company has been unable to honor the Diversity Promise due to the following reasons:

- Scarcity of suitable female candidates in the internet industry

  While the Company acknowledges the importance of maintaining gender diversity of the Board and gives priority to female candidates when selecting Directors, the Company also takes into account various other factors in assessing and selecting candidates for Directors, in particular, the Company attaches great importance to the ability, industry experience and expertise of a candidate. Similarly, during the process of soliciting female candidates for appointment to the Board, the Company places much emphasis on the relevant internet industry experience and insights, and expertise in the development of benchmarking and monitoring software, being the principal business of the Group, which is a relatively niche business segment in the internet industry. The Company believes that such attributes are of paramount importance in order for any prospective Director to understand the business of the Group properly, so as to provide suitable and adequate advice and make appropriate judgment on the business performance, financial position and sustainability of the Group. Unfortunately, to the best knowledge of the Directors, female candidates possessing such attributes suitable for the Group are particularly scarce in the market given that the inherent gender imbalance across the STEM (namely, science, technology, engineering and mathematics) field in the PRC, as well as across the globe. As such, the competition for suitable competent female candidates for directorship in the internet industry is particularly intense.

  In light of the difficulty encountered by the Company above, the Company has strived to achieve board diversity in multiple facets aside from gender, including educational background, industry experience and expertise. Since Listing, the Company has appointed 3 additional Directors, including 2 non-executive Directors and 1 independent non-executive Director (resigned on 25 June 2021), after which the board composition of the Company is further diversified with a broader mix of experiences and expertise in addition to those of the existing Directors, including investment management, audit and accounting and strategic consulting, and overseas educational background.

- Impact of the COVID-19 pandemic

  The Company has been actively identifying female candidates suitably qualified to become a member of the Board taking into account the business needs of the Group and changing circumstances from time to time that may affect the Group's business plans. Nonetheless, the outbreak of COVID-19 pandemic has aggravated the already intense competition for female candidates for directorship. During the year of 2020, to the best knowledge of the Directors, for the sake of prudence, in general, candidates had been assessing the potential impact of the COVID-19 pandemic on the internet industry and the job market as a whole in view of market volatility arising from the uncertainties resulted from the outbreak of COVID-19 which had made the supply of high-calibre female candidates for directorship even scarcer.

By reasons of the foregoing, the Company has been in vain to identify suitable female candidates for directorship in the circumstances, and therefore is unable to honor the Diversity Promise at present.

The Company will continue to actively identify suitable female candidates for directorship. Apart from urging Directors and senior management to look for suitable female candidates for directorship more proactively, the Company plans to establish cooperation with external headhunters to enhance the efforts in soliciting suitable female candidates for directorship.

The Company has established an internal development policy to develop female staff with suitable experience, qualifications and expertise to become a member of the Board. As at the date of this interim report, the Company has appointed 3 female employees as department heads who are on track to become female candidates for directorship as part of the Company's plan to select among these candidates to appoint a female Director after they have gained the requisite skills, experience and qualifications as a Director subject to the business needs, the changing circumstances and other requirements as the Board sees fit by then. The Company will provide training programs and introduce subsidy plan to support and encourage its existing female employees, in particular, the female department heads as abovementioned, to pursue further studies in order to assist them to further their professional and personal development and enhance their competitiveness.

Through the enhanced efforts in identifying suitable female candidates for directorship, the Company aims to introduce at least one female Board member to the Board by the end of 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiries, all the Directors confirmed that they have strictly complied with the required standards as set out in the Model Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

CHANGE OF DIRECTORS' INFORMATION

There is no change in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

According to the Negative List, foreign ownership in value-added telecommunications service business (except e-commerce, domestic multi-party communication, storage and forwarding, call center) cannot exceed 50%, and internet cultural business (except for music) is prohibited for foreign investment. The Group is principally engaged in online monetization in the form of online advertising and online game business, which is considered to be engaged in the provision of value-added telecommunications services and the internet cultural business, a restricted and prohibited business, respectively, for foreign investors pursuant to the Negative List. As such, the Group operates its online game business through the PRC Operating Entities, namely Chengdu Qilu and its subsidiary, Liu Liuyou Technology as well as Chengdu Mijiayou Technology Co., Ltd.* (成都米加游科技有限公司) ("**Chengdu Mijiayou**"), all of which were established under the laws of the PRC. The Group does not directly own any equity interest in Chengdu Qilu, which is held by the Relevant Shareholders, namely (i) Qihu Technology (41.6667%); (ii) Mr. Tian Ye (28.1155%); (iii) Shanghai Songheng (23.8095%); and (iv) Qilu Haochen (6.4083%).

In order to comply with the PRC laws and regulations and to maintain effective control over the operations of the PRC Operating Entities, WFOE entered into the Contractual Arrangements with Chengdu Qilu and the Relevant Shareholders (being the registered shareholders of Chengdu Qilu) (where applicable). Under the Contractual Arrangements, WFOE has acquired effective control over the financial and operational policies of the PRC Operating Entities and is entitled to all the economic benefits derived from their operations, as the Contractual Arrangements allow the results of operations and assets and liabilities of Chengdu Qilu and its subsidiaries to be consolidated into our results of operations and assets and liabilities under HKFRS as if they were wholly-owned subsidiaries of our Group.

In addition, under the current applicable PRC laws and regulations, a foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good performance and operating experience in providing value-added telecommunications services overseas (the "**Qualification Requirements**").

Insofar as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantively allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary. We will unwind and terminate the Contractual Arrangements wholly or partially once our business is no longer prohibited or restricted from foreign investment.

Business Overview of the PRC Operating Entities

Chengdu Qilu, Liu Liuyou Technology and Chengdu Mijiayou are principally engaged in the online game operation business.

The PRC Operating Entities hold certain licenses and permits required for the operation of abovementioned business, such as the "Internet Content Provider License". Our WFOE, namely Anyixun Technology, entered into the Contractual Arrangements with our PRC Operating Entities and the Relevant Shareholders (where applicable) in order to conduct the online game operation business in the PRC and to assert management control over the operations of, and enjoy all economic benefits of, each of our PRC Operating Entities. Pursuant to the Contractual Arrangements, all substantial and material business decisions of the PRC Operating Entities will be instructed and supervised by our Group, through Chengdu Qilu, and all risks arising from the business of the PRC Operating Entities are also effectively borne by Chengdu Qilu.

Risks Relating to Contractual Arrangements and Measures Taken by the Company to Mitigate Risks

Risks Relating to Contractual Arrangements

- In order to comply with PRC laws and regulations limiting foreign ownership of internet businesses, we conduct our business through our consolidated operating entities in China by means of Contractual Arrangements. If the PRC Government determines that these Contractual Arrangements do not comply with applicable regulations, our business could be materially and adversely affected.

- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the People's Republic of China and its implementation rules and how it may impact the viability of our current corporate structure, corporate governance and business operations.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and Chengdu Qilu or its shareholders may fail to perform their obligations under our Contractual Arrangements.

- We may lose the ability to use and enjoy assets and licenses held by Chengdu Qilu and its subsidiaries that are important to the operation of our business if Chengdu Qilu or its subsidiaries declare bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

- Shareholders of Chengdu Qilu may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

- We conduct our business operation in the PRC through Chengdu Qilu and its subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

- If we exercise the option to acquire equity ownership of Chengdu Qilu, the ownership transfer may subject us to certain limitations and substantial costs.

Further details of these risks are set out in the section headed "Risk Factors – Risks Relating to Our Contractual Arrangements" on pages 63 to 70 of the Prospectus.

Measures Taken by the Company to Mitigate Risks

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(b) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports; and

(d) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board with reviewing the implementation of the Contractual Arrangements, and review the legal compliance of our WFOE and the PRC Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

In addition, the external auditor of the Company has reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 10 October 2019 and the net proceeds raised by the Company from the Listing were approximately HK$123.1 million after deducting underwriting commissions and related expenses (the "**Net Proceeds**"). We will continue to utilize the Net Proceeds from the Global Offering as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. An analysis of the intended application of the Net Proceeds as stated in the Prospectus and the actual utilisation of the Net Proceeds up to 30 June 2021 is set out below:

Purpose		Allocation of Net Proceeds *(HK$ million)*	Balance of the Net Proceeds as at 31 December 2020 *(HK$ million)*	Utilization for the six months ended 30 June 2021 *(HK$ million)*	Balance of the Net Proceeds as at 30 June 2021 *(HK$ million)*	Expected timeframe for utilization of the balance of the Net Proceeds
(i)	to enhance the Group's research and development capability	**36.9**	**29.5**	5.5	24.0	On or before 31 December 2023
(ii)	to advertise and promote Ludashi Software and related software and products on the third parties' electronic platforms, and continue to carry out the Group's existing marketing plans	**24.6**	**19.6**	4.1	15.5	On or before 31 December 2023
(iii)	to enhance our Group's own certified pre-owned and factory smartphones e-commerce platform and offline sales channel	**24.6**	**17.6**	–	17.6	On or before 31 December 2023
(iv)	to make additional strategic investments and acquisitions in cash alone or in combination with equity	**24.6**	**–**	–	–	N/A
(v)	for our working capital and general corporate purposes	**12.4**	**6.4**	2.4	4.0	On or before 31 December 2022

As at the date of this report, except for the purpose of enhancing our Group's own certified Pre-owned and factory smartphones e-commerce platform and offline sales channel, the Net Proceeds had been applied in accordance with the allocations and purposes as set out in the Prospectus and were expected to be used in accordance with the purposes as set forth above.

As there were intense competitions in electronic devices sales industry, and our Group recorded a relatively-low gross profit margin for such business all the time, our Group carried out business realignment in the first half of 2021 and suspended the operation of such business. Therefore, no funds raised from the Listing were used in the first half of 2021 for the purpose of enhancing our Group's own certified pre-owned and factory smartphones e-commerce platform and offline sales channel.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 9 September 2019 which took effect upon Listing, under which certain selected employees (including, among others, Directors and full-time employees) may be granted options to subscribe for the Shares to motivate them to optimize their future contributions to the Group. For more details, please refer to the Company's Prospectus and the section headed "Directors' Report" of the annual report of the Company for the year ended 31 December 2020 published by the Company on 27 April 2021.

During the six months ended 30 June 2021, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor any options were outstanding under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the Shares

Name of Directors/ Chief executive	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Tian Ye[1]	Interest in controlled corporations	Long position	132,699,057	49.33%
Mr. He Shiwei[2]	Interest in controlled corporations	Long position	2,342,712	0.87%

Notes:

1. Dashi Technology Holdings and True Thrive hold approximately 18.57% and 30.76% of the issued share capital of the Company, respectively. Pursuant to the Entrustment Arrangements under the Company Shareholder Rights Entrustment Agreement and the Chengdu Qilu Shareholder Rights Entrustment Agreement, True Thrive has entrusted its shareholder rights including its voting power at general meetings with respect to its shareholding in our Company to Dashi Technology Holdings. Dashi Technology Holdings is deemed to be interested in all the Shares and voting rights held by True Thrive. Dashi Technology Holdings is directly and wholly owned by Mr. Tian Ye who is therefore deemed to be interested in all the Shares held by Dashi Technology Holdings.

2. Hongmeng Investment holds 0.87% of the issued share capital of the Company. Hongmeng Investment is directly and wholly owned by Mr. He Shiwei. Mr. He Shiwei is therefore deemed to be interested in all the Shares held by Hongmeng Investment.

Save as disclosed above, as at 30 June 2021, neither the Directors nor chief executive of the Company (including their spouses and children under 18 years of age) had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best knowledge of the Directors and chief executive of the Company, the Substantial Shareholders, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Substantial Shareholders	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Dashi Technology Holdings (Notes 1 and 3)	Beneficial owner	Long position	132,699,057	49.33
True Thrive (Notes 2 and 3)	Beneficial owner	Long position	82,745,082	30.76
360 Technology (Notes 2 and 3)	Interest in a controlled corporation	Long position	82,745,082	30.76
360 (Notes 2 and 3)	Interest in a controlled corporation	Long position	82,745,082	30.76
Qixin Zhicheng (Notes 2 and 3)	Interest in a controlled corporation	Long position	82,745,082	30.76
Zhou Hongyi (周鴻禕) (Notes 2 and 3)	Interest in a controlled corporation	Long position	82,745,082	30.76
Songchang International (Note 4)	Beneficial owner	Long position	47,282,819	17.58
Songyuan International (Note 4)	Interest in a controlled corporation	Long position	47,282,819	17.58
Shanghai Gaoxin (Note 4)	Interest in a controlled corporation	Long position	47,282,819	17.58
Shanghai Songheng (Note 4)	Interest in a controlled corporation	Long position	47,282,819	17.58
Shanghai Dongfangwang (Note 4)	Interest in a controlled corporation	Long position	47,282,819	17.58

Notes:

1. Dashi Technology Holdings is directly and wholly owned by Mr. Tian Ye. Mr. Tian Ye is therefore deemed to be interested in all the Shares held by Dashi Technology Holdings.

2. True Thrive is wholly owned by 360 Technology, which is wholly owned by 360, which is ultimately held by Mr. Zhou Hongyi and Qixin Zhicheng. Each of 360 Technology, 360, Mr. Zhou Hongyi and Qixin Zhicheng is therefore deemed to be interested in all the Shares held by True Thrive.

3. Pursuant to the Entrustment Arrangements, True Thrive has entrusted its shareholder rights including its voting power at general meetings with respect to its shareholding in the Company to Dashi Technology Holdings. Dashi Technology Holdings is deemed to be interested in all the Shares and voting rights held by True Thrive.

4. Songchang International is directly and wholly owned by Songyuan International, which is in turn directly and wholly owned by Shanghai Gaoxin, which is in turn directly and wholly owned by Shanghai Songheng, which is in turn controlled by Shanghai Dongfangwang. Songyuan International, Shanghai Gaoxin, Shanghai Songheng and Shanghai Dongfangwang are therefore deemed to be interested in all the Shares held by Songchang International. Shanghai Dongfangwang is the controlling shareholder of Shanghai Songheng, and directly and through its subsidiary, Shanghai Dongfangwang Investment Company Limited* (上海東方網投資有限公司), holds in aggregate approximately 34.3566% of Shanghai Songheng. Shanghai Dongfangwang is in turn controlled by State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會) of Shanghai.

Save as disclosed above, as at 30 June 2021, so far as known to the Directors, no other persons (other than the Directors or chief executive) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF 360 LUDASHI HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of 360 Ludashi Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 43, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3	**171,368**	183,014
Costs of sales and services		**(92,972)**	(88,942)
Gross profit		**78,396**	94,072
Other income	4	**6,405**	4,086
Impairment losses under expected credit loss model, net of reversal		**(7,625)**	(147)
Other gains and losses	5	**193**	2,590
Selling and distribution expenses		**(14,149)**	(11,423)
Administrative expenses		**(19,157)**	(20,238)
Research and development expenses		**(19,796)**	(13,527)
Share of results of associates		**(915)**	(619)
Finance costs		**(91)**	(105)
Profit before taxation		**23,261**	54,689
Taxation	6	**(1,356)**	(6,444)
Profit and total comprehensive income for the period	7	**21,905**	48,245
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**21,403**	45,471
Non-controlling interests		**502**	2,774
		21,905	48,245
Earnings per share			
Basic and diluted (in RMB cents)	9	**7.96**	16.90

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current assets			
Intangible assets		3,821	2,870
Property, plant and equipment	10	9,973	11,254
Interests in associates	11	8,696	10,580
Financial assets at fair value through profit or loss ("FVTPL")	12	27,228	25,628
Deferred tax assets		8,504	7,535
		58,222	57,867
Current assets			
Exclusive rights to operate licensed online games		1,887	6,182
Trade receivables	13	77,147	53,623
Other receivables, deposits and prepayments	14	45,470	40,400
Inventories		384	176
Tax recoverable		269	1,079
Bank balances and cash		320,117	369,233
Financial assets at FVTPL	15	60,000	–
		505,274	470,693
Current liabilities			
Trade and other payables	16	49,213	29,508
Contract liabilities		186	101
Lease liabilities		2,253	2,650
Income tax payable		466	402
		52,118	32,661
Net current assets		453,156	438,032
Total assets less current liabilities		511,378	495,899
Capital and reserves			
Share capital	17	2,425	2,425
Reserves		503,887	482,484
Equity attributable to owners of the Company		506,312	484,909
Non-controlling interests		2,888	7,237
Total equity		509,200	492,146
Non-current liabilities			
Lease liabilities		2,178	3,753
		511,378	495,899

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000* *(Note)*	Other reserve *RMB'000*	Accumulated profits *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2020 (audited)	2,425	184,052	13,235	(9)	238,652	438,355	2,794	441,149
Profit and total comprehensive income for the period	–	–	–	–	45,471	45,471	2,774	48,245
Dividends recognised as distribution (Note 8)	–	(24,570)	–	–	–	(24,570)	–	(24,570)
Purchase of non-controlling interests	–	–	–	–	(134)	(134)	134	–
At 30 June 2020 (unaudited)	2,425	159,482	13,235	(9)	283,989	459,122	5,702	464,824
At 1 January 2021 (audited)	**2,425**	**159,482**	**22,819**	**(9)**	**300,192**	**484,909**	**7,237**	**492,146**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**21,403**	**21,403**	**502**	**21,905**
Arising from acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(55)**	**(55)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(4,796)**	**(4,796)**
At 30 June 2021 (unaudited)	**2,425**	**159,482**	**22,819**	**(9)**	**321,595**	**506,312**	**2,888**	**509,200**

Note:

In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reach 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**24,608**	42,202
Investing activities		
Proceeds from disposal of property, plant and equipment	**–**	100
Proceeds from disposal of interest in an associate	**–**	1,500
Proceeds from disposal of interests in subsidiaries	**580**	500
Purchase of financial assets at FVTPL	**(310,000)**	(25,628)
Purchase of property, plant and equipment	**(1,715)**	(1,107)
Purchase of intangible assets	**(6,797)**	(4,300)
Purchase of interests in associates	**–**	(9,600)
Net cash out flow on acquisition of subsidiaries	**(329)**	–
Payment of deposit for an investment	**–**	(5,600)
Redemption of financial assets at FVTPL	**250,000**	–
Interest received	**1,419**	–
Net cash used in investing activities	**(66,842)**	(44,135)
Financing activities		
Purchase of non-controlling interests	**–**	(13,300)
Interest paid	**(91)**	–
Repayments of lease liabilities	**(1,292)**	(324)
Dividends paid	**(4,796)**	–
Cash used in financing activities	**(6,179)**	(13,624)
Net decrease in cash and cash equivalents	**(48,413)**	(15,557)
Cash and cash equivalents at beginning of the period	**369,233**	312,368
Effect of foreign exchange rate changes	**(703)**	4,413
Cash and cash equivalents at end of the period, represented by	**320,117**	301,224
Bank balances and cash	**320,117**	327,224
Less: non-pledged bank deposits with maturity of more than three months	**–**	(26,000)
	320,117	301,224

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions" beyond 30 June 2021.

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

Potential impacts on application of the agenda decision of the IFRS Interpretations Committee ("the Committee") – Costs Necessary to Sell Inventories

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realizable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Potential impacts on application of the agenda decision of the IFRS Interpretations Committee ("the Committee") – Costs Necessary to Sell Inventories (continued)

The Group's existing accounting policy is to determine net realisable value taking into consideration incremental costs only. As at 30 June 2021, the Group is still in the process of assessing the potential impact and has yet to implement the change in accounting policy based on the Committee's agenda decision. The impacts on such change, if any, will be disclosed in the Group's future consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of online advertising services, online game platform, operation of exclusive licensed online game business, and sales of smart accessories, certified pre-owned and factory smartphones and other electronic devices in the PRC and Hong Kong.

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

Segment information

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

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Online traffic monetization		
– Online advertising services	**105,837**	83,629
– Online game platform	**50,807**	54,395
– Operation of exclusive licensed online game business	**14,390**	1,195
Electronic devices sales		
– Smart accessories sales	**282**	329
– Certified pre-owned and factory smartphones sales	**–**	43,057
– Certified pre-owned and factory other electronic devices sales	**52**	409
Total	**171,368**	183,014

3. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China	**146,862**	168,972
Overseas	**24,506**	14,042
Total	**171,368**	183,014

Timing of revenue recognition

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
A point in time	**105,153**	127,424
Over time	**66,215**	55,590
Total	**171,368**	183,014

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants (Note)	**3,518**	1,526
Interest on bank deposits and financial products issued by banks	**2,887**	2,560
	6,405	4,086

Note: The government grants mainly represented the tax refund and high-tech subsidies received from local government authorities.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gain on disposal of interest in an associate	**711**	–
Net foreign exchange (loss) gain	**(694)**	3,220
Others	**176**	(630)
	193	2,590

6. TAXATION

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Tax expense comprises:		
Current tax – PRC Enterprise Income Tax	**1,858**	6,853
Deferred tax	**(502)**	(409)
Total	**1,356**	6,444

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Directors' and chief executive's remuneration	**2,723**	1,483
Other staff costs		
– Salaries and other benefits	**30,823**	21,257
– Retirement benefit schemes	**2,002**	485
Total staff costs	**35,548**	23,225
Cost of inventories sold	**173**	42,786
Depreciation of property, plant and equipment (included in "administrative expenses, selling and distribution expenses and research and development expenses")	**2,556**	2,813
Amortisation of intangible assets (included in "costs of sales and services, administrative expenses and research and development expenses")	**699**	587
Amortisation of exclusive rights to operate licensed online games (included in "costs of sales and services")	**4,295**	157

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

During the six months period ended 30 June 2020, a final dividend of Hong Kong Dollars ("HK$") at HK10 cents per share, in an aggregate amount of approximately HK$26,900,000 (equivalent to approximately RMB24,570,000), in respect of the year ended 31 December 2019 was declared to owners of the Company.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
Earnings	**2021** ***RMB'000*** **(unaudited)**	2020 *RMB'000* (unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**21,403**	45,471
Number of shares	***'000*** **(unaudited)**	*'000* (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**269,000**	269,000

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

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred approximately RMB972,000 (six months ended 30 June 2020: RMB849,000) for decoration cost of new office premise, approximately RMB703,000 (six months ended 30 June 2020: RMB253,000) for expenditure on new electronic equipment and approximately RMB40,000 (six months ended 30 June 2020: RMB5,000) for expenditure on new furniture and fixtures and equipment.

During the current interim period, the Group entered into three new lease agreements for office premise for 2-3 years and recognised an addition of RMB1,613,000 of right-of-use assets and lease liabilities on lease commencement. Comparatively, for the six months ended 30 June 2020, the Group entered into one lease agreement for office premise for 14 months and recognised an addition of RMB249,000 of right-of-use assets and lease liabilities on lease commencement.

During the current interim period, the Group cancelled 2 lease agreements for office premise and resulted in a deduction of RMB2,053,000 of right-of-use assets and RMB2,293,000 of lease liabilities respectively (six months ended 30 June 2020: nil).

11. DISPOSAL OF AN ASSOCIATE

In the current interim period, the Group's interest in Chengdu Jingtanhao Technology Co., Ltd. ("Chengdu Jingtanhao") was diluted from 10% to 8% as a result of a capital injection to Chengdu Jingtanhao from an independent third party ("the Dilution"). Before the Dilution, the Group had the right to appoint one of the three directors of Chengdu Jingtanhao and the directors of the Company considered that the Group had significant influence over Chengdu Jingtanhao. After the Dilution, the Group no longer has the right to appoint the director hence it lost its significant influence over Chengdu Jingtanhao. The Group had retained the remaining 8% equity interest and classified it as financial assets at FVTPL. This transaction has resulted in the Group recognising a gain of RMB711,000 in profit or loss, calculated as follows:

	RMB'000
Fair value of the retained investment	**1,600**
Less: carrying amount of the interest in an associate on the date of loss of significant influence	**889**
Gain recognised in profit or loss	**711**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT

	30 June 2021 *RMB'000* **(unaudited)**	31 December 2020 *RMB'000* (unaudited)
Unlisted equity investments:		
– Iogo Workshop Investment Ltd.(i)	**25,628**	25,628
– Chengdu Jingtanhao (Note 11)	**1,600**	–
	27,228	25,628

(i) In May 2020, a wholly-owned subsidiary of the Group, 360 Ludashi Consulting Limited purchased 10% equity interests of Iogo Workshop Investment Ltd. with a consideration of HKD28,000,000.

13. TRADE RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables		
– related parties	**5,970**	9,417
– third parties	**77,787**	46,917
Less: allowance for credit losses	**(6,610)**	(2,711)
	77,147	53,623

Details of amounts due from related parties included in trade receivables are as follows:

Related parties	**Relationship**	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Shanghai Songheng Network Technology Inc. ("Shanghai Songheng")	Shareholder of the Company	**70**	289
Beijing Qihu Technology Co., Ltd. ("Beijing Qihu")	Shareholder of the Company	**–**	8,689
Beijing Qiyuan Technology Co., Ltd. ("Beijing Qiyuan")	Subsidiary of the parent company of Beijing Qihu	**5,458**	–
Beijing Star World Technology Co., Ltd. ("Beijing Star World")	Subsidiary of the parent company of Beijing Qihu	**15**	132
Beijing Qifutong Technology Co., Ltd.	Subsidiary of the parent company of Beijing Qihu	**287**	193
Tianjin Shanhu Information and Technology Co., Ltd. ("Tianjin Shanhu")	Controlled by Tian Ye	**132**	106
Beijing Sihai chuangwei Technology Co.,Ltd. ("Sihai Chuangwei")	Associate of the Group	**8**	8
Total		**5,970**	9,417

13. TRADE RECEIVABLES (continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 – 90 days	**56,413**	39,172
91 – 180 days	**12,440**	6,669
Over 181 days	**8,294**	7,782
	77,147	53,623

The Group performs impairment assessment in respect of trade receivables under expected credit loss model. The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Other receivables		
– related parties (Note(i))	**3,720**	1,500
– third parties	**5,789**	2,506
Deductible value-added tax	**5,241**	5,426
Deferred cash consideration on disposal of subsidiaries	**920**	1,500
Prepayments and deferred expenses		
– related parties	**–**	4,468
– third parties	**25,729**	16,775
Deposit for an investment	**–**	1,825
Interest receivables	**789**	126
Online payment platform (Note(ii))	**3,282**	6,274
Total	**45,470**	40,400

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Details of amounts due from related parties included in prepayments and deferred expenses are as follows:

Related parties	**30 June 2021** *RMB'000* **(unaudited)**	31 December 2020 *RMB'000* (unaudited)
Chengdu Jingtanhao*	–	2,475
Chengdu Mijiayou Technology Co., Ltd. ("Chendu Mijiayou")#	–	1,993
	–	4,468

* Chengdu Jingtanhao has ceased to be the Group's related parties since June 2021.

\# Chengdu Mijiayou has become a subsidiary since April 2021.

Notes:

(i) As at 30 June 2021, the amount is unsecured, non-trade, interest-free and with a term of one year from Tianjin Qiyu Network Technology Co.,Ltd.

(ii) The amount is unsecured, interest-free and repayable in one day and it represents receivables from third party payment platform in respect of the Group's online game business.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

During the period ended 30 June 2021, the Group entered into several structured bank deposit agreements with banks in the PRC. The banks guaranteed 100% of the invested principal amount and floating interest rate of 1.15% to 3.54% per annum with maturity periods ranging from 30 days to 91 days as specified in the agreement.

16. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade payables		
– related parties	**337**	300
– third parties	**30,024**	7,983
Other payables		
– related parties	**50**	1,000
– third parties	**769**	3,646
Payables arisen from online game platform business (Note)		
– a related party	**614**	1,194
– third parties	**8,563**	5,799
Payroll payable	**8,249**	9,339
Other tax payable	**607**	247
	49,213	29,508

Note: The amount is unsecured, interest-free and repayable on a monthly basis and represents payable to online game developers and operators for prepayments collected by the Group from third party game players.

Details of amounts due to related parties included in trade payables are as follows:

Related parties	**Relationship**	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (unaudited)
360 Technology Group Co.,Ltd. ("360 Technology")	Shareholder of Beijing Qihu	**–**	28
Beijing Qihu	Shareholder of the Company	**224**	148
Tianjin Shanhu	Controlled by Tian Ye	**113**	124
		337	300

16. TRADE AND OTHER PAYABLES (continued)

The following is an aging analysis of trade payables presented based on the dates of receiving of goods and services:

	30 June 2021 *RMB'000* (unaudited)	31 December 2020 *RMB'000* (audited)
0 – 90 days	**26,626**	7,459
91 – 180 days	**3,460**	435
Over 180 days	**275**	389
Total	**30,361**	8,283

17. SHARE CAPITAL

	Number of shares	Share Capital *HK$000*	Share Capital *RMB'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	10,000,000,000	100,000	90,321
Issued and fully paid			
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	269,000,000	2,690	2,425

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties:

i Transactions with related parties

Related parties	Relationship	Six months ended 30 June 2021 *RMB'000* (unaudited)	 2020 *RMB'000* (unaudited)
Revenue from Beijing Qihu	Shareholder of the Company	–	26,723
Revenue from Shanghai Songheng	Shareholder of the Company	287	4,738
Revenue from Beijing Star World	Subsidiary of the parent company of Beijing Qihu	7,915	24,392
Revenue from Tianjin Xiaofeiniao Technology Co., Ltd.	Controlled by Tian Ye	–	10
Revenue from Shanghai Zhanmeng Technology Co., Ltd.	Shanghai Songheng's subsidiary	–	5
Revenue from Sihai Chuangwei	An associate of the Group	–	121
Revenue from Beijing Qiyuan	Subsidiary of the parent company of Beijing Qihu	21,266	319
Revenue from Tianjin Shanhu	Controlled by Tian Ye	410	–
Revenue from Tianjin Youbenzhiquan Technology Co.,Ltd.	Associate of the Group	5	–
Cost to 360 Technology	Shareholder of Beijing Qihu	1,931	–
Cost to Beijing Star World	Subsidiary of the parent company of Beijing Qihu	–	413
Cost to Beijing Qihu	Shareholder of the Company	211	687
Cost to Beijing Qiyuan	Subsidiary of the parent company of Beijing Qihu	1,119	–
Cost to Tianjin Shanhu	Controlled by Tian Ye	343	–
Cost to Shanghai Gaoxin Computer Systems Co.,Ltd.	Shanghai Songheng's subsidiary	–	7

18. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

ii Compensation of key management personnel

The remuneration of directors and other members of key management of the Group were as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries and allowances	**3,868**	2,457
Retirement benefit scheme contributions	**61**	10
	3,929	2,467

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship unobserverble inputs to fair value
Unlisted equity investment classified at financial assets at FVTPL	30 June 2021 – RMB25,628,000 31 December 2020 – RMB25,628,000	Level 3	Discount cash flow models	Discount rate/ revenue growth rates	The higher the discount rate, the lower the fair value The lower the revenue growth rates, the lower the fair value
Unlisted equity investment classified at financial assets at FVTPL	30 June 2021 – RMB1,600,000	Level 2	Recent transaction price	N/A	N/A
Structured bank deposits	30 June 2021 – RMB60,000,000	Level 2	Discount cash flow models	Discount rate/ revenue growth rates	The higher the discount rate, the lower the fair value The lower the revenue growth rates, the lower the fair value

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate to their fair values.The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2021 and up to the date of approval of these condensed consolidated financial statements.

DEFINITION AND GLOSSARY

"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 and ultimately controlled by Mr. Zhou Hongyi, one of our Controlling Shareholders for the purpose of the Listing Rules, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code of 601360.SH), and one of our Controlling Shareholders for the purpose of the Listing Rules
"360 Group"	360 and its subsidiaries
"360 Technology"	360 Technology Group Co., Ltd.* (三六零科技集團有限公司), a limited liability company established in the PRC on 15 September 2011 and directly wholly owned by 360, one of our Controlling Shareholders for the purpose of the Listing Rules, and one of our Controlling Shareholders for the purpose of the Listing Rules
"Audit Committee"	the audit committee of the Board
"Anyixun Technology" or "WFOE"	Chengdu Anyixun Technology Company Limited* (成都安易迅科技有限公司), a limited liability company established in the PRC on 20 October 2015 and a wholly-owned subsidiary of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Code on Corporate Governance as set out in Appendix 14 to the Listing Rules
"Chengdu Qilu"	Chengdu Qilu Technology Company Limited* (成都奇魯科技有限公司), a limited liability company established in the PRC on 25 November 2014 and is deemed to be a wholly-owned subsidiary of the Company pursuant to the Contractual Arrangements
"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)
"China" or the "PRC"	the People's Republic of China
"Company," "our Company" or "the Company"	360 LUDASHI HOLDINGS LIMITED (360魯大師控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3601)

"Company Shareholder Rights Entrustment Agreement"	the agreement dated and taking effect on 4 September 2018 between Dashi Technology Holdings and True Thrive, pursuant to which Dashi Technology Holdings 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)
"Contractual Arrangements"	a series of contractual arrangements entered into among WFOE, Chengdu Qilu and the Relevant Shareholders, details of which are described in "Contractual Arrangements" in the Prospectus
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, for the purpose of the Listing Rules, refers to Mr. Tian Ye, Dashi Technology Holdings, True Thrive, 360 Technology, 360, Qixin Zhicheng and Mr. Zhou Hongyi
"Dashi Technology Holdings"	Dashi Technology Holdings Limited (大師控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 31 January 2018 and directly wholly owned by Mr. Tian Ye, one of our Controlling Shareholders
"Director(s)"	director(s) of the Company
"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 favor of Dashi Technology Holdings and the shareholder rights of Qihu Technology in Chengdu Qilu in favor of Mr. Tian Ye, respectively
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "we", "us" and "our", "Ludashi" or "360 Ludashi"	the Company, our subsidiaries and the PRC Operating Entities
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hongmeng Investment"	Hongmeng Investment Co. Ltd (鴻蒙投資有限公司), a limited liability company incorporated in the British Virgin Islands on 16 March 2018 and directly wholly owned by Mr. He Shiwei, a Director
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"H5"	a markup language used for structuring and presenting content on the World Wide Web, which is the fifth and current major version of the HTML standard

"IP(s)"	intellectual property rights. In the game industry, IP products usually refer to the game products created with the authorized use of characters, images, graphics, texts, plots, etc. of literatures, movies or famous games
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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 on 17 April 2017
"Ludashi Software"	hardware and system benchmarking and monitoring software and App operated by Chengdu Qilu
"MAU(s)"	monthly active user(s), a key performance indicator for software, Apps and online games. Monthly active users are calculated by counting the number of unique devices that activate the software, Apps or online games for at least once during a calendar month
"Negative List"	The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Revision) (外商投資准入特別管理措施(負面清單)(2020年版)), which was issued on 23 June 2020 and came into effect on 23 July 2020, which has replaced the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2019 Revision) (外商投資准入特別管理措施(負面清單) (2019年版))
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PC(s)"	personal computers
"PRC Operating Entities"	collectively, Chengdu Qilu, Liu Liuyou Technology and Chengdu Mijiayou Technology Co., Ltd.* (成都米加游科技有限公司), (and "PRC Operating Entity" means any one of them), the financial results of which have been consolidated and accounted for as the subsidiaries of the Company by virtue of the Contractual Arrangements
"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 incorporated in the PRC on 13 August 2007, one of the Relevant Shareholders and directly wholly owned by 360 Technology, one of our Controlling Shareholders

"Qilu Haochen"	Chengdu Qilu Haochen Enterprise Management Consulting Company Limited* (成都奇魯昊宸企業管理諮詢有限公司), a limited liability company incorporated in the PRC on 7 February 2018, and one of the Relevant Shareholders, owned as to 90.83% by Mr. Zhang Fanchen, the chief financial officer of the Group, and 9.17% by an independent third party
"Qixin Zhicheng"	Tianjin Qixin Zhicheng Technology Company Limited* (天津奇信志成科技有限公司), a limited liability company established in the PRC on 2 December 2015 and one of our Controlling Shareholders for the purpose of the Listing Rules, ultimately controlled by Mr. Zhou Hongyi, one of our Controlling Shareholders for the purpose of the Listing Rules
"Relevant Shareholder(s)"	Qihu Technology, Mr. Tian Ye, Shanghai Songheng and Qilu Haochen, being the registered shareholders of Chengdu Qilu
"Reporting Period"	the six months ended 30 June 2021
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Dongfangwang"	Shanghai Dongfangwang Stock Company Limited* (上海東方網股份有限公司), a limited liability company established in the PRC on 5 July 2000
"Shanghai Gaoxin"	Shanghai Gaoxin Computer System Company Limited* (上海高欣計算機系統有限公司), a limited liability company established in the PRC on 4 January 2013 and wholly owned by Shanghai Songheng, one of the Relevant Shareholders and a substantial shareholder of the Company
"Shanghai Songheng"	Shanghai Songheng Network Technology Company Limited* (上海嵩恒網絡科技股份有限公司), a limited liability company established in the PRC on 18 March 2014, and one of the Relevant Shareholders and a substantial shareholder of the Company
"Songheng Group"	Shanghai Songheng and its subsidiaries
"Share Option Scheme"	the Share option scheme conditionally adopted by the Company on 9 September 2019, a summary of the principal terms and conditions of which are set forth in "Appendix IV – Statutory and General Information – D. Share Option Scheme" in the Prospectus
"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)
"Songchang International"	Songchang International Limited, a limited liability company incorporated in the British Virgin Islands on 9 May 2018, wholly owned by Songyuan International, a substantial shareholder of the Company, and a substantial shareholder of the Company
"Songyuan International"	Hong Kong Songyuan International Limited (香港嵩遠國際有限公司), a limited liability company incorporated in Hong Kong on 1 December 2017, indirectly wholly owned by Shanghai Songheng, one of the Relevant Shareholders and a substantial shareholder of the Company, and a substantial shareholder of the Company
"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 on 12 October 2015, wholly owned by 360 Technology (one of our Controlling Shareholders for the purpose of the Listing Rules), and one of our Controlling Shareholders for the purpose of the Listing Rules
"%"	per cent.

* *For identification purpose only*