鲁大师

360 LUDASHI HOLDINGS LIMITED
魯大師控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 3601

2024
ANNUAL REPORT

鲁大师 AiNAS

CONTENTS

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive Directors

Mr. Tian Ye *(Chairman)*
Ms. Jian Lu (appointed on 9 December 2024)
Mr. He Shiwei (resigned on 9 December 2024)

Non-executive Directors

Mr. Li Xin (appointed on 12 June 2024)
Mr. Liu Wei
Mr. Zhao Dan
Mr. Sun Chunfeng (resigned on 12 June 2024)

Independent non-executive Directors

Mr. Li Yang
Mr. Wang Xinyu
Mr. Zhang Ziyu

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

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
23/F, Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

11/F, 11-24 Tianfu Software Site E1
1268 Tianfu Avenue, High-tech Zone
Chengdu, Sichuan Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

CORPORATE INFORMATION

LEGAL ADVISERS

As to Hong Kong laws:
Ronald Tong & Co
Room 501
5/F., Sun Hung Kai Centre
30 Harbour Road
Hong Kong

As to PRC laws:
Links Law Offices
19/F, 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

China Merchants Bank Chengdu Tianfudadao Sub-Branch

STOCK CODE

3601

COMPANY WEBSITE

www.ludashi.com

CHAIRMAN'S STATEMENT

A LETTER TO SHAREHOLDERS

Dear Shareholders:

Looking back on 2024, the macroeconomic environment remained complex and volatile, the international situation was still full of uncertainties. The sluggish consumer market has led suppliers and advertisers to exercise greater caution in budget decisions, leading to continued contraction in advertising expenditure. After years of adapting to environmental shocks, Internet companies are now actively pursuing new growth avenues and operational models.

Confronted with these challenges, Ludashi proactively explored innovative development pathways. Our core products achieved diversified revenue streams, while our online game business delivered steady growth that provided robust support for corporate earnings. We simultaneously expanded into emerging revenue sectors. Riding the wave of the AI era, Ludashi has embarked on new exploratory initiatives, committed to identifying effective pathways for sustainable development and revenue generation in the years ahead.

On behalf of the Board, I present the annual report of the Company, its subsidiaries and the PRC Operating Entities for the year ended 31 December 2024. Firstly, I am pleased to announce that in 2024, the Company recorded a total revenue of approximately RMB1,315.1 million, representing an increase of approximately 66.4% as compared to that of 2023, of which the revenue from our online advertising services business was approximately RMB530.7 million, representing an increase of approximately 157.3% as compared to that of 2023, the revenue from our online game platforms was approximately RMB29.6 million, representing a decrease of approximately 65.7% as compared to that of 2023, the revenue from our operation of exclusive licensed online game business was approximately RMB754.3 million, representing an increase of approximately 51.6% as compared to that of 2023 and the revenue from our electronic devices sales business was approximately RMB484,000, representing an increase of approximately 98.4% as compared to that of 2023. Our net profit attributable to parent company decreased by approximately 18.2% to approximately RMB34.9 million as compared to that of 2023.

We have promoted the steady upgrading and iteration of the benchmarking engine at both PC and mobile devices, further deepened cooperation with chip suppliers, and jointly committed to developing benchmarking products that meet the demands of the AI era. New benchmarking engine are being developed based on assessments of AI computing power. Regarding revenue models, the PC version of Ludashi Software and other computer utility software have effectively expanded revenue channels by optimizing membership subscription models and introducing paid software services. After years of transitional efforts, this has become the primary revenue model for the PC version of Ludashi Software.

To shift from single-tool application scenarios to diversified product ecosystems, we have invested significant resources in developing a series of utility products. Through sustained marketing campaigns, we have successfully expanded our product scale in overseas markets, attracting millions of users across multiple offerings. Looking ahead to 2025, we will continue to focus on utility product development, adhere to a diversified growth strategy, and build a richer, more comprehensive product matrix to deliver superior, efficient and convenient services to users.

CHAIRMAN'S STATEMENT

Since the collaborative launch of Ludashi AiNAS in 2024, it has gradually gained user traction. Through multiple iterations, Ludashi AiNAS has enhanced its functionalities while introducing a hardware version that enables long-distance wireless connectivity between home computers and mobile devices, pioneering a new market segment. In 2025, we will further advance the AI integration of our existing products.

In the rapidly growing online game sector, our exclusive licensed online game business continues to achieve high user conversion rates, with sustained improvements in customer satisfaction among both new and existing users and consistent growth in player spending. Our exclusively licensed online game "Kung Fu Panda: Dragon Warrior (《功夫熊貓：神龍大俠》)" has entered trial releases in select countries, steadily expanding its market presence. We continue to strengthen our online game platforms business, with a stable increase in the number of online games under operation.

Throughout 2024, we actively explored new monetization models, primarily focusing on e-commerce business for mobile devices. Leveraging our expertise in online traffic placement, this business generated revenue through targeted advertising placements for livestreams and short videos on major domestic mobile e-commerce platforms. During the year, we experimented with two operational models – transitioning from self-operated mobile e-commerce stores to providing traffic placement services for partners. Moving forward, we will continue exploring collaborative approaches and profit models in business e-commerce business for mobile devices to drive sustained revenue and profitability.

Additionally, following the launch of the Smart Vehicle Evaluation System 2.0 by the Ludashi hardware laboratory, we have gradually established partnerships with domestic emerging automotive brands, completing vehicle testing and OS system evaluations, thereby building notable brand influence within the automotive industry.

Finally, on behalf of all members of 360 Ludashi, I would like to express my sincere appreciation to you for your consistent support, to our staff, all Shareholders and professionals for their great support.

Tian Ye
Chairman

Hong Kong
27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2024, the PRC experienced slowing economic growth and an inactive market. Despite the PRC government's introduction of a package of incremental policies to stabilize the economy in the fourth quarter, consumer spending willingness remained weak and corporate investment expansion tended to be cautious. In this environment, although digital marketing remains an important means for corporate promotion, the commercial environment still faces certain challenges due to weak terminal consumer demand and lackluster market expectations. The uncertainty of the economic outlook has led companies to generally tighten their budgets, resulting in a continuous decline in the number of advertisements placed by the Group's customers. The online advertising services business for mobile device utility software has also been significantly affected, thereby impacting the overall profitability of the Group.

The modern technology industry steers the development of other industries. The Group has actively seized opportunities of such business development to develop more utility software for different industries and explore more profitable business opportunities. Furthermore, by expanding its online game business and exploring e-commerce business for mobile devices, the Group recorded certain growth in revenue. The decrease in profit was primarily due to the continuous decline in online advertising services business for mobile device utility software, which previously had a relatively high gross profit margin, and the profitability decline of the long-running exclusive licensed online games, resulting in a decline in the Group's net profit in 2024. Even facing ever-changing market conditions, the Group will continue to explore and strive for new growth points.

In 2024, the Group continued to prioritize the development of its online traffic monetization business. Through upgrading and iteration of our products, as well as research and development and launch of new products, we continued to explore new business directions for our online advertising services business. The e-commerce business for mobile devices has also achieved notable progress. As for our online game business, including the operation of online game platforms and exclusive licensed online game business, we acquired new online game players and enhanced the visibility of our online game business by continuously launching engaging new online games and conducting marketing and promotional campaigns.

We developed a series of PC and mobile device utility software which were offered to users free of charge in exchange for online traffic which we monetized through the Group's online advertising services business and online game business. In particular, our utility software, "Ludashi Software", a well-known brand and software in China and globally specializing in PC/smartphone hardware and system benchmarking and monitoring, had accumulated a large user base through providing free downloads and installations. Meanwhile, we were committed to the research and development and advertising of various utility software for mobile devices in the domestic and overseas markets, from which we have accumulated a vast number of active users. In 2024, although we continued to conduct the online traffic purchase for "Ludashi Software" and various utility software, the promotion effect failed to meet our expectations and the number of our MAUs decreased due to the sluggish overall market in China. Therefore, as at 31 December 2024, the MAUs of all our PC and mobile device utility software amounted to approximately 63.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the PC version of "Ludashi Software", adhering to the core concept of "Technology-driven innovation, AI realizing user vision", achieved innovation in product functions and technological leaps. Through the deep integration of AI technology, the Group has launched a series of intelligent and personalized computer tools, which have greatly enhanced user experience. At the same time, we are committed to launching a paid subscription service to provide users with a smarter, more personalized and more efficient computing environment. Key achievements include (1) in terms of product functionality innovation, we have deeply integrated cutting-edge technologies and launched an AI intelligent cleaning system, which not only efficiently performs common tasks such as C drive redundant file cleaning, duplicate file cleaning, disk cleaning and memory optimization, but also adds a privacy cleaning function to comprehensively safeguard user data security. In addition, we have launched intelligent system management tools, such as intelligent context menu management, adaptive Windows update management, dynamic taskbar optimization, start-menu upgrade and AI intelligent cooling functions, significantly enhancing the convenience and stability of system operations; (2) in terms of office scenario optimization, we launched an AI office assistant under the PC version of "Ludashi Software" in 2024, along with a desktop sidebar and AI intelligent search tool, greatly improving office efficiency and meeting users' diverse needs in digital office; (3) in terms of security protection, we have comprehensively updated the security protection system and introduced software permission management and bundled software interception functions to create a stronger security barrier for users; (4) in terms of hardware benchmarking, the Group has developed the "Graphics Card 3D Benchmarking 2024 Edition", while optimizing AI benchmarking to enhance support for new devices; and (5) for the gaming community, we introduced new features such as in-game monitoring and performance optimization of graphics cards around gaming usage scenarios in 2024, helping players achieve a smoother and more exciting gaming experience. Driven by technological innovation, the Group will further take advantage of AI technology to continuously explore and develop new features to create more value for users in a way that promotes the development of the industry.

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

In 2024, by following the boutique strategy, the Group's online game platforms successively launched various online game products to provide users with better gaming experience and customer service. The Group's online game platforms continued to integrate new channels to experiment with various promotion methods, acquiring more precise online game users while controlling the cost of online traffic placement. In 2024, the Group established a comprehensive service mechanism to offer high-quality exclusive membership services, resulting in a continuous increase in customer service satisfaction among both new and existing users, thereby enhancing the retention of paying users.

In 2024, the Group adhered to the mission of bringing joy to global players under our exclusive licensed online game business, continuously investing in the development and operation of new online game products, and expanding the user base through the launch of new exclusive licensed online games and the ongoing promotion of existing online games. The Group established good cooperative relationships with various business partners through refined operations. We actively enhanced communication and exchange with online game developers, online game promotion channels, media and players, and continuously focused on data changes. Driven by data and prioritizing content excellence, we are aiming to be a provider of premium online game contents. The Group's current reserve of exclusive licensed online game products covers categories including business operation simulation game, role-playing game, IP licensing and card game. It is expected that some of these exclusive licensed online game products will be launched successively in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

In the second half of 2024, the Group successively tested "Kung Fu Panda: Dragon Warrior(《功夫熊貓：神龍大俠》)" in regions such as Australia, Southeast Asia and Hong Kong, monitoring the game's performance through metrics such as next-day player retention rate, new paying player rate and first-day game recharge amount. The next round of testing has been conducted in mainland China at the end of February 2025.

The Group optimized the matrix of utility products and strengthened localized operations to continuously enhance the strategic layout of the overseas mobile utility product market, thereby consolidating its competitive advantage in the industry. As of 2024, the Group operated over 20 overseas mobile utility products. In particular, it is worth noting that one of the Group's utility products ranked among the top ten in application markets in many countries around the world, demonstrating the product's technological strength and the Group's global localization operational capabilities. Looking ahead to 2025, the Group will continue to increase investment in research and development, enrich the product matrix, and establish a comprehensive ecosystem of utility products. We will also continue to optimize global localization operational capabilities to expand user scale and create sustainable value returns.

The Group cooperated to launch the "Ludashi AiNAS" product in July 2024, which is a network storage device that integrates intelligence and practicality, featuring a series of core functions including file management, video playback, DDNS support, WebDAV support, video source upgrade and photo backup. Meanwhile, the Group closely followed the trend of AI technology development, by adding a smart assistant module to this product to support AI dialog and local knowledge base functions. To meet users' demand for convenient data transmission, the Group also designed the "Ludashi AiNAS Portable Version" and launched the "wireless data cable" hardware device. In the future, we will also actively expand into overseas markets, introducing the "wireless data cable" to overseas markets and seeking new growth opportunities.

In 2024, the Ludashi Hardware Laboratory consolidated its existing partnerships and collaborated with renowned electric vehicle brands to evaluate its products, and established new cooperation with leading new energy vehicle manufacturers, completing the evaluation of intelligent driving systems and range capabilities for dozens of new energy vehicles. In the future, we will continue to expand and enhance our evaluation system in terms of vehicles, providing professional evaluation services for more vehicle products.

For the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB1,315.1 million, representing an increase of approximately 66.4% as compared to that of 2023, of which, the revenue from our online advertising services amounting to approximately RMB530.7 million, representing an increase of approximately 157.3% as compared to that of 2023; the revenue from our online game platforms amounting to approximately RMB29.6 million, representing a decrease of approximately 65.7% as compared to that of 2023; the revenue from the operation of exclusive licensed online game business amounting to approximately RMB754.3 million, representing an increase of approximately 51.6% as compared to that of 2023; and the revenue from our electronic devices sales business amounting to approximately RMB484,000, representing an increase of approximately 98.4% as compared to that of 2023. The net profit attributable to the parent company was approximately RMB34.9 million, representing a decrease of approximately 18.2% as compared to that of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead to 2025, the economy is expected to gradually recover under various economic stimulus policies rolled out by the PRC government. The Group is confident in its existing business and will continue to focus on developing new businesses, including but not limited to continuously enriching overseas product matrix for mobile devices and expanding e-commerce business for mobile devices, so as to expand our market share. The Group will also actively seek suitable exclusive licensed online games to increase the number of our online games. At the same time, the Group also focuses on the steady development of its existing businesses in order to achieve long-term, healthy, sound and sustainable development of the Group.

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

The Group will continue to implement the following strategies and strive to become a reliable hardware expert and leading internet company:

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

- continuously develop various types of online games and explore new distribution strategies for our premium products, and keep distributing and operating our exclusive licensed online games in China and overseas;

- constantly expand the scale of promotion investment in online game business, combine the online game traffic direction business with online game distribution business, and keep improving our competitiveness, so as to expand the scale of our operating revenue;

- complement and improve the precise online traffic placement capability of the e-commerce for mobile devices, and improve online traffic attracting ability and conversion efficiency;

- continue to enrich the overseas product matrix for mobile devices, and obtain more quality users through development and promotion of more diversified utility products;

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

- continue to attract and retain talents and professionals, and form strategic alliances with business partners and pursue investments and acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

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

Our revenue increased by approximately 66.4% from approximately RMB790.5 million for the year ended 31 December 2023 to approximately RMB1,315.1 million for the year ended 31 December 2024. Such increase was mainly due to the facts that (1) the Group acquired 80% equity interest in Tianjin Qiyu Network Technology Company Limited* (天津旗魚網絡科技有限公司) ("**Tianjin Qiyu**") in early May 2023, so only eight months of its revenue were included in 2023, whereas the entire year of 2024 benefited from this acquisition; (2) there were mainly three well-performing online games with renowned IPs among the exclusive licensed online games operated by the Group, the latest of which was officially launched in August 2023. Therefore, only five months of its revenue were included in 2023, whereas the entire year of 2024 benefited from this launch; and (3) the Group vigorously developed its e-commerce business for mobile devices in 2024, resulting in a significant increase in revenue.

The following table sets forth our segment revenue by amount and as a percentage of our revenue for the years ended 31 December 2023 and 2024:

	For the year ended 31 December			
	2024		2023	
	RMB'000	***Proportion (%)***	*RMB'000*	*Proportion (%)*
Online traffic monetization				
Online advertising services	**530,689**	**40.3**	206,236	26.1
Online game platforms	**29,625**	**2.3**	86,342	10.9
Operation of exclusive licensed online game business	**754,278**	**57.3**	497,690	62.9
Electronic devices sales				
Smart accessories sales	**484**	**0.1**	244	0.1
Total	**1,315,076**	**100.0**	790,512	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Online traffic monetization

(a) Online advertising services

Our revenue from online advertising services increased by approximately 157.3% from approximately RMB206.2 million for the year ended 31 December 2023 to approximately RMB530.7 million for the year ended 31 December 2024. This is attributable to the Group's vigorous development of e-commerce business for mobile devices in early 2024, resulting in a significant increase in revenue. Our revenue from e-commerce business for mobile devices was approximately RMB381.8 million in 2024. As of 31 December 2024, the e-commence business for mobile devices has a large balance of receivables. As at the date of this annual report, all receivables have been fully recovered in accordance with the corresponding business contracts.

(b) Online game platforms

Our revenue from online game platforms decreased by approximately 65.7% from approximately RMB86.3 million for the year ended 31 December 2023 to approximately RMB29.6 million for the year ended 31 December 2024. Such decrease was mainly due to (1) several online games that had been in operation reaching a late stage of their game life-cycle at the Reporting Period; and (2) the overall inactivity in the market, which resulted in the decreased amount of payments made by paying players.

(c) Operation of exclusive licensed online game business

Our revenue from operation of exclusive licensed online game business increased by approximately 51.6% from approximately RMB497.7 million for the year ended 31 December 2023 to approximately RMB754.3 million for the year ended 31 December 2024. Such increase was mainly due to the facts that (1) the Group acquired 80% equity interest in Tianjin Qiyu in early May 2023, so only eight months of its revenue were included in 2023, whereas the entire year of 2024 benefited from this acquisition; and (2) there were mainly three well-performing online games with renowned IPs among the exclusive licensed online games operated by the Group, the latest of which was officially launched in August 2023. Therefore, only five months of its revenue were included in 2023, whereas the entire year of 2024 benefited from this launch.

(ii) Electronic devices sales

Our revenue from electronic devices sales increased by approximately 98.4% from approximately RMB244,000 for the year ended 31 December 2023 to approximately RMB484,000 for the year ended 31 December 2024, which was mainly due to the increase in income generated from the sales or lease of electronic hardware products.

MANAGEMENT DISCUSSION AND ANALYSIS

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 total costs of sales and services for the years ended 31 December 2023 and 2024:

	For the year ended 31 December			
	2024		2023	
	RMB'000	Proportion (%)	RMB'000	Proportion (%)
Online traffic monetization				
Advertising and promoting	1,143,647	98.8	615,775	98.4
Server leasing	12,372	1.1	9,672	1.5
Electronic devices sales				
Smart accessories sales	986	0.1	103	0.1
Total	1,157,005	100.0	625,550	100.0

(i) Online traffic monetization

Cost of online traffic monetization business increased by approximately 84.8% from approximately RMB625.4 million for the year ended 31 December 2023 to approximately RMB1,156.0 million for the year ended 31 December 2024, which was mainly due to the increase in the cost of operation of exclusive licensed online game business, and the increase in the cost of online traffic placement for the expansion of the e-commerce business for mobile devices.

(ii) Electronic devices sales

Cost of electronic devices sales increased by over 100.0% from approximately RMB103,000 for the year ended 31 December 2023 to approximately RMB986,000 for the year ended 31 December 2024, which was mainly due to the increase in cost of sales or lease of electronic hardware products.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The following table sets forth our gross profit (loss) and gross profit (loss) margin by business line for the years ended 31 December 2023 and 2024:

	For the year ended 31 December			
	2024 *RMB'000*	**Gross profit (loss) margin** %	2023 *RMB'000*	Gross profit margin %
Online traffic monetization	**158,573**	**12.1**	164,821	20.9
Electronic devices sales	**(502)**	**(103.7)**	141	57.8
Total gross profit and gross profit margin	**158,071**	**12.0**	164,962	20.9

Our gross profit decreased by approximately 4.2% from approximately RMB165.0 million for the year ended 31 December 2023 to approximately RMB158.1 million for the year ended 31 December 2024, and the gross profit margin was approximately 20.9% and 12.0% for the years ended 31 December 2023 and 31 December 2024, respectively. The decrease in gross profit margin was mainly due to the increase in the proportion of operation of exclusive licensed online game business and e-commerce business for mobile devices, which had lower gross profit margins to the Group's overall businesses.

Other income

Other income decreased by approximately 52.7% from approximately RMB15.1 million for the year ended 31 December 2023 to approximately RMB7.1 million for the year ended 31 December 2024, which was mainly due to a decrease in interest income from bank deposits and governments grants.

Other gains and losses

Other gains and losses increased by over 100.0% from losses of approximately RMB2.1 million for the year ended 31 December 2023 to losses of approximately RMB5.8 million for the year ended 31 December 2024, which was mainly due to provisions made for loss on investment in unlisted equity.

Administrative expenses

Administrative expenses increased by approximately 19.1% from approximately RMB45.4 million for the year ended 31 December 2023 to approximately RMB54.1 million for the year ended 31 December 2024. The increase in administrative expenses was due to the increase in consulting service fees and the reduction in the number of employees for business optimization, which resulted in payment of compensation expenses.

Research and development expenses

Research and development expenses decreased by approximately 9.8% from approximately RMB47.7 million for the year ended 31 December 2023 to approximately RMB43.0 million for the year ended 31 December 2024. The decrease in research and development expenses was mainly due to the reduction in the number of research and development employees for business optimization.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 12.1% from approximately RMB28.1 million for the year ended 31 December 2023 to approximately RMB24.7 million for the year ended 31 December 2024, which was mainly due to a decrease in the remuneration cost of marketing staff.

Taxation

Taxation decreased by approximately 54.6% from approximately RMB6.1 million for the year ended 31 December 2023 to approximately RMB2.8 million for the year ended 31 December 2024. Such decrease in taxation was mainly due to a decrease in the Group's profit before tax and the use of losses not made up in prior years by some subsidiaries.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit and total comprehensive income for the year of the Group decreased by approximately 29.6% from approximately RMB47.3 million for the year ended 31 December 2023 to approximately RMB33.3 million for the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 31 December 2023 and 31 December 2024, our bank balances and cash amounted to approximately RMB533.9 million and approximately RMB442.3 million, respectively.

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

As at 31 December 2024, we did not have any bank borrowings. Accordingly, no gearing ratio is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the years ended 31 December 2023 and 2024:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Purchase of property and equipment	**531**	701
Total	**531**	701

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

SIGNIFICANT INVESTMENTS HELD

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group subscribed 10 Structured Deposit Products offered by China Merchants Bank, details of which are as follows:

i. The Structured Deposit Product Agreement XXXIV

Date: 4 January 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB50 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 21 days

Value date: 5 January 2024

Expiry date: 26 January 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

ii. The Structured Deposit Product Agreement XXXV

Date: 2 February 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB43 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 21 days

Value date: 5 February 2024

Expiry date: 26 February 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

iii. The Structured Deposit Product Agreement XXXVI

Date: 4 March 2024

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

Parties: Anyixun Technology and China Merchants Bank

Amount of the deposit: RMB46 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 21 days

Value date: 5 March 2024

Expiry date: 26 March 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

iv. The Structured Deposit Product Agreement XXXVII

Date: 15 April 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB40 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 14 days

Value date: 16 April 2024

Expiry date: 30 April 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

v. The Structured Deposit Product Agreement XXXVIII

Date: 8 May 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB40 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 21 days

Value date: 9 May 2024

Expiry date: 30 May 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

vi. The Structured Deposit Product Agreement XXXIX

Date: 5 June 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB45 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 21 days

Value date: 6 June 2024

Expiry date: 27 June 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

vii. The Structured Deposit Product Agreement XL

Date: 4 July 2024

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

Parties: Chengdu Qilu and China Merchants Bank

Amount of the deposit: RMB45 million

Type: Principal-guaranteed with floating interest rate

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

Expected maturity interest rate per annum: 1.65% to 2.46%

Term of the deposit: 21 days

Value date: 5 July 2024

Expiry date: 26 July 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

viii. The Structured Deposit Product Agreement XLI

Date: 7 August 2024

Product: Gold-linked Series Bullish Two-tier 61-day Structured Deposit of China Merchants Bank* (招商銀行點金系列看漲兩層區間61天結構性存款)

Parties: Anyixun Technology and China Merchants Bank

Amount of the deposit: RMB43 million

Type: Principal-guaranteed with floating interest rate

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

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

Term of the deposit: 61 days

Value date: 8 August 2024

Expiry date: 8 October 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

ix. The Structured Deposit Product Agreement XLII

Date: 10 October 2024

Product: Gold-linked Series Bullish Two-tier 61-day Structured Deposit of China Merchants Bank* (招商銀行點金系列看漲兩層區間61天結構性存款)

Parties: Anyixun Technology and China Merchants Bank

Amount of the deposit: RMB43 million

Type: Principal-guaranteed with floating interest rate

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

Expected maturity interest rate per annum: 1.85% to 2.46%

Term of the deposit: 61 days

Value date: 11 October 2024

Expiry date: 11 December 2024

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

x. The Structured Deposit Product Agreement XLIII

Date: 16 December 2024

Product: Gold-linked Series Bullish Two-tier 62-day Structured Deposit of China Merchants Bank* (招商銀行點金系列看漲兩層區間62天結構性存款)

Parties: Anyixun Technology and China Merchants Bank

Amount of the deposit: RMB43 million

Type: Principal-guaranteed with floating interest rate

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

Expected maturity interest rate per annum: 1.85% to 2.31%

Term of the deposit: 62 days

Value date: 17 December 2024

Expiry date: 17 February 2025

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

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

As at 31 December 2024, the Structured Deposit Product Agreement XXXIV, Structured Deposit Product Agreement XXXV, Structured Deposit Product Agreement XXXVI, Structured Deposit Product Agreement XXXVII, Structured Deposit Product Agreement XXXVIII, Structured Deposit Product Agreement XXXIX, Structured Deposit Product Agreement XL, Structured Deposit Product Agreement XLI and Structured Deposit Product Agreement XLII have expired and the total amount of the actual interest received from these matured Structured Deposit Products were RMB77,671.23, RMB67,044.66, RMB71,722.19, RMB43,879.45, RMB60,065.75, RMB64,984.93, RMB63,690.41, RMB194,748.77 and RMB176,783.01, respectively.

As at 31 December 2024, the outstanding Structured Deposit Products amounted to RMB43 million. Save as disclosed in this annual report, there were no other significant investments held during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, the Group had no future plan for material investments or capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, we had 181 full-time employees, all of whom are located in the PRC. Specifically, such full-time employees included 2 senior management members, 71 employees who are responsible for sales and marketing, 83 employees who are responsible for research and development and 25 administrative employees.

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

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any pledge of assets.

CONTINGENT LIABILITIES AND GUARANTEES

As at 31 December 2024, the Group did not have any significant contingent liabilities, guarantees or any litigations.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2024 and up to the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tian Ye, aged 44, is the founder of the Group and was appointed as a Director on 7 February 2018. Mr. Tian is also our chief executive officer, general manager and chairman of the Board, responsible for overall strategic planning and overseeing the general management and daily operation of the Group. Mr. Tian holds directorships in 360 Ludashi Consulting Limited, 360 Ludashi Technology Limited, EGO MOBILE PTE. LTD. and Chengdu Qilu. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr. Tian has around 21 years of experience in software development industry. From July 2004 to July 2005, Mr. Tian worked in Kingsoft Corporation Limited (stock code: 03888), whose shares are listed on the Main Board of the Stock Exchange and which is a leading software developer, distributor and service provider in China, as project manager. From August 2005 to December 2009, Mr. Tian was an entrepreneur in the information technology industry. From December 2009 to October 2014, Mr. Tian joined 360 Group as a senior director (高級總監), responsible for software development and management. He then founded the Group in November 2014.

Mr. Tian obtained a bachelor's degree in computer science from Shenyang University of Technology (瀋陽工業大學) in July 2003 and a master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in 2018.

Ms. Jian Lu (簡璐), aged 33, was appointed as an executive Director on 9 December 2024. She is primarily responsible for overseeing and implementing the Group's human resources and public relations management. Ms. Jian holds directorships in Chengdu Qilu and Anyixun Technology.

Ms. Jian has over 10 years of experience in the human resources and public relations management industry. From July 2014 to July 2015, she worked as a Human Resources Specialist at Chengdu Chutang Network Technology Co., Ltd.* (成都初唐網絡科技股份有限公司), a company listed on the National Equities Exchange and Quotations from June 2016 to October 2018. From July 2015 to September 2017, she served as a Human Resources Supervisor at Chengdu Yunyao Interactive Technology Co., Ltd.* (成都雲遙互動科技有限公司), a company primarily engaged in beauty video marketing. In October 2017, Ms. Jian joined the Group as a Human Resources Manager. Since January 2021, she has been serving as the Deputy Director of the Group's President's Office, overseeing human resources management and executing public relations maintenance.

Ms. Jian obtained a Bachelor's degree in Labor Relations from the China University of Labor Relations in July 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Li Xin (李鑫), aged 34, was appointed as a non-executive Director on 12 June 2024. He is primarily responsible for overseeing the management and strategic planning of the Group. Mr. Li holds directorship in Chengdu Qibu.

Mr. Li has approximately 13 years of experience in the software development and the Internet advertising traffic distribution industries. From 2011 to 2013, Mr. Li founded Shanghai Tuizhong Network Technology Studio* (上海推眾網絡科技工作室), which was mainly engaged in PC software distribution business. From 2013 to 2017, Mr. Li worked at Shanghai Gaoxin Computer System Company Limited* (上海高欣計算機系統有限公司) as a project director. Since 2017, Mr. Li has been working at Shanghai Dongfangwang Digital Technology Company Limited* (上海東方網數字科技股份有限公司) (formerly known as Shanghai Songheng Network Technology Company Limited* (上海嵩恒網絡科技股份有限公司)) and currently serves as project manager, operation director and deputy general manager. Since 2020, Mr. Li has also been serving as a director of Shanghai Songmei Network Technology Company Limited* (上海嵩媒網絡科技有限公司), Weipin (Zhejiang) E-commerce Company Limited* (微拼(浙江)電子商務有限公司) and Chongqing Yuepin Technology Company Limited* (重慶閱品科技有限公司), all of which are subsidiaries of Shanghai Dongfangwang Digital Technology Company Limited.

Mr. Li has obtained computer application technology diploma from the University of Electronic Science and Technology of China in June 2024.

Mr. Liu Wei, aged 47, was appointed as a non-executive Director on 29 June 2020. Mr. Liu is responsible for overseeing the management and strategic planning of the Group.

Mr. Liu has more than 25 years of experience in the investment and management field. Since August 2000, Mr. Liu has served multiple management positions at various investment firms, such as the investment director of Fosun International Limited (復星國際有限公司) (the shares of which are listed on the Stock Exchange (stock code: 656)), the investment director of Shanda Capital* (盛大資本), and the general manager of Ping'an Ventures Investment Fund* (平安創新投資基金). Mr. Liu worded at 360 Group from July 2014 to November 2020, and was successively responsible for the business segments of "360 Capital", "360 Innovative Research" and "360 Financing", he served as vice president when he left 360 Group. Mr. Liu joined Tianjin Jincheng Bank Co., Ltd. in April 2021 and currently serves as Chairman of the board.

From September 2018 to November 2022, Mr. Liu served as a director of Qifu Technology, Inc. (formerly known as 360 DigiTech, Inc.) (the shares of which are listed on NASDAQ (stock code: QFIN) and the Stock Exchange (stock code: 3660)).

Mr. Liu graduated from Shanghai University of International Business and Economics (上海對外經貿大學) majoring in international trade with a bachelor's degree in economics in July 2001.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Dan, aged 45, was appointed as a non-executive Director on 29 June 2020. Mr. Zhao is responsible for overseeing the management and strategic planning of the Group.

Mr. Zhao has 19 years of experience in the accounting and audit field. From September 2006 to November 2007, Mr. Zhao worked at the Shanghai branch of KPMG Huazhen LLP*(畢馬威華振會計師事務所(特殊普通合夥)). From November 2007 to January 2013, Mr. Zhao worked in the internal audit department of Alibaba Group Holding Limited(阿里巴巴集團控股有限公司)(the shares of which are listed on the Stock Exchange (stock code: 9988) and the New York Stock Exchange (stock code: BABA)). In January 2013, Mr. Zhao joined 360 Group, and is currently serving as the vice president of 360 Group.

Since May 2020, Mr. Zhao has been a director of Qifu Technology, Inc. (formerly known as 360 DigiTech, Inc.) (the shares of which are listed on NASDAQ (stock code: QFIN) and the Stock Exchange (stock code: 3660)). Mr. Zhao has been serving as a director of Huafang Group Inc., from July 2021 to December 2024, whose shares are listed on the Stock Exchange (stock code: 3611) from December 2022 to December 2024.

Mr. Zhao obtained a bachelor's degree in international business management in July 2002 from University of Shanghai for Science and Technology(上海理工大學), and a master's degree in international business economics in December 2004 from University of Konstanz, Germany. He obtained a professional qualification of Certified Internal Auditor in November 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Yang, aged 42, an independent non-executive Director, was appointed to the Board on 5 June 2019. Mr. Li is responsible for supervising and providing independent judgement to the Board. He is also a member of each of the Nomination Committee and Audit Committee.

Mr. Li has been an associate professor of marketing of Cheung Kong Graduate School of Business(長江商學院)since July 2012. Mr. Li has been serving as an independent director of Dr Corporation Limited, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 301177) since January 2020. Since May 2024, he has been appointed as an independent non-executive director of Shanghai Chicmax Cosmetic Co., Ltd. (the shares of which are listed on the Stock Exchange (stock code: 2145)).

Mr. Li obtained a bachelor's degree in electronic information science and technology in July 2005 from Peking University, a master of science degree in biomedical engineering in February 2007, a master of philosophy degree in management and a doctor of philosophy degree in management both in May 2012 from Columbia University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Xinyu, aged 54, an independent non-executive Director, was appointed to the Board on 5 June 2019. Mr. Wang is responsible for supervising and providing independent judgement to the Board. He is also the chairman of the Remuneration Committee and a member of each of the Nomination Committee and Audit Committee.

In September 1998, Mr. Wang founded Beijing Jingtianwei Technology Development Company Limited*(北京京天威科技發展有限公司), which is principally engaged in design and sale of locomotive software, and served as its general manager from September 1998 to August 2010. In March 2011, Mr. Wang founded Suzhou Huaxing Zhiyuan Electronics Technology Company Limited*(蘇州華興致遠子科技有限公司), which is principally engaged in electronic technology development and was acquired by China High Speed Railway Technology Co., Ltd(神州高鐵技術股份有限公司)(stock code: 000008) whose shares are listed on the Shenzhen Stock Exchange in 2015. In June 2016, Mr. Wang founded Suzhou Eavision Robotics Technology Company Limited*(蘇州極目機器人科技有限公司) which is engaged in robotics technology development.

Mr. Wang obtained a bachelor's degree in industrial electronic automation in July 1992 from Lanzhou Railway College*(蘭州鐵道學院)(currently known as Lanzhou Jiaotong University(蘭州交通大學)), and a doctor's degree in systems engineering in July 2009 from Beijing Jiaotong University(北京交通大學).

Mr. Zhang Ziyu, aged 41, an independent non-executive Director, was appointed to the Board on 5 June 2019. Mr. Zhang is responsible for supervising and providing independent judgement to the Board. He is also the chairman of the Audit Committee and a member of the Remuneration Committee.

From September 2006 to January 2010, Mr. Zhang worked at Deloitte Touche Tohmatsu Hong Kong office, with his last position as a senior associate of the audit department. In October 2010, he joined the finance department in China Resources (Holdings) Co., Ltd(華潤(集團)有限公司)and was a senior manager when he left the firm. Mr. Zhang subsequently served as an Assistant Vice President of the Listing and Regulatory Affairs Division of Hong Kong Exchanges and Clearing Limited, responsible for compliance and regulatory affairs, from September 2014 to October 2015. From May 2016 to September 2020, Mr. Zhang worked in China Tian Yuan Finance Group (Holdings) Limited(中國天元金融集團(控股)有限公司)and served as the president when he resigned from the company. From September 2020 to August 2022, Mr. Zhang served as the co-chief executive officer of Tonsin Financial Holdings Limited(東新金控有限公司). From September 2022 to September 2023, Mr. Zhang served as the chief executive officer of Ark Global Investment Limited(方舟環球投資有限公司). Since October 2023, Mr. Zhang serves as the chief executive officer of Coreconnect Holding Limited.

Mr. Zhang obtained a bachelor's degree in business administration in November 2006 from Lingnan University, a master's degree in finance in November 2013 and a postgraduate diploma in commercial law in September 2016 from The University of Hong Kong. He has been a non-practicing member of Hong Kong Institute of Certified Public Accountants since January 2010, a fellow member of the Association of Chartered Certified Accountant since June 2016, and a member of CFA Institute since September 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Tian Ye is the chief executive officer and general manager of the Company. For biographical details of Mr. Tian, please refer to the paragraph headed "Executive Directors" in this section above.

Mr. He Shiwei, aged 54, is our chief technology officer, principally responsible for overseeing research and technology development of the Group. Mr. He served as an executive Director of the Company from 26 August 2018 to 9 December 2024.

Mr. He has more than 24 years of experience in the software development industry. From March 2000 to April 2002, he worked in Beijing Luosen Technology Company Limited*（北京絡森科技有限公司）as chief technology officer. From May 2002 to November 2009, Mr. He served in Beijing Wanxun Botong Technology Development Company Limited*（北京萬訊博通科技發展有限公司）as a manager of the development department. From December 2009 to November 2014, he worked at 360 Group as a technology manager（技術經理）. In November 2014, he joined Chengdu Qilu and has been serving as chief technology officer since then.

Mr. He obtained a bachelor's degree in computer science from the Tianjin University（天津大學）in July 1992.

COMPANY SECRETARY

Mr. Cheng Ching Kit, was appointed as the company secretary of the Company on 30 August 2018. Mr. Cheng is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider, and has over 12 years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since 2018. In addition, he holds a bachelor of commerce degree in finance from the University of Queensland in Australia and a master's degree in laws (Chinese Law) from The University of Hong Kong.

DIRECTORS' REPORT

The Board presents the Directors' report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group develops a series of PC and mobile devices 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, among which "Ludashi Software（魯大師軟件）" is 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. The Group has accumulated a large user base through providing free download and installation of Ludashi Software so that we monetize by online advertising, online game platforms and operation of exclusive licensed online game business.

RESULTS OF OPERATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 107 to 109 of this annual report.

FINANCIAL SUMMARY

The financial summary of the Group from 2020 to 2024 is set out in the section headed "Financial Summary" on page 183 of this annual report.

BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the year ended 31 December 2024 are set out in the section headed "Management Discussion and Analysis" on pages 6 to 26 of this annual report.

KEY RISKS AND UNCERTAINTIES

The Group is subject to the following key risks and uncertainties in its operations:

- if we fail to continue to innovate and provide attractive products and services to attract and retain users, we may lose customers for our revenue generating services;

- if we fail to protect our proprietary data and user data, our reputation and business could be negatively affected;

- adverse changes in policies and economic environment may lead to a decrease in the revenue of our online advertising services business;

- due to the fierce competition in the online advertising services business, our customers may change to other platforms for advertising, and the advertisement volume on our platforms may be reduced accordingly;

- the intellectual properties of the exclusive licensed online games operated by the Group may be infringed by third parties, leading to a reduction in our gains;

- failure to obtain, renew or retain licenses, permits or approvals, or failure to comply with applicable laws and regulations may affect our ability to conduct our business;

- our business depends on a strong brand and reputation, and we may not be able to maintain and enhance our brand or reputation or may suffer negative publicity;

- the Group's new online games may not be commercially successful and the Group may not be able to attract new game players;

- the Group may face risks related to insufficient understanding of new businesses when exploring new ventures; and

- the laws and regulations regulating online games in the PRC continue to evolve and change, and the Group may not be able to obtain or maintain all applicable permits and approvals.

EVENTS AFTER THE REPORTING PERIOD

Events after the Reporting Period (if any) are set out in the paragraph headed "Events after the Reporting Period" of the section headed "Management Discussion and Analysis" on page 26 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of our business, we did not have any environmental issues that could have any material impact on our financial condition or business operations under the relevant environmental laws and regulations applicable to the Group's business and operations.

The Group values environmental protection and continues to pay attention to the impact of its business operations on the environment. For details of the Group's environmental policies and performance, please refer to the "2024 Environmental, Social and Governance Report" set out on pages 73 to 102 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group's operation of online game business is considered to be a value-added telecommunications business in the PRC, a sector where foreign investment is subject to significant restrictions under the present PRC laws and regulations. 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). For details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in this annual report.

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 track record 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 annual 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 or Internet cultural business 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.

DIRECTORS' REPORT

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success depends on the support from key stakeholders which comprise its Directors and senior management members, employees, customers and suppliers.

Employees

As at 31 December 2024, we had 181 full-time employees, all of whom are mainly located in the PRC. Specifically, such full-time employees included 2 senior management members whose biographies are set out on page 27 in this annual report, 71 employees who are responsible for sales and marketing, 83 employees who are responsible for research and development and 25 administrative employees. During the Reporting Period, we have not experienced any strikes or labor disputes that have a significant impact on the Company's business activities. Our future success depends on the competence and efforts of our experienced management team and high-tech personnel. Due to the fierce competition for talents in the Internet industry, the Group will continue to enhance our ability to attract new employees and retain and motivate existing management teams and high-tech personnel in the future.

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 invest in continuing education and training programs for our management personnel and other employees with a view to constantly upgrading their 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 that they have understanding of the Group and the necessary skills to perform their duties. In accordance with the applicable PRC laws and regulations, we have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident funds for our employees. In addition, as one of the employee benefits, we provide supplemental commercial medical insurance for our employees and their children.

Customers

The Group's customers of online advertising services acquire exposure to a vast number of users of utility software of Ludashi through the Group's different types of advertising services, which contributes online user traffic and viewers to their products. Customers of our online game business are mainly players on the Group's online game platforms. Customers of operation of exclusive licensed online game business are mainly players who play games published exclusively under the exclusive license of the Group. The customers of our e-commerce business for mobile devices are primarily partners selling products on domestic e-commerce platforms who require our advertising traffic services to generate traffic effects. Customers of our electronic devices sales are mainly enterprises who purchase for resale and individuals who purchase and use electronic devices.

Our ability to attract, retain, and engage our user base and to increase our revenue depends heavily on our ability to continue to provide high-quality free-of-charge hardware and system benchmarking and monitoring services. We shall continue to improve our existing products and user experience in order to stay competitive. In the future, the Group will continue to innovate and provide attractive products and services, so as to maintain competitive, keep its user base and retain its customers.

DIRECTORS' REPORT

For the year ended 31 December 2024, revenue from the top five customers of the Group accounted for approximately 35.7% of the Group's total revenue, and revenue from the largest customer of the Group accounted for approximately 11.2% of the Group's total revenue.

360 Group, which is interested in approximately 16.91% of the issued share capital of the through True Thrive Company as at the date of this annual report, is one of the five largest customers of the Group.

Save as disclosed above, to the best knowledge of the Directors, for the year ended 31 December 2024 and up to the date of this annual report, none of the Directors or any of their close associates or any Shareholders, which hold more than 5% of the Company's issued shares, had any interests in our five largest customers.

Suppliers

The Group's suppliers include online traffic suppliers, advertising and promotion service suppliers, server leasing service suppliers and electronic devices suppliers. To ensure the continuity and timeliness of the supply chain, we have always maintained good business relationships with our suppliers.

For the year ended 31 December 2024, purchases from the top five suppliers of the Group accounted for approximately 48.4% of the Group's total purchase amount, and purchases from the largest supplier accounted for approximately 15.4% of the Group's total purchase amount.

360 Group, which is interested in approximately 16.91% of the issued share capital of the Company through True Thrive as at the date of this annual report, is one of the five largest suppliers of the Group.

Save as disclosed above, to the knowledge of the Directors, during the year ended 31 December 2024 and up to the date of this annual report, none of the Directors, their respective close associates or any Shareholders, which hold more than 5% of the Company's issued shares, had any interests in our top five suppliers.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the audited consolidated financial statements.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.10 per Share for the year ended 31 December 2024 (2023: Nil). The proposed final dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting and is expected to be paid on 25 June 2025 to the Shareholders whose names appear on the register of members of the Company at the close of business on 4 June 2025.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on 26 May 2025. The register of members of the Company will be closed from 21 May 2025 to 26 May 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 20 May 2025.

DIRECTORS' REPORT

For the purpose of determining the entitlement of Shareholders to the proposed final dividend, the register of members of Company will be closed from 2 June 2025 to 4 June 2025, both days inclusive, during which no share transfers will be registered. In order to be qualified for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 30 May 2025.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 32 to the audited consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2024 are set out in note 24 to the audited consolidated financial statements.

RESERVES

The Company's reserves available for distribution as at 31 December 2024 was RMB673.7 million. Details of the movements in the reserves of the Company during the year ended 31 December 2024 are set out in section headed "Consolidated Statement of Changes in Equity" to the audited consolidated financial statements.

ISSUE OF DEBENTURE

The Group has not issued any debentures during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchanges (including the sale or transfer of treasury shares).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands being the jurisdiction in which the Company is incorporated, under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DONATIONS

During the year ended 31 December 2024, the Group donated daily necessities to the targeted assistance villages for rural revitalization, amounting to approximately RMB20,000 (2023: Nil).

DIRECTORS

The Directors during the Reporting Period and as of the date of this annual report are:

Executive Directors

Mr. Tian Ye *(Chairman)*
Ms. Jian Lu (appointed on 9 December 2024)
Mr. He Shiwei[1] (resigned on 9 December 2024)

Non-executive Directors

Mr. Li Xin (appointed on 12 June 2024)
Mr. Liu Wei
Mr. Zhao Dan
Mr. Sun Chunfeng[2] (resigned on 12 June 2024)

DIRECTORS' REPORT

Independent non-executive Directors

Mr. Li Yang
Mr. Wang Xinyu
Mr. Zhang Ziyu

Notes:

1. Mr. He Shiwei has resigned as an executive Director with a view to devoting more time and energy to the product technology and research and development areas and to enabling the Company to meet diversity requirement of the Board through the appointment of a female Director as his replacement, with effect from 9 December 2024.

2. Mr. Sun Chunfeng has resigned as a non-executive Director to spend more time on his personal endeavors and personal work arrangements, with effect from 12 June 2024.

The biographical details of the Directors and senior management are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

In accordance with Article 83(3) of the Articles of Association, Ms. Jian Lu and Mr. Li Xin shall retire at the AGM and, being eligible, offer themselves for re-election.

In accordance with Article 84 of the Articles of Association, Mr. Tian Ye and Mr. Liu Wei shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

There was no service contract entered into/letter of appointment signed by the Company and any Directors to be re-elected at the forthcoming AGM which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmation form each of the independent non-executive Directors in respect of his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 27 to the consolidated financial statements and in the section headed "Connected Transactions" of the Directors' Report in this annual report, none of the Directors or an entity connected with the Directors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company, its holding company or any of its subsidiaries or fellow subsidiaries during the year ended 31 December 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Relationship with Controlling Shareholders" in the Prospectus, none of the Directors or their respective close associates had interests in business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

DEED OF NON-COMPETITION

Mr. Tian Ye and Dashi Technology Holdings (each a "**Covenantor**", collectively, the "**Covenantors**") entered into the deed of non-competition with and in favor of the Company (for itself and as trustee for each of its subsidiaries) on 9 September 2019 (the "**Deed**"). Pursuant to the Deed, each of the Covenantors has irrevocably, unconditionally and severally undertaken with the Company that, among others, for as long as the Shares remain listed on the Stock Exchange and the Covenantors are individually or collectively with any of their respective close associates interested directly or indirectly in not less than 30% of the voting power in general meetings of the Company, each Covenantor shall not, and shall procure that their respective close associates will not, directly or indirectly, carry on, develop, invest in, engage in, participate or be interested in or acquire or hold any right or interest in or otherwise be involved in any business in competition with or likely to be in competition with the existing business (the "**Restricted Business**") carried on by the Group in the PRC and any part of the world and/or directly or indirectly take any action which constitutes an interference with or a disruption of the Restricted Business.

Particulars of the Deed are set out in the section headed "Relationship with Controlling Shareholders – Non-competition undertaking by Mr. Tian and Dashi Technology Holdings" in the Prospectus.

Each of Mr. Tian Ye and Dashi Technology Holdings has provided an annual confirmation to the Company regarding their compliance with the Deed for the year ended 31 December 2024. The independent non-executive Directors have reviewed each of the Covenantors' compliance with the Deed, evaluated its effective implementation and were satisfied with the Covenantors' compliance with the Deed for the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

REMUNERATION OF DIRECTORS

In compliance with the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. Directors' remuneration is subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group. No Directors, or any of their respective associates, was involved in deciding his/her own remuneration.

Details of the remuneration of the Directors and the five highest paid individuals during the year ended 31 December 2024 are set out in note 11 to the audited consolidated financial statements.

During the year ended 31 December 2024, none of the Directors had waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against its Directors and officers.

EQUITY-LINKED AGREEMENT

Except for the Share Option Scheme as defined and disclosed under the section headed "Share Option Scheme" in this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024.

SHARE SCHEME

Share Option Scheme

The Company adopted the Share Option Scheme on 9 September 2019, under which certain selected persons may be granted options to subscribe for the Shares to motivate them to optimize their future contributions to the Group.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (b) below) for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time.

(b) Eligible persons

The Board may, at its absolute discretion, offer eligible persons (being any director or employee (whether full time or part time), consultant or professional adviser of the Group who in the sole discretion of the Board has contributed to and/or will contribute to the Group) (the "**Eligible Persons**") options to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

(c) Maximum number of Shares to be issued

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue (excluding treasury shares) from time to time. At the time of adoption by the Company of the Share Option Scheme or any new share option scheme (the "**New Scheme**"), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time of the Company must not in aggregate exceed 26,000,000 Shares, representing 10% of the total number of the Shares in issue (excluding treasury shares) as at the Listing Date (representing 9.67% of the total number of the Shares in issue as at the date of this annual report).

DIRECTORS' REPORT

(d) Maximum entitlement of each participant

No option shall be granted to any Eligible Person if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all options (including options exercised, cancelled or outstanding) to the relevant Eligible Person in the 12-month period expiring on the date on which a new offer of the grant of an option under the Share Option Scheme is made to the relevant Eligible Person would exceed 1% of the total number of Shares in issue (excluding treasury shares) at such time.

(e) Period of option

The date of grant of any particular option is the date on which the offer relating to such option is duly accepted by the grantee in accordance with the Share Option Scheme. An option may be exercised according to the terms of the Share Option Scheme and the offer in whole or in part by the grantee (or his/her personal representatives) before its expiry by giving notice in writing to the Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. Such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Share Option Scheme.

(f) Exercise price

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be a price solely determined by the Board and notified to all Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer to grant option; and (iii) the nominal value of the Share. A consideration of RMB1 is payable on acceptance of the offer of an option or options.

(g) Remaining life of the scheme

The Share Option Scheme shall be valid and effective for the period commencing on the Listing Date and ending on the tenth anniversary of the Listing Date (both dates inclusive). Subject to any early termination as may be determined by the Board, the remaining life of the Share Option Scheme is around 5 years as of the date of this annual report.

As at 1 January 2024 and 31 December 2024, the number of options available for grant under the Share Option Scheme was 26,000,000. During the year ended 31 December 2024 and up to the date of this annual report, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor any options were outstanding under the Share Option Scheme. Accordingly, the number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue is nil.

DIRECTORS' REPORT

Share Award Scheme

The Company did not adopt any share award scheme.

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

As at 31 December 2024, 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:

(i) Interest in the Shares

Name of Directors/ Chief Executive	Capacity	Nature of Interests	Number of Shares	Approximate Percentage of the Issued Share Capital of the Company (%)
Mr. Tian Ye[1]	Interest in controlled corporations	Long position	91,415,057	33.98

Note:

1. Dashi Technology Holdings and True Thrive hold approximately 17.07% and 16.91% 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 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. 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.

Save as disclosed above, as at 31 December 2024, 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.

DIRECTORS' REPORT

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

As at 31 December 2024, to the best knowledge of the Directors or 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	91,415,057	33.98
True Thrive (Notes 2 and 3)	Beneficial owner	Long position	45,496,082	16.91
360 Technology (Notes 2 and 3)	Interest in a controlled corporation	Long position	45,496,082	16.91
360 (Notes 2 and 3)	Interest in a controlled corporation	Long position	45,496,082	16.91
Qixin Zhicheng (Notes 2 and 3)	Interest in a controlled corporation	Long position	45,496,082	16.91
Zhou Hongyi (周鴻禕) (Notes 2 and 3)	Interest in a controlled corporation	Long position	45,496,082	16.91
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
Dongfangwang Digital Technology (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

DIRECTORS' REPORT

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 Dongfangwang Digital Technology, which is in turn controlled by Shanghai Dongfangwang. Songyuan International, Shanghai Gaoxin, Dongfangwang Digital Technology and Shanghai Dongfangwang are therefore deemed to be interested in all the Shares held by Songchang International. Shanghai Dongfangwang is the controlling shareholder of Dongfangwang Digital Technology, 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 34.3077% of Dongfangwang Digital Technology. 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, so far as known to the Directors, as at 31 December 2024, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" in this annual report, at no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or any of its holding companies or any of subsidiaries of its holding companies a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

EMPLOYEE RETIREMENT BENEFITS

The Group has mainly participated in a contribution pension scheme subsidized by governmental entities. The Group pays the required amount of contribution, which is based on a certain percentage of employees' base salary, to the scheme on a monthly basis. Pursuant to the pension scheme, the Group does not have any other material statutory or committed obligations in respect of such scheme. During the Reporting Period, there were no forfeited contributions under the Group's contribution pension scheme, and there were no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the public float of the Company has satisfied the percentage prescribed in the Listing Rules as of the date of this annual report.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

Details of the non-exempt continuing connected transactions of the Group entered into during the year ended 31 December 2024 are as follows:

Transactions	Total Actual Annual Transaction Amount for the Year Ended 31 December 2024 *(RMB million)*	Proposed Annual Cap for the Year Ended 31 December 2024 *(RMB million)*
Continuing connected transactions with 360 Group		
360 Master Sales Agreement	101.9	135.0
360 Master Purchase Agreement (as amended by the supplemental agreement)	54.3	264.5
Continuing connected transactions with Dongfangwang Digital Technology		
Songheng Master Sales Agreement	–	17.0
Contractual Arrangements Note		
Dividends or other distributions made by Chengdu Qilu to the holders of its equity interests	Nil	N/A

Note:

Stock Exchange Waiver and Annual Renewal

In terms of the Contractual Arrangements, the Stock Exchange has granted a waiver that as long as the Company complies with the conditions disclosed on pages 323 to 325 of the Prospectus, it is exempted from strict compliance with the following matters: (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to WFOE under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements at three years or less, for so long as the Shares are listed on the Stock Exchange.

I. Continuing Connected Transactions with 360 Group

1. *360 Master Sales Agreement*

The Group provided online advertising services principally through homepage directing and banner advertising to 360 Group. The Group also generated revenue from Star World, a wholly-owned subsidiary of 360 Technology, through operation of the online games of Star World on the Group's online game platforms.

DIRECTORS' REPORT

On 2 November 2021, the Company and 360 Technology entered into a master sales agreement (the "**360 Master Sales Agreement 2022-2024**") to renew the master sales agreement entered into by the Company and 360 Technology dated 18 September 2019 which sets out the terms and conditions upon which the members of the Group will provide services to 360 Group. The 360 Master Sales Agreement 2022-2024 is for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. Upon expiry of the term, the 360 Master Sales Agreement 2022-2024 will, subject to the requirements of the Listing Rules, be renewed for further period of three years by mutual agreement.

360 Technology is a substantial Shareholder of the Company, and hence a connected person of the Company. As one or more the percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules will on an annual basis be more than 5% and the relevant annual caps exceed HK$10,000,000, the 360 Master Sales Agreement 2022-2024 and the transactions contemplated thereunder shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The above transactions have been approved by the independent Shareholders at the extraordinary general meeting of the Company held on 28 December 2021.

2. *360 Master Purchase Agreement (as supplemented by the Supplemental Agreement)*

The Group leased servers from 360 Group for data processing and storage purpose (the "**Server Leasing Service**"), and procured other Internet Services from 360 Group to promote the exclusive licensed online games operated by the Group.

On 2 November 2021, the Company and 360 Technology entered into a master purchase agreement (the "**360 Master Purchase Agreement 2022-2024**") to renew the master purchase agreement entered into by the Company and 360 Technology dated 18 September 2019 which sets out the terms and conditions upon which the members of the Group will procure services from 360 Group. The 360 Master Purchase Agreement 2022-2024 is for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. Upon expiry of the term, the 360 Master Purchase Agreement 2022-2024 will, subject to the requirements of the Listing Rules, be renewed for further period of three years by mutual agreement. In view of the development of the Group's exclusive licensed online game business and the increasing demand of the advertising traffic services and other Internet services required by the Group, on 21 August 2023, the Company and 360 Technology entered into a supplemental agreement (the "**Supplemental Agreement**") to increase the annual caps for the year ended 31 December 2023 and the year ending 31 December 2024.

360 Technology is a substantial Shareholder of the Company, and hence a connected person of the Company. As one or more of the percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules will on an annual basis be more than 5% and the relevant annual caps exceed HK$10,000,000, the 360 Master Purchase Agreement 2023-2024 (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The above transactions have been approved by the independent Shareholders at the extraordinary general meeting of the Company held on 26 September 2023.

DIRECTORS' REPORT

II. Continuing Connected Transactions with Dongfangwang Digital Technology

Songheng Master Sales Agreement

The Group provided online advertising services principally through mini-page advertising to Dongfangwang Digital Technology in the past.

On 2 November 2021, the Company and Dongfangwang Digital Technology entered into a master sales agreement (the "**Songheng Master Sales Agreement 2022-2024**") to renew the master sales agreement entered into by the Company and Dongfangwang Digital Technology dated 18 September 2019 which sets out the terms and conditions upon which the members of the Group will provide services to Dongfangwang Digital Technology and/or its subsidiaries. The Songheng Master Sales Agreement 2022-2024 is for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. Upon expiry of the term, the Songheng Master Sales Agreement 2022-2024 will, subject to the requirements of the Listing Rules, be renewed for further period of three years by mutual agreement.

Dongfangwang Digital Technology is a substantial Shareholder of the Company and hence a connected person of the Company. As one or more of the percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules will on an annual basis be more than 0.1% but less than 5% and the relevant annual caps exceed HK$3,000,000, the Songheng Master Sales Agreement 2022-2024 and the transactions contemplated thereunder shall be subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

III. Contractual Arrangements

No dividend nor other distribution was made by Chengdu Qilu to the holders of its equity interests for the year ended 31 December 2024. Please refer to the section headed "**Contractual Arrangements**" in this annual report for further details.

DIRECTORS' REPORT

IV. Auditor's Confirmation in Relation to the Continuing Connected Transactions and the Contractual Arrangements

ZHONGHUI ANDA CPA Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. ZHONGHUI ANDA CPA Limited has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in connection with 360 Master Sales Agreement 2022-2024, 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement), Songheng Master Sales Agreement 2022-2024 and the Contractual Arrangements for the year ended 31 December 2024 in accordance with Rule 14A.56 of the Listing Rules, with an emphasis of matter paragraph in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the continuing connected transactions in connection with the Contractual Arrangements for the year ended 31 December 2024.

The auditor has concluded in its unqualified letter that with regard to the continuing connected transactions in connection with 360 Master Sales Agreement 2022-2024, 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement), Songheng Master Sales Agreement 2022-2024 and the Contractual Arrangements for the year ended 31 December 2024:

(i) nothing has come to its attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to its attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(iv) with respect to the aggregate amount of the continuing connected transactions in connection with 360 Master Sales Agreement 2022-2024, 360 Master Purchase Agreement (as supplemented by the Supplemental Agreement) and Songheng Master Sales Agreement 2022-2024, nothing has come to its attention that causes the auditor to believe that the continuing connected transactions have exceeded the annual caps as set by the Company; and

(v) with respect to the Contractual Arrangements with Chengdu Qilu and the Relevant Share-holders of Chengdu Qilu, nothing has come to its attention that causes the auditor to believe that there were any dividends or other distributions made by Chengdu Qilu to the holders of the equity interests of Chengdu Qilu.

DIRECTORS' REPORT

V. Independent Non-executive Directors' Confirmation in Relation to the Continuing Connected Transactions and the Contractual Arrangements

The independent non-executive Directors of the Company have reviewed the continuing connected transactions and Contractual Arrangements outlined above, and confirmed that such continuing connected transactions and Contractual Arrangements had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTRACTUAL ARRANGEMENTS

The Group is engaged in online monetization in the form of online advertising and online game business. The operation of the online game business is subject to foreign investment restrictions under the PRC laws and regulations. As such, the Group operates the online game business through the PRC Operating Entities, namely Chengdu Qilu and its subsidiaries, 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) Dongfangwang Digital Technology 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 has become entitled to all the economic benefits derived from their operations.

Restrictions on Foreign Ownership

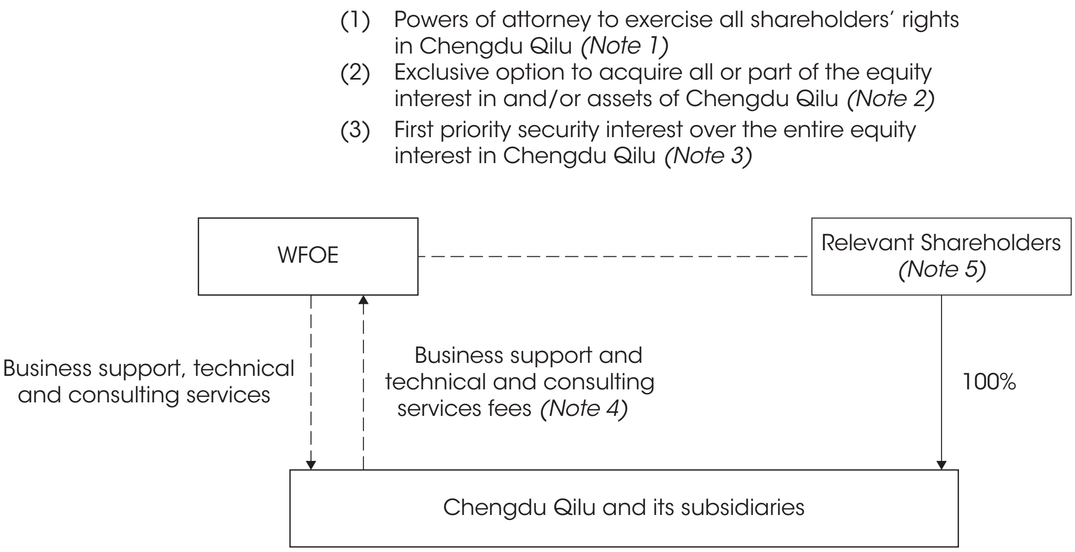
Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment*（外商投資准入特別管理措施（負面清單））and the Catalogue of Industries for Encouraging Foreign Investment*（鼓勵外商投資產業目錄）, (collectively the "**Catalogues**"), which were promulgated and are amended from time to time jointly by the Ministry of Commerce and the National Development and Reform Commission of the PRC. The Catalogues divide industries into three categories in terms of foreign investment, namely "encouraged," "restricted" and "prohibited", and all industries not listed under any of these categories are deemed to be "permitted".

Our business of operating online games that the PRC Operating Entities engage in is under the categories of "prohibited" and "restricted". Therefore, the Contractual Arrangements are used to enable us to conduct business that is subject to foreign investment restrictions in mainland China. We will unwind and terminate the Contractual Arrangements wholly or partially once our business is no longer subject to foreign investment prohibitions or restrictions.

DIRECTORS' REPORT

As foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations outlined above, it was not viable for the Company to hold Chengdu Qilu and its subsidiaries directly through equity ownership. In line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by Chengdu Qilu and its subsidiaries through the Contractual Arrangements between WFOE, on the one hand, and Chengdu Qilu and the Relevant Shareholders, on the other hand. 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 HKFRSs as if they were wholly-owned subsidiaries of the Group.

The following simplified diagram illustrates the flow of economic benefits from Chengdu Qilu and its subsidiaries to the Group stipulated under the Contractual Arrangements:



Notes:

(1) Please refer to "– Contractual Arrangements – Voting Rights Proxy Agreement and Powers of Attorney" in the Prospectus for details.

(2) Please refer to "– Contractual Arrangements – Exclusive Option Agreement" in the Prospectus for details.

(3) Please refer to "– Contractual Arrangements – Share Pledge Agreement" in the Prospectus for details.

(4) Please refer to "– Contractual Arrangements – Exclusive Business Cooperation Agreement" in the Prospectus for details.

(5) The Relevant Shareholders are Qihu Technology, Mr. Tian Ye, Dongfangwang Digital Technology and Qilu Haochen, holding 41.6667%, 28.1155%, 23.8095% and 6.4083% in Chengdu Qilu, respectively. " → "denotes direct legal and beneficial ownership in the equity interest and " ⇢ " denotes contractual relationship.

The Contractual Arrangements comprise the following agreements: the Exclusive Option Agreement, the Exclusive Business Cooperation Agreement, the Share Pledge Agreement and the Voting Rights Proxy Agreement and Powers of Attorney as defined and with details set out below.

DIRECTORS' REPORT

Business Overview of the PRC Operating Entities

All of Chengdu Qilu and its subsidiaries 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, referred to as the "Internet Content Provider License". WFOE, namely Anyixun Technology, entered into the Contractual Arrangements with the PRC Operating Entities and the Relevant Shareholders, where applicable, in order to conduct the business of online game operation in the PRC and to assert management control over the operations of, and enjoy all economic benefits from, each of the 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 the Group, through Chengdu Qilu, and all risks arising from the business of the PRC Operating Entities are also effectively borne by Chengdu Qilu.

SUMMARY OF THE MAJOR TERMS OF THE CONTRACTUAL ARRANGEMENTS

Exclusive Option Agreement

Chengdu Qilu and the Relevant Shareholders entered into an exclusive option agreement with WFOE on 31 August 2018 (the "**Exclusive Option Agreement**"), pursuant to which WFOE (or a party designated by it, the "**designee**") was granted an irrevocable and exclusive right to purchase from the Relevant Shareholders and/or Chengdu Qilu all or any part of their equity interests in Chengdu Qilu for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Relevant Shareholders shall return any amount of purchase price they have received to WFOE.

At WFOE's request, the Relevant Shareholders will promptly and unconditionally transfer their respective equity interests in Chengdu Qilu to WFOE (or its designee) after WFOE exercises its purchase right. The Exclusive Option Agreement is for an initial term of ten years and is automatically renewable upon expiry until the purchased equity interests have been transferred to WFOE and/or its representatives or a new renewed term confirmed by WFOE in writing is expired.

In order to prevent the flow of the assets and value of Chengdu Qilu and its subsidiaries to the Relevant Shareholders, during the term of the Exclusive Option Agreement, Chengdu Qilu is not allowed to, and shall procure its subsidiaries not to, sell, transfer, mortgage or otherwise dispose of any of its assets (for a value of more than RMB1 million) without the prior written consent of WFOE.

In addition, Chengdu Qilu is not allowed to, and shall procure its subsidiaries not to, make any distributions to its/their shareholder(s) without the prior written consent of WFOE. In the event that the Relevant Shareholders receive any distribution from Chengdu Qilu and subject to the PRC laws, the Relevant Shareholders must immediately pay or transfer such distribution to WFOE (or its designee). If WFOE exercises its purchase right, all or any part of the equity interests in and/or assets of Chengdu Qilu acquired would be transferred to WFOE and the benefits of equity ownership and/or assets, as applicable, would flow to the Company and our Shareholders.

As provided in the Exclusive Option Agreement, without the prior written consent of WFOE, Chengdu Qilu shall not, and shall procure its subsidiaries not to, among other things:

(i) supplement, amend or revise its articles of associations, separate, dissolve or alter its form;

(ii) sell, transfer, pledge or dispose of in any manner any of its assets for a value of more than RMB1 million;

(iii) execute any material contract for a value of more than RMB1 million, except any contracts in the ordinary course of business;

(iv) provide any loan, financial support, pledge or guarantee in any form to any third party, or allow any third party to create any pledge or other security interest on its assets or equity;

(v) enter into any consolidation or merger with any third party, or acquire or invest in any third party; and

(vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way.

The Exclusive Option Agreement provides that the Relevant Shareholders and Chengdu Qilu shall procure the subsidiaries of Chengdu Qilu to comply with the above undertaking as if they are parties to the Exclusive Option Agreement. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on WFOE and the Company in the event of any loss suffered from Chengdu Qilu and/or its subsidiaries can be limited to a certain extent. In addition, in relation to the above restrictive provisions specified in the Exclusive Option Agreement, we will aggregate asset disposals or value of contracts if such asset disposals or value of contracts (i) are entered into by the Group with the same party or parties; or (ii) involve the disposal or contracts which relate to the whole or parts of the asset or securities or interests in a company or group of companies.

Exclusive Business Cooperation Agreement

Chengdu Qilu entered into an exclusive business cooperation agreement with WFOE on 31 August 2018 (the "**Exclusive Business Cooperation Agreement**"), pursuant to which Chengdu Qilu agreed to engage WFOE as its exclusive provider of business support and technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment, leasing, marketing consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Without the prior written consent of WFOE, Chengdu Qilu and its subsidiaries shall not accept the consultation and/or service from any other third party, and shall not cooperate with any other third party. Under these arrangements, the service fees, subject to WFOE's adjustment, are equal to all of the net profit of Chengdu Qilu and its subsidiaries. WFOE may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of Chengdu Qilu and its subsidiaries from previous financial periods, which will be wired to the designated account of WFOE upon issuance of payment notification by WFOE. WFOE enjoys all the economic benefits derived from the businesses of Chengdu Qilu and its subsidiaries and bears Chengdu Qilu's business risks. If Chengdu Qilu runs into financial deficit or suffers severe operation difficulties, WFOE will provide financial support to Chengdu Qilu.

DIRECTORS' REPORT

The Exclusive Business Cooperation Agreement is for an initial term of ten years and is automatically renewable upon expiry or can be extended by WFOE for a term determined by WFOE unless terminated according to the terms of the Exclusive Business Cooperation Agreement.

Share Pledge Agreement

Chengdu Qilu, the Relevant Shareholders and WFOE entered into a share pledge agreement on 31 August 2018 (the "**Share Pledge Agreement**"). Under the Share Pledge Agreement, the Relevant Shareholders pledged as first charge all of their respective equity interests in Chengdu Qilu to WFOE as collateral security for any or all of their payments due to WFOE and to secure performance of their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Powers of Attorney (as defined below). The Share Pledge Agreement will not terminate until (i) all secured debts and contractual obligations guaranteed by the Share Pledge Agreement are terminated or fulfilled; and (ii) WFOE exercises its exclusive option to purchase the entire equity interests of the Relevant Shareholders in Chengdu Qilu pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws. In addition, under the Exclusive Option Agreement, none of the Relevant Shareholders may transfer or permit the encumbrance of any of their equity interests in and assets of Chengdu Qilu (including any equity interests in and assets of the subsidiaries of Chengdu Qilu) without WFOE's prior written consent. Furthermore, under the Exclusive Business Cooperation Agreement, WFOE is entitled to retain and exercise physical control of company seals and certificates that are crucial to the daily operations of Chengdu Qilu, which further strengthens the protection of WFOE's interests in Chengdu Qilu under the Contractual Arrangements. Should an event of default (as provided in the Share Pledge Agreement) occur, unless it is successfully resolved to WFOE's satisfaction within 30 days upon being notified by WFOE, WFOE may demand that the Relevant Shareholders and/or Chengdu Qilu immediately pay all outstanding payments due under the Exclusive Business Cooperation Agreement, repay any loans and make all other payments due to it, and/or dispose of the pledged equity interests and use the proceeds to repay any outstanding payments due to WFOE. The pledges under the Share Pledge Agreement have been duly registered with the relevant PRC legal authorities pursuant to the PRC laws and regulations.

Voting Rights Proxy Agreement and Powers of Attorney

On 31 August 2018, the Relevant Shareholders, WFOE and Chengdu Qilu entered into a voting right proxy agreement (the "**Voting Rights Proxy Agreement**"), pursuant to which, through the power of attorney (the "**Powers of Attorney**"), the Relevant Shareholders appointed WFOE or a director or any third party instructed by WFOE or its successor (including a liquidator replacing WFOE's director) as their exclusive agent and attorney to act on their behalf on all matters concerning Chengdu Qilu and to exercise all of its rights as a registered shareholder of Chengdu Qilu. These rights include:

(i) the right to propose, convene and attend shareholders' meetings;

(ii) the right to sell, transfer, pledge or dispose of shares;

(iii) the right to exercise shareholders' voting rights; and

DIRECTORS' REPORT

(iv) the right to act as the legal representative (chairperson), the director, supervisor, the chief executive officer (or general manager) and other senior management members of Chengdu Qilu. The authorized person is entitled to sign minutes, file documents with the relevant companies registry and exercise voting rights on the winding up of Chengdu Qilu on behalf of the Relevant Shareholders. The Relevant Shareholders have each undertaken to transfer all assets obtained after the winding up of Chengdu Qilu to WFOE at nil consideration or the lowest price permissible by the then applicable PRC laws.

As a result of the Powers of Attorney, the Company, through WFOE, is able to exercise management control over the activities that most significantly impact the economic performance of Chengdu Qilu. Should an event of default (as provided in the Voting Rights Proxy Agreement) occur, unless it is successfully resolved to WFOE's satisfaction within a reasonable time or 10 days upon being notified by WFOE, WFOE may terminate the Powers of Attorney immediately and request the defaulting party to compensate for the damages.

The Voting Rights Proxy Agreement shall automatically terminate once WFOE is permitted to directly hold the entire equity interests in Chengdu Qilu under the then PRC laws, following which WFOE will be registered as the sole shareholder of Chengdu Qilu.

Further details about the above Contractual Arrangements are set out in the sections headed "Contractual Arrangements" and "Connected Transactions" in the Prospectus.

No Material Change

Save as disclosed above, as at the date of this annual report, there was no material change in the Contractual Arrangements and/or the circumstances under which they are adopted.

Revenue and Assets in Relation to the Contractual Arrangements

Certain key financial information of Chengdu Qilu and its subsidiaries prepared in accordance with HKFRSs for the year ended 31 December 2024 is set out below:

For the year ended 31 December 2024, the net loss of Chengdu Qilu and its subsidiaries was approximately RMB23.8 million, representing a decrease of over 100% as compared to approximately RMB42.9 million for the year ended 31 December 2023. For the year ended 31 December 2024, the revenue of Chengdu Qilu and its subsidiaries accounted for approximately 65.8% of the Group's total revenue.

DIRECTORS' REPORT

Confirmation from Independent Non-Executive Directors

The independent non-executive Directors have reviewed the continuing connected transactions under the Contractual Arrangements for the year ended 31 December 2024 and confirmed that:

(i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the PRC Operating Entities (i.e. Chengdu Qilu and its subsidiaries) has been substantially retained by WFOE (i.e. Anyixun Technology);

(ii) no dividends or other distributions have been made by Chengdu Qilu to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(iii) any new contracts entered into, renewed or reproduced between the Group and Chengdu Qilu during the relevant financial period pursuant to the terms of renewal and cloning under the exemption granted by the Stock Exchange are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

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

Risks Relating to the Contractual Arrangements

- In order to comply with the PRC laws and regulations limiting foreign ownership of internet businesses, we conduct our business through our consolidated affiliated entities in China through the 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 PRC and its implementation rules and how it may impact the viability of our current corporate structure, corporate governance and business operations.

- The 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 the Contractual Arrangements.

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

- The 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 investment of the Shareholders.

- 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 through the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the 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

The Group has adopted the following measures to ensure the effective operation of the 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) the Company will annually disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports; and

(d) the 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 WFOE and the PRC Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Unwinding of the Contractual Arrangements

It is the intention of the Group to unwind the Contractual Arrangements when foreign investment in value-added telecommunications services is no longer restricted in the PRC. However, as at the date of this annual report, there is no unwinding of any of Contractual Arrangements or failure to unwind when the restrictions that led to the adoption of the Contractual Arrangements are removed.

DIRECTORS' REPORT

Related Party Transactions

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in note 27 to the consolidated financial statements. Except for the transactions described in the section headed "Continuing Connected Transactions" in this annual report, none of these related party transactions constitute connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

The related party transactions disclosed in note 27 to the consolidated financial statements are not continuing connected transactions that require annual reporting under Chapter 14A of the Listing Rules. Therefore, such transactions need not comply with the disclosure requirements under Chapter 14A of the Listing Rules.

Audit Committee

The Audit Committee has reviewed with the management and external auditors the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2024.

Auditor

Since 20 September 2019, Deloitte Touche Tohmatsu has served as the auditor of the Company. On 9 December 2024, Deloitte Touche Tohmatsu resigned as the auditor of the Company and the Board appointed ZHONGHUI ANDA CPA Limited as the auditor of the Company to fill the casual vacancy. For details, please refer to the announcement of the Company dated 9 December 2024. There were no changes thereafter in the auditor. The financial statements of the Group for the year ended 31 December 2024 have been audited by the Company's auditor, ZHONGHUI ANDA CPA Limited which will retire at the AGM and be eligible and willing to be reappointed as auditor.

A resolution will be proposed at the AGM to re-appoint ZHONGHUI ANDA CPA Limited as the auditor of the Company and to authorize the Board to fix the remuneration of the auditor.

By order of the Board
360 Ludashi Holdings Limited
Tian Ye
Chairman

Hong Kong, 27 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Unless otherwise stated, reference of the code provisions made in this corporate governance report in relation to the CG code is referred to the code provisions contained in the Appendix C1 to the Listing Rules in force during the year ended 31 December 2024. 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.

The Company has adopted the applicable code provisions set out in the CG Code in Appendix C1 to the Listing Rules. Except for code provision C.2.1 of the CG Code, the Company has complied with all the code provisions set forth in the CG Code during the Reporting Period. The main corporate governance principles and practices of the Company and details of the above-mentioned deviation are summarized below.

CORPORATE CULTURE

The Company always adheres to the principle of "initiator responsibility system" for employees. When any employee of the Company has a project idea, they can start the work as the project initiator, and they will also become the first person responsible for the final result of this project.

The Company supports employees to have unlimited deployment power within the scope of limited work authority. The Company provides sufficient support for reasonable and substantial projects, so that employees who are motivated to come up with ideas can be more productive, and new ideas can be supported by all business units of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board of Directors currently consists of two executive Directors, three non-executive Directors and three independent non-executive Directors. The composition of the Board of Directors during the Reporting Period and as at the date of this annual report is set out below:

Executive Directors

Mr. Tian Ye *(Chairman)*
Ms. Jian Lu (appointed on 9 December 2024)
Mr. He Shiwei (resigned on 9 December 2024)

Non-executive Directors

Mr. Li Xin (appointed on 12 June 2024)
Mr. Liu Wei
Mr. Zhao Dan
Mr. Sun Chunfeng (resigned on 12 June 2024)

CORPORATE GOVERNANCE REPORT

Independent non-executive Directors

Mr. Li Yang
Mr. Wang Xinyu
Mr. Zhang Ziyu

Biographical details of Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report. There are no other relationship among members of the Board, including financial, business, family, or other material or relevant relationships.

During the Reporting Period, the Board has at all times met the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

Chairman and Chief Executive Officer

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

Appointment, Re-election and Dismissal of Directors

Each Director (including non-executive Directors and independent non-executive Directors) has entered into a service contract or letter of appointment with the Company for a term of three years.

In accordance with Article 83(3) of the Articles of Association, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to Article 84 of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election. In determining the specific Directors or number of Directors to retire by rotation, any Director appointed by the Board in accordance with Article 83(3) of these Articles shall not be taken into account.

In this regard, Mr. Tian Ye, Ms. Jian Lu, Mr. Li Xin and Mr. Liu Wei will retire from office at the AGM and shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The reporting responsibilities of the Company's external auditor on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" in this annual report.

Responsibilities of and Delegation by the Board

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board reserves its right of decision for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company.

The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board shall not delegate matters to the Board committee(s), executive Directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors shall keep abreast of the Company's business and regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

The following table lists the training record for each Director during the Reporting Period:

Name of Directors	Attending the training sessions	Reading training materials relating to the Company's business, the duties and responsibilities of being a Director and regulatory requirements
Executive Directors		
Mr. Tian Ye	✔	✔
Mr. He Shiwei[1] (resigned on 9 December 2024)	✔	✔
Ms. Jian Lu[1] (appointed on 9 December 2024)	✔	✔
Non-executive Directors		
Mr. Sun Chunfeng[2] (resigned on 12 June 2024)	✔	✔
Mr. Li Xin[2] (appointed on 12 June 2024)	✔	✔
Mr. Liu Wei	✔	✔
Mr. Zhao Dan	✔	✔
Independent Non-executive Directors		
Mr. Li Yang	✔	✔
Mr. Wang Xinyu	✔	✔
Mr. Zhang Ziyu	✔	✔

Notes:

1. Mr. He Shiwei resigned as executive Director on 9 December 2024, and Ms. Jian Lu was appointed as executive Director on 9 December 2024.

2. Mr. Sun Chunfeng resigned as non-executive Director on 12 June 2024, and Mr. Li Xin was appointed as non-executive Director on 12 June 2024.

3. Mr. Li Xin and Ms. Jian Lu, who were appointed as Directors on 12 June 2024 and 9 December 2024 respectively, have obtained the legal opinions referred to in Rule 3.09D of the Listing Rules on their appointment dates and have confirmed their understanding of their responsibilities as directors of a listed issuer.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report under the Listing Rules.

The Board has reviewed the policies and practices on corporate governance and this corporate governance report.

BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

The Board should meet regularly and Board meetings should be held at least four times a year. At least a 14-day notice of all regular Board meetings shall be given to Directors, who are given the opportunity to include other matters in the meeting agenda.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company held 7 Board meetings, 6 meetings of the Audit Committee, 1 meeting of the Remuneration Committee, 1 meeting of the Nomination Committee and 2 general meeting. The attendance record of each Director at the above meetings is set out as follows.

	Number of Meetings Attended/Held				
Name of Director	Board Meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	General meetings
Executive directors					
Mr. Tian Ye	7/7	N/A	1/1	1/1	2/2
Mr. He Shiwei[1] (resigned on 9 December 2024)	7/7	N/A	N/A	N/A	1/1
Ms. Jian Lu[1] (appointed on 9 December 2024)	N/A	N/A	N/A	N/A	1/1
Non-executive directors					
Mr. Sun Chunfeng[2] (resigned on 12 June 2024)	4/7	N/A	N/A	N/A	1/1
Mr. Li Xin[2] (appointed on 12 June 2024)	3/7	N/A	N/A	N/A	1/1
Mr. Liu Wei	7/7	N/A	N/A	N/A	1/2
Mr. Zhao Dan	7/7	N/A	N/A	N/A	2/2
Independent non-executive directors					
Mr. Li Yang[3]	7/7	6/6	N/A	1/1	2/2
Mr. Wang Xinyu[3]	7/7	6/6	1/1	1/1	2/2
Mr. Zhang Ziyu[3]	7/7	6/6	1/1	N/A	1/2

Notes:

1. Mr. He Shiwei resigned as executive Director on 9 December 2024, and Ms. Jian Lu was appointed as executive Director on 9 December 2024.

2. Mr. Sun Chunfeng resigned as non-executive Director on 12 June 2024, and Mr. Li Xin was appointed as non-executive Director on 12 June 2024.

3. During the Reporting Period, apart from 7 Board meetings, the Chairman held 1 independent directors' communication meeting with the independent non-executive Directors without the presence of other Directors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Company has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

The Company believes that the independence of the Board is an essential component of a sound corporate governance. The Company has effective mechanisms in place, including but not limited to the Board and its committees having access to independent professional advice on relevant matters of the Company if necessary at the Company's expense, to ensure that independent views are available to the Board. Such mechanism shall be reviewed by the Board annually, to ensure the high independence of the Board.

The Board has reviewed the implementation of such mechanism, and considered it remains effective.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors: namely Mr. Zhang Ziyu, Mr. Li Yang and Mr. Wang Xinyu. The chairman of the Audit Committee is Mr. Zhang Ziyu.

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.

During the Reporting Period, the Audit Committee held 6 meetings in total, which reviewed the audited annual results of the Group for the year ended 31 December 2023 and reviewed the unaudited interim results of the Group for the six months ended 30 June 2024, the risk management and internal control system, the replacement of auditors and their re-appointment, continuing connected transactions and other matters of the Group for the year ended 31 December 2023.

NOMINATION COMMITTEE

The Nomination Committee consists of an executive Director, being Mr. Tian Ye, and two independent non-executive Directors, being Mr. Wang Xinyu and Mr. Li Yang. The chairman of the Nomination Committee is Mr. Tian Ye.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and chief executive officer of the Company; and to review the policy on Board diversity.

During the Reporting Period, the Nomination Committee held 1 meeting in total, which reviewed the structure, number and composition of the Board, assessed the independence of independent non–executive Directors and reviewed the policy on Board diversity and nomination of directors and other matters.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee consists of an executive Director, being Mr. Tian Ye, and two independent non-executive Directors, being Mr. Wang Xinyu and Mr. Zhang Ziyu. The chairman of the Remuneration Committee is Mr. Wang Xinyu. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for all Directors and senior management of the Group; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to review the remuneration packages of Directors and senior management and ensure that no director is involved in deciding his own remuneration; and to consider and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held 1 meeting in total, which reviewed the overall remuneration policy and structure for Directors and senior management and mode recommendations to the Board on the remuneration packages of Directors and senior management. Details of the remuneration of the Directors are set out in Note 11 to the consolidated financial statements.

BOARD DIVERSITY

The Group has adopted the Board diversity policy (the "**Board Diversity Policy**"). In order to achieve sustainable and balanced development, the Company deems the increasingly diversified Board as a key factor in supporting its strategic objectives and sustainable development. In determining the composition of the Board, the Company will consider the diversity of board members from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The policy is outlined as follows:

The Nomination Committee will discuss annually and agree to measurable objectives for the implementation of the Board Diversity Policy and make recommendations to the Board for adoption.

Selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The composition of the Board will be disclosed annually in the corporate governance report.

The Nomination Committee will report annually, in the corporate governance report, on the Board's composition under diversified perspectives, monitor the implementation of this policy, and will review this policy in due course to ensure its effectiveness.

As at the date of this annual report, the Board comprises one female Director and seven male Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors have a balanced mix of experiences, including business management, strategic development, direct selling and social commerce, public administration and management, finance, auditing and accounting. The Board members also obtained degrees or diplomas in various majors including computer science, computer information management, science, marketing, industrial electronic automation, systems engineering, business administration and labor relations. Furthermore, the ages of the Directors range from 33 years old to 54 years old.

CORPORATE GOVERNANCE REPORT

OVERALL GENDER DIVERSITY OF EMPLOYEES

As of the date of this report, the Group has a total of 181 employees (including senior management), with male employees and female employees accounting for approximately 68.0% and 32.0% of the total workforce, respectively. In addition to achieving the Board Diversity Policy, the Company also pays attention to the balanced gender of the employees.

The Group has set the following measurable objectives to ensure the overall gender diversity of employees:

- The female employees represent at least one third of the total number of employees; and
- The turnover rate of female employees was kept at 10% or below of the total number of female employees.

The Group also faces a challenge in achieving the gender diversity of all employees. In addition to the fact that the main business of the Group belongs to a relatively small industry in nature, so it is difficult to hire suitable female employees, some female employees leave their jobs because they need to allocate time to take care of their families. Based on the above situation, the Group will consider adopting flexible working hours for some positions under the practical principle, which can not only reduce the employee turnover rate, but also help attract female employees to join the Group.

The Group believes that the above measures to promote gender diversity shall help in attracting more female employees with potential and enriching the gender diversity of the Group. We will also review the overall gender diversity of the employees as appropriate according to the business development of the Group.

NOMINATION POLICY

The Company has adopted a policy for nomination, pursuant to which, the Nomination Committee shall advise the Board on the appointment of any director in accordance with the following procedures and process:

1. When identifying or selecting suitable candidates, the Nomination Committee may seek any source of assistance as it sees fit, including referrals from existing directors, use of public advertisement or external consultancy services, and recommendations from the Shareholders of the Company.
2. The Nomination Committee shall conduct preliminary review over the qualifications and conditions of the candidates for directorship by convening a Nomination Committee meeting before recommending suitable candidates for directorship to the Board. The Board shall have the right of final decision in all matters relating to the nomination of candidates for election at the general meeting.
3. For details of the procedures for Shareholders to nominate a person for election as a Director, please refer to the "Procedures for Shareholders to Nominate a Person for Election as a Director" (《股東提名人士參選董事的程序》) of the Company.

CORPORATE GOVERNANCE REPORT

4. The candidate nominated by the Board of Directors to stand for election at a general meeting (the "**Board Candidate(s)**") and the candidate nominated by Shareholders to stand for election at a general meeting (the "**Shareholder Candidate(s)**", together with the Board Candidate(s), the "**Candidates**") shall submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal information for the purpose of or in relation to their standing for election as a Director. The Nomination Committee may request the Board Candidate to provide additional information and documents, if considered necessary.

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to:

- reputation for integrity;
- professional qualifications and skills;
- achievements and experience in the Internet industry;
- time available for performing duties;
- independence of independent non-executive directors; and
- diversity in all aspects of the Board, including but not limited to gender, age (at least 18 years old), cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure.

REMUNERATION OF THE MEMBERS OF THE SENIOR MANAGEMENT BY BAND OF REMUNERATION

Details of the remuneration of the Directors are set out in Note 11 to the audited consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code remuneration of senior management, including those members of senior management who are not the directors, by band of remuneration for the year ended 31 December 2024 is set out below:

Remuneration Bands	Number of Individual
HK$1,000,001 to HK$1,500,000	3

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR'S REMUNERATION

Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 9 December 2024. ZHONGHUI ANDA CPA Limited was appointed as auditor of the Company to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu with effect from 9 December 2024.

The remuneration of the previous External Auditor, Deloitte Touche Tohmatsu, and current External Auditor, ZHONGHUI ANDA CPA Limited in respect of the audit and non-audit services provided to the Group for the year ended 31 December 2024 is summarized as below:

Service Category	Fee Payable or Paid to current External Auditor *(RMB'000)*	Fee Payable or Paid to previous External Auditor *(RMB'000)*
Audit services	1,550	–
Non-audit services	–	400
Total	1,550	400

The audit services fee represents the service fee in connection with the annual audits for 2024. The non-audit services fee mainly represents the interim results review fee for 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control systems of the Company. The Board is committed to implementing an effective and sound risk management and internal control system to safeguard the interest of the Shareholders and the assets of the Company. The Board has appointed the management to implement the risk management and internal control system within the delegated scope, as well as to review all control and risk management functions in respect to finance, operation, and compliance with laws and rules.

The Board acknowledges that it has responsibility to ensure that the Company has established and maintained adequate and effective risk management and internal control systems and to review their effectiveness. The Board delegates its responsibility to the Audit Committee to review the practices of the management on an annual basis with respect to risk management and internal control, including the design, implementation and supervision of the risk management and internal control systems, and review the effectiveness thereof.

To cope with various risks associated with the Group's operations, we have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Key risk management objectives of the Group include: (i) identifying different risks of our operations; (ii) assessing and prioritizing the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) execution of measures to respond to risks; and (v) monitoring and managing risks and our risk tolerance level.

The Company periodically reviews each position of the operating departments and other functional departments to identify, analyse and evaluate the risks. The risk assessment results and the proposed internal control measures are submitted to the Directors and senior management of the Company for review and approval. The Directors and senior management of the Company are also responsible for supervising the effectiveness of implementation and future execution of the risk control measurement.

CORPORATE GOVERNANCE REPORT

The Board oversees and manages the overall risks associated with the Group's operations. The Company has adopted a series of internal control policies, procedures and programs designed to achieve objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Key points of the Company's internal control system include the following:

- our Directors and senior management attended training session in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- we have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, continuing connected transactions and information disclosures;

- we have implemented internal control policies related to financial management, including treasury management, financial reporting and disclosure, and budgetary management; and

- we have implemented a series of internal rules and policies relating to our business operations.

The Board has the responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving operation objectives to uphold the principle of balanced risk and return, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems regularly. The Board should ensure that a review of the effectiveness of the Group's risk management and internal control systems has been conducted at least annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve operation objectives, and can only provide reasonable and not absolute assurance against material error or loss.

The Company has set up an internal audit department to analyse and evaluate the Company's risk management and internal control systems. The results of internal audits and reviews will be reported to the Audit Committee and the Board. Within the scope of review on internal control, the internal audit department believes that the Group's internal control system has no significant control defects. The review results have been reported to the Audit Committee and the Board.

CORPORATE GOVERNANCE REPORT

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board conducts a review of the effectiveness of risk management and internal control systems of the Group at least annually. The Board conducted an annual review over the effectiveness of risk management and internal control systems of the Group for the year ended 31 December 2024, and the management confirmed the effectiveness of the risk management and internal control systems within their terms of reference during the year. The Board believes, without any evidence to the contrary, the Group has provided reasonable assurance as to compliance with the risk management and internal control systems for the year ended 31 December 2024, which has prevented any significant financial misstatement or loss, and included protection of assets, appropriate maintenance of accounting records, reliability of financial data, compliance with applicable laws and regulations, and identification and control of business risks. In connection with the effectiveness of risk management and internal control systems, the Board has confirmed that no significant areas of concern have been identified and considered that such risk management and internal control systems were effective and adequate during the Reporting Period, including sufficient resources, appropriate qualifications and experiences of our employees, and employee training programs, and that there are adequate budgets for accounting, internal audit and financial reporting functions.

DISCLOSURE OF INSIDE INFORMATION

The Group has adopted the Guidelines on Disclosure of Inside Information as published by the Securities and Futures Commission as its policy for judging, handling and disseminating external communication and inside information. The Company's procedures for inside information in accordance with the policies and internal control measures are as follows:

(i) The insiders and/or officers of the Group must disclose the inside information to the public to the extent reasonably practicable.

(ii) The Board shall take reasonable measures to keep the inside information and the relevant announcement (if applicable) confidential until published.

(iii) All inside information must be kept strictly confidential.

(iv) Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by the Stock Exchange.

Each Director, senior management or company secretary or any other person involved in the management of the Group shall take all reasonable measures from time to time to ensure that the Group has adequate precautionary measures to prevent itself from breaching the disclosure requirements.

Generally, no employee or Director may disclose, discuss or share with outside parties (except for communication with the Group's advisers who bear the responsibility of confidentiality, and other categories of persons as allowed under the laws) the information of price-sensitive nature about the Company that has not been released to the public.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Cheng Ching Kit ("**Mr. Cheng**") is the company secretary of the Company. Mr. Cheng is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider. His principal contact person in the Company is Ms. Huang Chen, the representative of securities affairs of the Company.

For the year ended 31 December 2024, Mr. Cheng has received no less than 15 hours of professional training in relation to reviewing Listing Rules and other compliance requirements.

PROCEDURES OF SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETINGS AND PRESENT PROPOSALS AT THE GENERAL MEETINGS

In accordance with Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company at 11/F, 11-24 Tianfu Software Site E1, 1268 Tianfu Avenue, High-tech Zone, Chengdu, Sichuan Province, PRC to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within 2 months after the deposit of such written requisition.

For Shareholders' right to nominate candidates for directors, please refer to "Procedures for Shareholders to Nominate a Person for Election as a Director" on the website of the Company.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company at 11/F, 11-24 Tianfu Software Site E1, 1268 Tianfu Avenue, High-tech Zone, Chengdu, Sichuan Province, PRC. The Company will not normally deal with verbal or anonymous enquiries.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has adopted a dividend policy.

In accordance with the dividend policy, in deciding whether to propose the payment of dividends and the amount of dividend payable, the Board will take into consideration the following factors of the Group, including but not limited to:

- overall business performance
- financial results
- capital requirements and surplus
- shareholders' interests
- any limitation from contracts or agreements on payment of dividends by the Company
- any other factors as the Board may consider relevant

The Company will continue to review its dividend policy in light of its financial position and the current economic environment.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Board considers that effective communication with its Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. In order to to maintain a high level of transparency and ensure that the Shareholders and potential investors can obtain updated information about the Group, the Company has in place a shareholders' communication policy (the "**Shareholders' Communication Policy**"), which sets out a number of ways to ensure effective and efficient communication with Shareholders is achieved, including but not limited to our responses to Shareholders' enquiries, corporate communications (in both English and Chinese), posting of relevant information on the Company's website, Shareholders' meetings and investment market communications, to ensure that Shareholders' enquiries and view are appropriately addressed.

The Company publishes announcements, financial information and other relevant information through the Stock Exchange, and such information shall be available to the public on the website of the Company at www.ludashi.com. In order to ensure the effective communication with Shareholders, Shareholders are encouraged to attend the annual general meeting to exchange views with the Board or the management.

The Board reviews the effectiveness of the Shareholders Communication Policy on a regular basis, to ensure that Shareholders' views and concerns are appropriately addressed. The Company has evaluated the aforesaid communication channels with the Shareholders, and considered that such channels were effective during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Shareholders and investors may send written enquiries or requisitions to bring to the attention of the Board through the following methods:

Address: 11/F, 11-24 Tianfu Software Site E1, 1268 Tianfu Avenue, High-tech Zone, Chengdu, Sichuan Province, PRC
E-mail: ir@ludashi.com

Shareholders, investors and members of the public should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar. The contact details for the Hong Kong branch share registrar are as follows:

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@vistra.com

CONSTITUTIONAL DOCUMENTS

There had been no change in the memorandum of association and the articles of association of the Company during the Reporting Period.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

The report is the sixth environmental, social and governance report (hereinafter referred to as the "**ESG Report**" or the "**Report**") of 360 LUDASHI HOLDINGS LIMITED (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter referred to as the "**Group**" or "**we**"), to explain our environmental, social and governance (hereinafter referred to as "**ESG**") policies, and disclose our ESG-related initiatives and achievements in 2024.

1.1 Standard of the Report

The Report is compiled in accordance with the "Mandatory Disclosure Requirements" and the "Comply or explain" provisions under Appendix C2 Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "**ESG Guide**") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For details on the Group's corporate governance, please refer to the section headed "Corporate Governance Report" in the annual report of the Group, or the official website of the Group. Readers can refer to Appendix II to the Report: Index to the Environmental, Social and Governance Reporting Guide of the Stock Exchange for inquiry.

Materiality	This ESG report has disclosed the identified ESG issues, communication channels for and expectations of major stakeholders and the results of materiality assessment, as the basis for preparing the Report and responding to them through the Report.
Quantitative	The Report discloses the statistical standards, methodologies, assumptions and/or calculation tools used herein in respect of reporting emissions/energy consumption, as well as the sources of conversion factors.
Balance	The Report provides an unbiased picture of the Group's performance during the Reporting Period and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report reader.
Consistency	Unless otherwise specified, the Report uses the statistical methodologies for the data disclosed in the Report consistent with those in previous years.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 Scope of the Report

The Report describes the Group's ESG-related work and policies and the performance of the Group's social responsibility from 1 January 2024 to 31 December 2024 (hereinafter referred to as the "**Year**"), while the environmental key performance indicators include the performance of the Chengdu office.

1.3 Language of the Report

The Report is published in traditional Chinese and English. In case of discrepancy between the texts, the traditional Chinese version shall prevail.

1.4 Feedback on the Report

The Group regards the opinions of stakeholders as an important basis for achieving sustainable development. If there are any questions or suggestions for the Report, welcome to contact us by email (ir@ludashi.com).

2. SUSTAINABLE GOVERNANCE OF ENTERPRISE

2.1 Statement of the Board of Directors

The Board of Directors, as the decision-making authority of the ESG matters of the Company, is fully responsible for the ESG issues. We believe that proactive response to various ESG issues is a key factor in our long-term success. Therefore, the Board of Directors regularly reviews and supervises the ESG policies and targets, and identifies and supervises the ESG risks that the Company will face in its daily operations, so as to gradually improve the level of ESG governance. During the Year, we focused on reviewing the established environmental objectives and their progress, to monitor and improve our efforts in sustainable development.

To incorporate sustainable development into its operations, the Group has established an ESG governance structure to clarify the work responsibilities and duties of the Board of Directors, the ESG Working Group and various executive departments. The Board of Directors takes full responsibility for the ESG governance and sustainable development of the Group. The Board of Directors is in charge of the approval of material ESG issues, supervision of ESG performance, and assessment of ESG-related risks and opportunities on a regular basis. The Board of Directors is also accountable for coordinating and managing ESG matters, and authorizes the ESG Working Group to manage specific ESG issues. The Board of Directors considers ESG issues at regular meetings, listens to relevant reports from the ESG Working Group, and reviews ESG goals to ensure steady achievement of the set goals.

In terms of materiality assessment, we continuously focus on the expectations and concerns from the stakeholders. Since there were no major changes in the Group's major business during the Year, we decided to adopt the results of previous materiality assessment, which were confirmed after review by the Board of Directors. Relevant ESG issues have been disclosed in the Report.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 ESG Structure

The Group has set up an ESG Working Group, with the Chief Executive Officer responsible for coordinating, supervising and managing its ESG issues. The ESG Working Group assists the Board of Directors in evaluating and determining the effectiveness of the Group's ESG risk management and internal control system, and integrates the philosophy of sustainable development with the Group's overall strategies, policies and business plans. The ESG Working Group will convene meetings at least once a year, and report its work progress and achievements to the Executive Committee and the Board of Directors on a regular basis.

The main responsibilities of the ESG Working Group are as follows:

- Identify the significant operations related to or important to the Group, as well as ESG matters affecting Shareholders and other important stakeholders, including quality of working environment, environmental protection, operating practices, community participation and animal welfare;
- Maintain the operation of the corporate social responsibility management system, and enhance employees' awareness in this regard;
- Promote the functional departments to implement various ESG policies;
- Arrange to inform the stakeholders of significant ESG matters, identify their opinions on these matters and respond to these opinions through appropriate channels;
- Responsible for reviewing and monitoring the Group's ESG policy and practices;
- Ensure that the Group meets relevant laws and regulatory requirements, monitor and respond to the latest ESG issues; and
- Put forward relevant suggestions to the Board of Directors in due course, so as to improve the Group's performance in ESG and review the achievement of the objectives.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3 Communicate with Stakeholders

We always regard the communication with stakeholders as an important cornerstone of sustainable development. In order to better respond to the expectations of various stakeholders, we communicated with them through various communication channels during the Reporting Period. We actively listen to the opinions and suggestions of stakeholders on the Group's sustainable development performance through channels including the shareholders' meetings, annual and interim reports, company activities, daily communication with customers, employee performance interviews and surveys, so as to safeguard our common interests with stakeholders. We believe that continuously strengthening communication will help better respond to stakeholders' expectations and promote the sustainable development of the Group.

Main Stakeholders	Communication Channels
Customers	• Daily operation/communication • Online service platform • Service hotline/telephone • E-mail
Shareholders	• Annual general meeting and other Shareholders' meetings • Interim report and annual report • Results announcement
Employees	• Work performance evaluation and interview
Investors	• Interim report and annual report • Meeting and interview
Business partners	• Cooperation projects • Meeting • Visit • Reporting
Regulatory authorities	• Compliance report
Community/non-government organization	• Volunteer activities • Seminar/lecture/workshop
Peers	• Strategic cooperation project • Communication conference
Suppliers	• Supplier management procedure • Supplier/Contractor Evaluation System • Daily communication and meeting exchanges • Field inspection

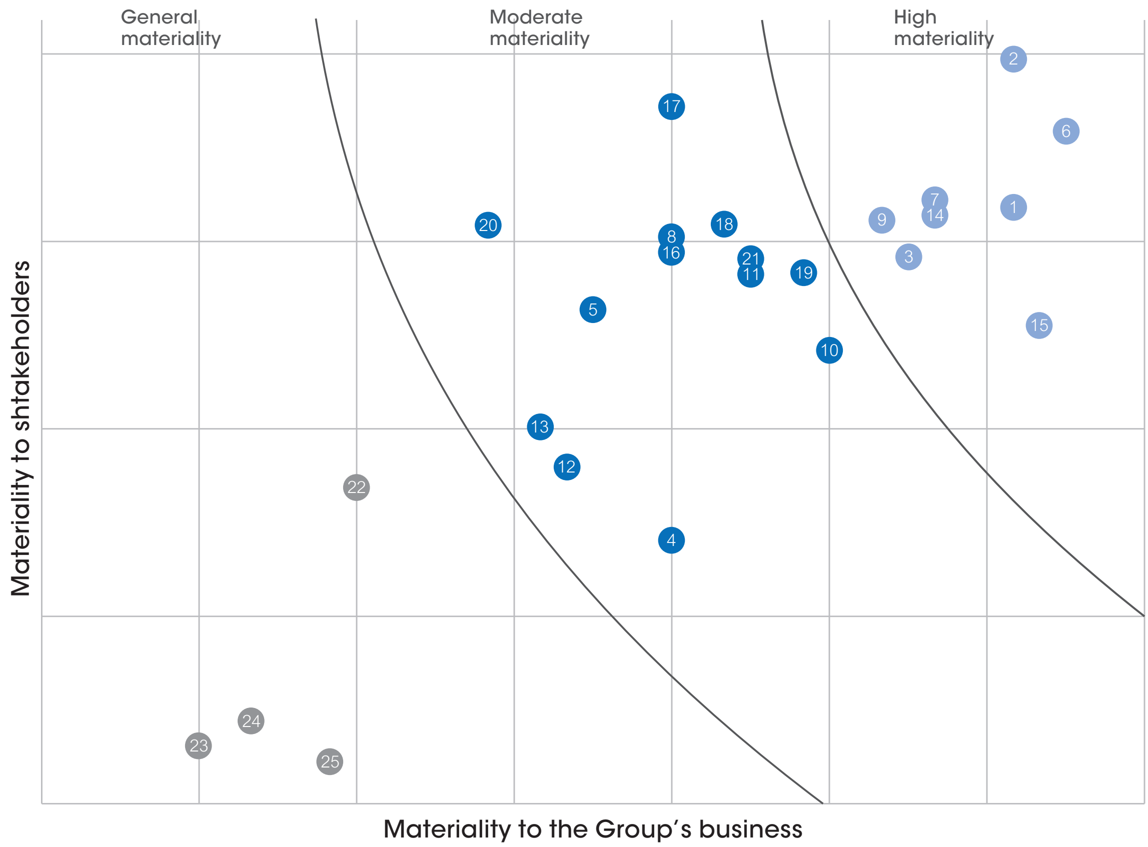
2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.4 Materiality Assessment of Materiality Issues

The Group follows the "Materiality Principle" in the ESG Guide of the Hong Kong Stock Exchange to conduct comprehensive analysis based on the survey results of material issues of various stakeholders and the annual business operations of the Company. The Board of Directors and the ESG Working Group of the Group confirm that the previously identified results of materiality assessment remain applicable to the Year as (i) there was no significant change in the Company's operations and business environment during the Reporting Period; and (ii) the results of materiality assessment could also reflect the expectations of our stakeholders and therefore will continue to be adopted during the Year.

The chart below shows the ESG important issues identified by the internal and external stakeholders of the Company, and the high materiality issues, moderate materiality issues and general materiality issues form top right to bottom left.

ESG Materiality Analysis Matrix



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	No.	Issues	Sections for Responses
Compliance operation	1	Corporate governance	3.Corporate Compliance Operation
	2	Compliance with laws and regulations	3.Corporate Compliance Operation
	3	Economic performance	3.Corporate Compliance Operation
	4	Whistle-blowing mechanism	3.Corporate Compliance Operation
	5	Anti-fraud and anti-corruption	3.Corporate Compliance Operation
	6	Privacy protection and data safety	3.Corporate Compliance Operation
	7	Protection of intellectual property rights	3.Corporate Compliance Operation
	8	Customer satisfaction and complaints responding	3.Corporate Compliance Operation
	9	Quality control	3.Corporate Compliance Operation
	10	Product R&D and innovation and technology development	3.Corporate Compliance Operation
	11	Market competitiveness	3.Corporate Compliance Operation
	12	Propaganda and products/service tags	3.Corporate Compliance Operation
	13	Supplier management	3.Corporate Compliance Operation
Caring for employees	14	Occupational health and safety	4.Focus on Talent Building
	15	Employee training and development	4.Focus on Talent Building
	16	Employee diversification, non-discrimination and equal opportunity	4.Focus on Talent Building
	17	Prevention of child labor and forced labor	4.Focus on Talent Building
	18	Employee communication and care	4.Focus on Talent Building
	19	Employee benefits	4.Focus on Talent Building
	20	Labor relationship	4.Focus on Talent Building
	21	Qualifications and professional conduct	4.Focus on Talent Building
Corporate environmental protection	22	Green operation	5.Promote Green Development
	23	Respond to climate change	5.Promote Green Development
	24	Employee's environmental awareness	5.Promote Green Development
Supporting communities	25	Community investment and engagement	6.Fulfill Community Public Welfare Responsibility

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. CORPORATE COMPLIANCE OPERATION

3.1 Safeguard Privacy Security

The customer privacy and information security are important cornerstones for the Group to provide products and services to customers. We are committed to enhancing the level of information security management. We strictly complied with Cybersecurity Law of the People's Republic of China, Provisions on Technical Measures for the Protection of the Security of the Internet and the laws and regulations of the place of operation. To safeguard the security of customer data, we have formulated policies such as "Operation and Management Mechanism for Information System", "Information System Management System", "Management Specification for Database Operation", "Processing Mechanism for Security Incidents", "Disaster Recovery Plan" and "Non-disclosure System". We believe that we will provide customers with a safer and more reliable service experience through continuously improving the information security system.

In efforts to standardize the management of and reliably maintain the Company's information system and thereby guarantee the stability and safe operation of the system software and hardware, we have adopted a series of strict information system management processes, including server management, application management, change management and application control, to ensure that changes in any system are fully approved and controlled to effectively reduce potential risks and the likelihood of system failures. We guaranteed the "7*24 Hours" normal operation of the server (except the scheduled system maintenance period), regularly scanned the server system, checked the use of the server's disk space, found the abnormal operation of the server in time and made records to ensure the daily stable operation of the server. In addition, strict security and confidentiality management are implemented for server data to prevent the leakage, loss and destruction of data.

The Group attaches great importance to the application management of information systems. Before the system is put into use, we will arrange the server development team to organize the system application department to jointly formulate an application plan for the system pursuant to the management principles for the Company's information application system, in combination with the functional requirements and technical characteristics of such system. In case of any system failure, the server development team would arrange technical personnel for repair and maintenance according to the emergency plan, and summarize the cause of the incident and lessons upon the completion of processing, and propose a corresponding rectification plan to continuously improve our emergency response mechanism. In addition, we have also developed management procedures for system updates and alterations, which are subject to the approval by the head of the business department.

In order to further enhance the effectiveness of information security management, we have also formulated the "Processing Mechanism for Security Incidents", to standardize the procedures for handling of the Company's security incidents, including designated emergency teams (leading group, management group, working group). Member of each team have signed the "Security Responsibility Agreement for Key Positions of the Information System" to ensure the normal operation and production of the information system management of the Group and its members, providing a solid protection for the safety and integrity of data assets.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In all aspects of the Group's management and the course of operation, we have implemented the basic process of risk management based on business objectives, and cultivated a good risk management culture to ensure that the Company can effectively address potential risks during its operations. We have established and improved a comprehensive risk management system, including risk management strategies, risk financing measures, organizational functional system for risk management, risk management information system and internal control system.

During the Year, the Group received no complaints related to data protection.

3.2 Prioritize High-quality Service

In adherence to the principle of catering for customer needs, the Group is committed to developing online gaming business and the tools and software for computers and mobile devices, to meet the diverse needs of a wide range of users and attract new player. The Group has abided by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, E-Commerce Law of the People's Republic of China, Provisions on Protecting the Personal Information of Telecommunications and Internet Users, Interim Measures for the Administration of Online Games, Notice on Protecting the Mental and Physical Health of Minors and Implementing the Anti-addiction System of Online Games, Comprehensive Implementation Plan on the Prevention and Control of Children and Adolescents' Myopia and Notice on Strengthening the Management of the Virtual Money of Network Games, to continuously improve user experience and meet evolving market demands. At the same time, we focus on interaction and relation maintenance with existing users, and make further efforts to enhance user loyalty by providing high-quality products and services, striving to maintain a leading position in market competition.

In order to better meet customer needs and enhance service quality, we have actively established telephone, WeChat, email, online customer service, remote software and other channels to communicate with customers, to ensure timely response to users' needs. We strived to actively collect customers' opinions, with commitment to responding to inquiries and questions from customers in a rapid and accurate manner, and providing satisfactory solutions. Regarding customer complaints, we will take prompt actions to ensure the proposal of feasible solutions as soon as possible, so as to effectively solve the customers' problems and restore customer satisfaction. We actively communicate with customers to deeply understand their specific needs and expectations, and strive to ascertain the best treatment and implementation solutions to ensure that customer problems are properly resolved.

We have been giving top priority to the rights and interests of users and consumers, offering safe and reliable services to our customers. For this purpose, we have formulated the "Ludashi User Registration Service Agreement", to protect the legitimate rights and interests of users. We attach great importance to the protection of users' privacy (in particular the privacy and security of minor users). We make consistent efforts to take reasonable measures in terms of technology and management to safeguard the security and confidentiality of user information, and follow the provisions under the Ludashi Game Privacy Policy. In addition, we also require users to abide by laws and regulations related to the information release on the Internet and the generally applicable Internet ethics and etiquette when using game accounts. Users shall be solely responsible for the content of the information they post.

During the Year, the Group handled 330 consultant services and complaints, with a customer satisfaction of 94.85%.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.3 Product Quality-oriented

Recognizing the importance of product quality for user experience and satisfaction in a rapidly changing market environment, we are committed to establishing and maintaining a computer a high-quality hardware information database for industries to ensure that we can provide accurate and reliable information and services for our users. In order to meet the market demand for different types of handset products in China, we have released several versions of Android version evaluation to meet the needs of users. At the same time, we have also set up a product testing department, which is responsible for the control and supervision of product quality to ensure that the products we launch meet the corresponding standards and requirements, so as to provide high-quality products for users in the market.

3.4 Integrity-based Operation Concept

Anti-corruption and anti-bribery are important principles that we firmly implement. The Group is committed to establishing corporate culture of integrity and transparency to ensure that our business operations comply with ethical and legal requirements. We strictly prohibit all forms of illegal acts such as bribery, extortion, fraud and money laundering. The Group strictly complies with laws and regulations such as the Criminal Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China. In order to prevent fraud, strengthen governance and internal control, and reduce the risks of the Group, we have developed policies and processes such as "Anti-fraud and Anti-corruption Policy", "Interest Conflict Policy" and "Reporting Policies and Processes". At the same time, we actively drive all employees to strictly comply with relevant laws and regulations, professional ethics and standards and the Company's rules and regulations, and take the establishment of a good atmosphere of integrity as our direction of efforts. By strengthening governance and internal control, we aim to reduce the Group's risks, and standardize conduct of operation to ensure the realization of our business goals, attain sustainable, stable and healthy development, while protecting the legitimate rights and interests of the Group and Shareholders.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We always regard anti-corruption and anti-fraud as core components of corporate governance, committed to building an honest and transparent operating environment. We eliminate all kinds of fraud that harms the legitimate economic interests of the Group and fraud that seeks economic interests from the Group improperly. We require the management to be responsible for the occurrence of fraud. The management is responsible for establishing, improving and effectively implementing anti-fraud procedures, including fraud risk assessment and fraud prevention, and self-assessment, ensuring the effectiveness of the anti-fraud mechanism. We have set up an anti-fraud committee to organize and implement the inter-departmental and group-wide anti-fraud work. The committee reports to the management and executive Directors, and follow the anti-fraud guidance of executive Directors. We eliminate all kinds of fraud that harms the legitimate economic interests of the Group and fraud that seeks economic interests from the Group improperly. We require the management to be responsible for the occurrence of fraud. The management is responsible for establishing, improving and effectively implementing anti-fraud procedures, including fraud risk assessment and fraud prevention, and performing regular self-assessment to ensure the effectiveness of the anti-fraud mechanism. Meanwhile, we emphasize the prevention and control of fraud, advocating a corporate culture of integrity and honesty. Through providing training to new employees, we reinforce the education on laws, regulations, and ethical integrity, continuously fostering a corporate culture of integrity and honesty. To further enhance the systematization and execution of anti-fraud efforts, we have set up an anti-fraud committee to organize and implement the inter-departmental and group-wide anti-fraud work. The committee reports to the management and executive Directors, and accepts the anti-fraud guidance of executive Directors. We believe that through the dual assurance of system improvement and cultural cultivation, we will continue to strengthen the defense line of anti-fraud, laying a solid foundation for the sustainable development of the Group.

In order to maintain corporate integrity and transparency, we have established the Conflict of Interest Policy, which requires employees to avoid conflicts with relationships and circumstances that may have a negative impact on the Group's best interests when making decisions. Employees should fully or promptly disclose actual or potential conflicts of interest, and if they engage in any activities that may give rise to conflicts of interest without prior approval, they would be subject to disciplinary action and even the labor contract would be terminated. In addition, if an employee discovers any act or situation that may violate or prohibit it, the employee is obliged to report it. All reports would be recorded, reviewed and independently investigated if necessary. The Group kept confidential the employees who reported fraud, and unless it was a malicious report, no adverse situation would happen to any employee because of whistle-blowing. All the directors of the Group participated in the anti-corruption training and read in detail the Toolkit on Directors' Ethics issued by the Independent Commission Against Corruption. At the same time, the Group provided internal anti-fraud training information to all employees to enhance their compliance awareness and ethical standards.

During the Report Period, the Group and its employees were not involved in corruption litigation cases.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.5 Supply Chain Management

The Group strictly complied with the Law of the People's Republic of China on Bid Invitation and Bidding and the Implementation Regulations on the Bidding and Tendering of the People's Republic of China and other laws and regulations effective in the place of its operation. We are well aware of the importance of establishing good cooperative relations with our suppliers for common development, in order to strengthen the cooperative relationship and common development with suppliers, we have formulated the "Procurement Service Management System" to ensure the normal operations of the procurement service systems of the Group and its branches and standardize the Company's procurement.

The Group adheres to all-round sustainable development, advocates sustainable procurement, and applies its criteria to supplier selection. We prioritize selecting suppliers who possess environmental awareness and actively fulfill social responsibilities. Before cooperating with suppliers, we will conduct thorough communication to understand whether they have environmental awareness or not. When selecting suppliers, we firmly follow the principle of social responsibility by continuously paying attention to the social responsibility performance of suppliers, and we are committed to establishing cooperation with companies without relevant negative news. We believe that partnership with such suppliers not only helps promote sustainable development but also jointly creates a more environmentally and socially responsible business environment.

To ensure the efficiency and sustainability of the supply chain, we conduct annual scoring and rating and record the evaluation results in the Supplier Evaluation Form. At the same time, we will regularly update the list of qualified suppliers to reflect the evaluation results in the list. The minimum passing score is set at 60 points for the supplier, and the contract with a supplier would be terminated if such supplier were given a score less than the mark more than three times. We, based on the annual procurement budget, fix the procurement volume and select at least three suitable suppliers for price comparison. The results of the price comparison are recorded in detail in the Price Comparison Record Form and indicate the reasons for selecting the supplier. We comprehensively consider factors such as price, quality, delivery capacity and service level to make the final supplier selection. We give priority to suppliers that meet internationally recognized standards or certifications related to environmental and social risk management, and prefer local suppliers or suppliers with close geographical proximity and convenient transportation to reduce carbon footprint. In addition, we actively advocate green procurement and reasonably control the procurement volume in light of demands to mitigate the risk of slow-moving inventory, thereby achieving more sustainable procurement practices.

During the Year, the Group had a total of 115 major suppliers from Mainland China and Hong Kong, which were in game, mobile device and PCs sectors. All of those suppliers complied with the supplier practices of the Group.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.6 Technological Innovation and Intellectual Property Management

Protection of intellectual property rights and technological innovation are complementary and inseparable in today's fiercely competitive market. As a technology-driven enterprise, the Group ensures that its technologies can enjoy exclusive and exclusive rights, which is to effectively explore and develop high-quality project resources within the Group and promote the sustainable and healthy development of the Group. Therefore, we strictly abide by the Anti-Unfair Competition Law of the People's Republic of China, the Regulations on the Implementation of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Computer Software Copyright Registration Measures, the Internet Network Domain Management Measures of the People's Republic of China and other laws and regulations, so as to safeguard our own intellectual property rights and prevent infringement of other intellectual property rights ensuring fairness and integrity in innovation and competition.

We are committed to exploring and developing high-quality project resources within the Group. In order to promote innovation, we have formulated the Requirements for the Group's Internal Patent Application to convert potential ideas and inventions into patents. For projects with innovation potential, we set patent application tasks for departments with R&D and technical personnel. With one main inventor acting as the main person-in-charge and other team members providing collaboration and support, a patent can be applied for.

In order to maintain a fair gaming environment and intellectual property, we have stated in the Registration Agreement for Game Users of Ludashi that users are not allowed to infringe any third-party intellectual property rights, copyright or public/private rights while enjoying the Group's products. In addition, users are not allowed to interfere with or impede the normal provision of products and services in games, e.g., attacking or hacking into the game web server or overloading the web server, cracking or modifying the client program provided by the game, attacking or hacking into the game's game server or game server program or overloading the game server. At the same time, users shall not modify the client program to change or add or reduce the pre-set functions of the game platform or cause anomalies in the data sent by the client to the server either. If a user commits an act that violates the above rules, we will hold the offending user liable to the Group for the breach of contract to effectively protect the legitimate rights and interests of the Group and other users.

We firmly follow the principle of honest marketing to ensure that the advertisements we publish do not contain deceptive and misleading information. The Group strictly abides by the advertising-related laws and regulations such as the Advertising Law of the People's Republic of China, the Advertising Management Regulations and the Interim Measures for the administration of Internet advertising.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. FOCUS ON TALENT BUILDING

4.1 Safeguard Employee Benefits

We deeply understand that employees are the most valuable asset of a company, and the value and contribution from each employee are indispensable. We committed to ensuring that the legal rights and interests of employees are fully protected, while emphasizing safety and health of the employees, and striving to create a positive, robust, and warm working environment. Therefore, we strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on Implementation of the Labour Contract Law of the People's Republic of China, the Law on the Protection of Minors of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and have formulated the "Employee Handbook of Ludashi" and the "Employee Code of Conduct" to guide and regulate the behaviors of employees, ensuring that every employee can grow and develop in an environment of fairness and respect.

In order to create a fair and just working environment, the Group consistently adheres to an open and transparent recruitment practices to ensure the selection of the best candidates. We firmly prohibit any form of discrimination, including but not limited to gender, marital status, age, race, skin color, disability, religion and so on. When signing labor contracts with applicants, we require them to provide identification documents to verify their real age and avoid employment of child labor. We firmly oppose the employment of minors to engage in work that violates laws and regulations to ensure rights and interests of children are protected and assume our social responsibilities. In addition, the Group implements standard working hour system to ensure that employees enjoy sufficient rest time. We encourage employees to improve work efficiency and avoid unnecessary overtime work. If overtime is indeed necessary, it should be approved by the department head in advance via email to avoid forced labor, ensuring that every employee can work in an environment of safety and respect.

During the Year, the Group was not involved in the employment of child labor or forced labor, ensuring that the rights and interests of employees are fully protected, and creating a fair, equal and respectful working environment.

We respect whether employees resign. Upon receipt of an application for resignation from an employee, we would interview such employee to understand why he/she applies for resignation and receives his/her feedback about the Company, if any. We would also facilitate such employee in resignation procedures and handover so as to ensure our business would not be discontinued and such employee could resign from the Company smoothly.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group had 181 employees. The distribution of employees of the Group during the Year is as follows:

Indicators	Unit	2024
Total number of employees	person	181
Number of employees by gender		
Female	person	58
Male	person	123
Number of employees by employment type		
Short-term contract/part-time employees	person	5
Full-time junior employees	person	173
Full-time senior management	person	3
Number of employees by age		
Below 30	person	81
30-50	person	99
Over 50	person	1
Number of employees by geographical region		
Southern China	person	179
Northern China	person	2

4.2 Focus on Employees' Physical and Mental Health

Adhering to the philosophy that employee health and well-being are of paramount importance, the Group is committed to creating a safe and comfortable working environment and providing employees with the best working conditions. We strictly abide by Law of the People's Republic of China on Work Safety, the Fire Prevention Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China and other laws and regulations. During the Year, the Group did not receive any complaint or litigation regarding violation of health and safety laws, and there was no case of work-related fatalities in the past three years.

We attach great importance to the physical and mental health of our employees and provide them with annual physical examinations to pay full attention to their health conditions. In addition, we regularly organize health and safety-related training, such as fire drills, to ensure that employees can calmly respond and act quickly in the event of an emergency.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Care for Talent Development

Personal growth of employees is the key to sustainable development of the Company. As such, we provide training programs covering various fields and levels for employees, assisting in their skill enhancement and career development. We provide new employees with induction training in accordance with the Employee Handbook to facilitate them to understand the Company, understand the business situation and development plan, corporate culture, financial attendance and other systems of the Company, and provide departmental business trainings according to the business or functions of the department to help those employees develop into experts in their department or field. The Group will, depending on business development needs, continuously provide employees with various trainings that are conducive to the common development of the Company and employees.

Establishing a scientific and standardized evaluation system is crucial in the process of promoting employee development and improvement. Through communication with employees, we evaluate performance and value to achieve common improvement and progress. We conduct employee performance appraisal on a quarterly and annual basis, and take them as the basis for redesignation and salary adjustment, which actively facilitates the career development of employees and provides them with broader opportunities for growth and improvement.

4.4 Care for Employees' Lives

In order to attract and retain outstanding talents, the Group is committed to formulating and implementing a fair and reasonable compensation system, ensuring that all employees can enjoy competitive salaries and comprehensive benefits. The remuneration structure of our Group is determined based on the experience, competitiveness, skills, and job qualification requirements of the employees. We will provide quarterly bonuses, annual bonuses, as well as stock options and share incentive plans to our employees based on their business performance to encourage them to continuously pursue excellence in their work. In addition to making contribution to social security and housing provident funds for our employees at the maximum rate, we also purchase supplementary medical insurance for every employee and his/her children, which covers outpatient, emergency and hospitalisation expenses incurred by the insured employee and his/her children as a result of illness or accident. In addition, we provide a wide range of benefits and care, including meal subsidies, traditional holiday gifts, birthday parties and monthly team building activities, to enhance employees' sense of well-being and team cohesion.

We protect by laws every employee's right to take leave. In addition to national holidays, we also provide employees with paid annual leave, personal leave, sick leave, marriage leave, maternity leave, prenatal check-up leave, breastfeeding leave, paternity leave, funeral leave, etc., to balance their work and life.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. PROMOTE GREEN DEVELOPMENT

Environmental protection is one of the indispensable and important aspects of the Group. We strictly abide by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, and have formulated the Corporate Environmental Protection Policy, to minimise the impact of our daily operations on environment.

As a technology company, our main emissions come from the consumption of electricity, water resources and office supplies generated by daily operations. Besides, taking environment protection as our own mission, we have made positive efforts to enhance the environmental awareness of our employees and promote their participation in environmental protection. We hope to promote business development while safeguarding our shared planet through these efforts.

The Group is committed to maintaining or gradually reducing power consumption, water consumption and waste generation under similar operating levels.

However, due to the growth in business scale, the water consumption, electricity consumption and waste generation in the office increased compared to 2023. In the future, we will continue to strictly monitor the consumption of energy and water, reduce generation of waste, and try our best to reduce the impact on the environment while expanding our businesses.

During the Year, the Group strictly complied with all applicable environmental laws and regulations, and there was no monitored incident due to violation of laws related to environmental protection during the Reporting Period.

5.1 Advocate Energy Saving and Emission Reduction

In the process of promoting sustainable development, the Group actively advocates for employees to conserve energy to achieve more efficient resource utilization. We encourage employees to use daylight lighting as much as possible during the day with sufficient light, clean lamps regularly, keep lighting devices and electric lamps clean, and improve energy efficiency by adopting the LED lamps with high energy efficiency. We also encourage employees to turn off the lights in time when leaving the office to reduce unnecessary energy waste. For the air conditioning system, we regularly clean the filters to improve the refrigeration efficiency, and conduct regular overhaul to reduce the possibility of refrigerant leakage. We also allow employees to work in casual clothes in hot weather to reduce the use of air conditioners. For other electronic equipment and electrical appliances, we have adopted a series of energy-saving measures. Priority is given to such electronic equipment with energy efficiency volume label to reduce energy consumption. Besides, we set a timed automatic standby mode for computers, and adopt virtualization calculation technology to reduce energy consumption and hardware installation, thus to improve energy utilization efficiency and promote sustainable development.

During the Year, the power consumption of the Group's Chengdu office was 334,425.28 kWh, and the power consumption was 87.34 kWh per square meter.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.2 Greenhouse Gas (GHG) Management

According to the "Greenhouse Gas Protocol" developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 set by the International Standards Organization, we conducted annual review on GHG for our Chengdu office.

As the Group's operations are mainly based in offices, which has a relatively small environmental impact in general, we will determine our GHG emission targets step by step in the future, taking into account the development of our business. During the Reporting Period, the GHG emissions of our Chengdu office are summarized as follows:

GHG Emissions Performance	Unit	2024
Direct GHG emissions (Scope 1)	tonnes carbon dioxide equivalent (CO_2e)	12.17
Indirect GHG emissions (Scope 2)	tonnes CO_2e	179.45
Total GHG emissions (Scope 1 & 2)	tonnes CO_2e	191.62
GHG emissions per square meter (Scope 1 & 2)	tonnes CO_2e/square meter	0.05

5.3 Reduce Air Pollution

We recognise that air emissions from the Group are primarily caused by its vehicles. To this end, we have taken a number of measures to reduce emissions and protect the environment. Firstly, we provide low-carbon driving training to our drivers to promote economical and environmentally friendly driving behaviour. Secondly, we carry out regular vehicle maintenance and ensure that tyres are properly pressurised to improve fuel efficiency and reduce exhaust emissions. In addition, we have been actively introducing electric and hybrid vehicles to reduce production and emission of pollutants. Through these initiatives, we hope to promote green travel while reducing environmental impact, contributing to sustainable development.

During the Year, the emissions of nitrogen oxides, sulfur oxides and particulate matter were 56.10kg, 0.07kg and 5.22kg, respectively.

5.4 Water Resource Management

The Group places importance on the rational utilization of water resources. In order to reduce the water consumption by corporate operations, the Group has formulated a series of water-saving measures to reduce water consumption in corporate operations. These measures include posting water-saving warning signs in toilets, reminding employees to turn off faucets, using faucets and flush tank with water-saving labels, and encouraging recycling the washing sewage for cleaning and irrigation. We also regularly check the reading of water meters to find whether there is any hidden water leakage. If there is any dripping faucet, we will immediately repair the same to stop the leakage to ensure that water resources are not wasted.

We have no difficulty in securing appropriate sources of domestic water. During the Year, the total water consumption of the Group was 2,674.43 cubic meters with an average water consumption of 0.70 cubic meter per square meter.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.5 Waste Management

The Group is committed to reducing waste generation, and has taken numbers of actions to achieve this target and reduce resource waste. First, the Group recycles the reusable stationery such as envelopes, binders and file cards to reduce waste. Second, we manage to reduce the use of disposable and non-recyclable products, and encourage use of rechargeable batteries instead of disposable ones, and put the discarded batteries in specific recycling bins for recycling. Besides, we also cooperate with electronic companies to recycle and reuse the old computers or other electronic wastes, thus reducing the environmental pressure. We will continue to adopt effective measures to reduce waste generation and thus promote sustainable development.

5.6 Respond to Climate Change

Climate change has become a global challenge, and we recognize its profound impact on the environmental, economic, and social levels. To this end, the Group actively monitors global climate trends and domestic policy developments, practices the concept of low-carbon and green development, and responds to China's national strategy of "carbon peaking by 2030, carbon neutrality by 2060". We establish a comprehensive climate change management system, to identify climate change-related risks, and integrate mitigation and adaptation measures into daily operations.

Climate Change Management System

Governance	• We incorporate climate change issues into the Company's substantive issues of concern, and the Board of Directors supervises and manages the Company's climate change issues; • Relevant functional departments and business departments incorporate climate change management into their daily work.
Strategy	• Identify the risks of climate change to the Company's operation, plan to incorporate the risk sand opportunities of climate change into the overall operational risk management. For specific climate risk identification, please refer to the table below.
Risk Management	• Optimize risk management processes, including identifying, assessing, and managing entity risks and transformation risks; • Develop and implement corresponding mitigation measures for identified climate risks.
Metrics and Targets	• Regular statistics and disclosure of GHG emissions and emission intensity to assess the Company's performance in addressing climate change; • Establish directional targets for reducing greenhouse gas emissions, namely: actively implement it according to the Group's energy conservation measures, and maintain or gradually reduce electricity consumption and greenhouse gas emissions intensity under similar operation levels.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group recognises the importance of identifying climate-related issues. We reduce our environmental impact through low-carbon operations and implementation of environmental protection measures. Through the above approaches, the Group has identified the following risks which have a significant impact on the Group's business:

Climate-related risk	Impact on the Group	Mitigation measures
Physical risk	• Extreme weather conditions, such as high temperatures, rainstorm, floods, have the potential to cause service interruptions in inclement weather and the temporary closure of the office • Extreme weather may cause safety problems for employees	• When the government departments issue relevant extreme weather warnings, the Company will implement measures to ensure safety of employees based on specific situation, such as adjusting working times, leaving work early or working at home; • To review the Group's environmental initiatives and monitor their effectiveness; • To provide safety training to employees to raise their safety awareness.
Transition Risk	• Changes in government policies and regulatory requirements	• Pay close attention to the changes in government policies and regulatory provisions related to climate to ensure timely response to the policy changes and updates; • Continue to respond to the newly issued government policies related to climate.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. FULFILL COMMUNITY PUBLIC WELFARE RESPONSIBILITY

While promoting our businesses development, the Group always keeps in mind the surrounding communities' valuable support for our businesses, actively participates in community activities, fully capitalises our strengths to help people in need in the communities as much as possible, and shoulders our social responsibilities proactively. During the Year, two staff of the Group participated in community service activities for a total of 24 hours.

Case: Rural Revitalization Matching Assistance Activity

To fulfill the rural revitalization strategy and corporate social responsibility, we went to Yulong Town, Dege County on 27 August 2024 to carry out matching assistance actions. The project team donated milk machines, televisions, and rice, among other living supplies, to local herders and families lifted out of poverty. They also conducted on-site research at the Rangmaxiu Pasture, Yulong Town, Huoran Village Plateau Vegetable Planting Base, and the Shakedao Deng Patriotic Education Base to gain an in-depth understanding of local development needs.

Looking to the future, we will do our best to give full play to our technical and resource advantages to participate in more community public welfare activities to give back to the society, thereby contributing more significantly to the society and promoting mutual growth.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX I: SUSTAINABILITY DATA SUMMARY

Indicator	Unit	2024
Environmental scope[1]		
Emissions		
Nitrogen oxides	kilogram	56.10
Sulfur oxides	kilogram	0.07
Particulate matter	kilogram	5.22
GHG emissions		
Direct GHG emissions (Scope 1)	tonnes CO_2e	12.17
Indirect GHG emissions (Scope 2)	tonnes CO_2e	179.45
Total GHG emissions (Scope 1 & 2)	tonnes CO_2e	191.62
GHG emissions per square meter (Scope 1 & 2)	tonnes CO_2e/square meter	0.05
Energy consumption		
Total energy consumption	kWh	376,440.56
Energy consumption intensity	kWh/square meter	98.31
Purchased electricity consumption	kWh	334,425.28
Purchased electricity consumption intensity	kWh/square meter	87.34
Gasoline consumption	litre	42,015.28
Water consumption		
Total water consumption	cubic meter	2,674.43
Water consumption intensity	cubic meter/square meter	0.70
Wastes		
Non-hazardous waste produced	kilogram	1,500.00
Non-hazardous waste produced intensity per capita	kilogram/person	8.29
Hazardous waste produced	kilogram	15.00
Hazardous waste produced intensity per capita	kilogram/person	0.08
Paper consumption		
Paper consumption	kilogram	453.01
Paper consumption per capita	kilogram/person	2.50

1 The environmental key performance indicators include the performance of the Chengdu office

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Unit	2024
Social scope		
Total number of employees	person	181
Total number of employees by gender		
Female	person	58
Male	person	123
Total number of employees by employment type		
Short-term contract/part-time employees	person	5
Full-time junior employees	person	173
Full-time middle-level management	person	0
Full-time senior management	person	3
Total number of employees by age group		
Below 30	person	81
30-50	person	99
Over 50	person	1
Total number of employees by geographical region		
Southern China	person	179
Northern China	person	2
Employee turnover rate[2]		
Employee total turnover rate	%	82.87
Employee turnover rate by gender		
Female	%	27.62
Male	%	55.25
Employee turnover rate by age group		
Below 30	%	51.93
30-50	%	30.94
Over 50	%	0.00
Employee turnover rate by geographical region		
Southern China	%	79.56
Northern China	%	3.31
The percentage of employees trained by employee category		
Female	%	100
Male	%	100
The percentage of employees trained by employment category		
Short-term contract/part-time employees	%	100
Full-time junior employees	%	100
Full-time senior management	%	100
The average training hours completed per employee by gender		
Female	hour	2
Male	hour	2

2 Employee turnover rate= number of employees turnover ÷ number of employees at the end of the year ×100%

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Unit	2024
The average training hours completed per employee by employment category		
Short-term contract/part-time employees	hour	2
Full-time junior employees	hour	2
Full-time senior management	hour	2
Work health and safety		
Number of work-related fatalities in the past three years (2022, 2023, 2024)	person	0
Percentage of work-related fatalities in the past three years (2022, 2023, 2024)	%	0
Lost days due to work-related injuries	day	0

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX II: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX OF THE STOCK EXCHANGE

Indicator Content			Related Section(s)
A. Environmental scope			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.2 Greenhouse Gas (GHG) Management
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Summary
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG Emissions and density.	5.2 Greenhouse Gas (GHG) Management Appendix I: Sustainability Data Summary
	A1.3	Total hazardous waste produced and density.	Appendix I: Sustainability Data Summary
	A1.4	Total non-hazardous waste produced and density.	5.5 Waste Management Appendix I: Sustainability Data Summary
	A1.5	Description of emissions targets set and steps taken to achieve them.	5.1Advocate Energy Saving and Emission Reduction
	A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction targets set and steps taken to achieve them.	5.5 Waste Management

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
A. Environmental scope			
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Advocate Energy Saving and Emission Reduction 5.4 Water Resource Management
	A2.1	Direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type in total and density.	5.2 Greenhouse Gas (GHG) Management Appendix I: Sustainability Data Summary
	A2.2	Water consumption in total and density.	5.4 Water Resource Management Appendix I: Sustainability Data Summary
	A2.3	Description of the goal of energy use efficiency and what measures have been taken to achieve these goals.	5.1 Advocate Energy Saving and Emission Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	5.4 Water Resource Management
	A2.5	Total packaging material used for finished products and, with reference to per unit produced.	Not applicable as the Company's business does not involve packaging materials

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5. Promote Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5. Promote Green Development
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.6 Respond to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.6 Respond to Climate Change

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
B. Social scope			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Focus on Talent Building
	B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Safeguard Employee Benefits Appendix I: Sustainability Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Summary
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2 Focus on Employees' Physical and Mental Health
	B2.1	Number and rate of work-related fatalities per year during the past three years (including the reporting year)	4.2 Focus on Employees' Physical and Mental Health Appendix I: Sustainability Data Summary
	B2.2	Lost days due to work injury	4.2 Focus on Employees' Physical and Mental Health Appendix I: Sustainability Data Summary
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2 Focus on Employees' Physical and Mental Health

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
B. Social scope			
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3 Care for Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management and middle-level management).	Appendix I: Sustainability Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Summary
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Safeguard Employee Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Safeguard Employee Benefits
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Safeguard Employee Benefits
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	3.5 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
B. Social scope			
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Safeguard Privacy Security 3.2 Prioritize High-quality Service 3.3 Product Quality-oriented 3.6 Technological Innovation and Intellectual Property Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group's business does not involve sales or delivery of products
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Prioritize High-quality Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.6 Technological Innovation and Intellectual Property Management
	B6.4	Description of quality assurance process and recall procedures.	3.3 Product Quality-oriented
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.1 Safeguard Privacy Security

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Content			Related Section(s)
B. Social scope			
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	3.4 Integrity-based Operation Concept
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.4 Integrity-based Operation Concept
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	3.4 Integrity-based Operation Concept
	B7.3	Description of the anti-corruption trainings provided to the directors and employees.	3.4 Integrity-based Operation Concept
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Fulfill Community Public Welfare Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Fulfill Community Public Welfare Responsibility
	B8.2	Resources contributed to the focus area.	6. Fulfill Community Public Welfare Responsibility

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December 2024

中汇
ZHONGHUI

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

Opinion

We have audited the consolidated financial statements of 360 Ludashi Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 107 to 182 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December 2024

Key Audit Matter (Continued)

Estimation of average playing period of paying players of exclusive licensed online games

Refer to Notes 4, 5 and 23 to the consolidated financial statements

The Group is required to estimate the average playing period of paying players of exclusive licensed online games. This estimation is significant to our audit because the Group recognised revenue amounting to RMB754,278,000 from operation of exclusive licensed online game business during the year ended 31 December 2024, which is material to the consolidated financial statements. In addition, the Group's determination of average expected playing period of paying players ("Player Relationship Period") involves application of judgements and is based on assumptions and estimates.

Our audit procedures included, among others:

- Evaluating and reviewing the management's accounting estimates related to the Player Relationship Period, including historical users' consumption patterns, churn rates and game life-cycle, by considering the degree of estimation uncertainty, complexity and subjectivity;

- Testing the completeness of underlying data used in the management's estimation and checking the accuracy of underlying data on a sample basis; and

- With the support of our internal information technology specialist, checking the system logic used to calculate the historical players' churn rates and the arithmetical formulas used to calculate the average playing period of paying players.

We consider that the Group's estimation of average playing period of paying players of exclusive licensed online games is supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December 2024

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December 2024

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Ourviews/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Lee Chi Sum
Audit Engagement Director
Practising Certificate Number P08391

Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	1,315,076	790,512
Costs of sales and services		(1,157,005)	(625,550)
Gross profit		158,071	164,962
Other income	6	7,141	15,113
Other gains and losses	7	(5,847)	(2,140)
Selling and distribution expenses		(24,696)	(28,098)
Administrative expenses		(54,060)	(45,373)
Research and development expenses		(42,997)	(47,682)
Share of results of associates		(1,348)	(3,323)
Finance costs	8	(238)	(127)
Profit before taxation		36,026	53,332
Taxation	9	(2,751)	(6,055)
Profit and total comprehensive income for the year	10	33,275	47,277
Profit (loss) and total comprehensive income (loss) for the year attributable to:			
Owners of the Company		34,901	42,642
Non-controlling interests		(1,626)	4,635
		33,275	47,277
Earnings per share			
Basic and diluted (in RMB cents)	13	12.97	15.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Intangible assets	14	2,210	2,605
Property, plant and equipment	15	8,000	8,306
Goodwill		989	989
Interests in associates	16	14,511	13,004
Financial assets at fair value through profit or loss ("**FVTPL**")	17	9,623	4,600
Deferred tax assets	18	9,896	14,973
Prepayments	20	14,873	14,873
		60,102	59,350
Current Assets			
Trade receivables	19	157,231	78,203
Other receivables, deposits and prepayments	20	80,829	40,701
Inventories		154	133
Tax recoverable		847	1,247
Financial assets at FVTPL	17	43,000	50,000
Term deposits with initial terms of over three months	21	–	30,000
Cash and cash equivalents	21	442,336	503,852
		724,397	704,136
Current Liabilities			
Trade and other payables	22	86,223	99,941
Contract liabilities	23	16,342	11,591
Lease liabilities	25	2,569	1,687
Income tax payable		256	3,895
		105,390	117,114
Net Current Assets		619,007	587,022
Total Assets less Current Liabilities		679,109	646,372

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Capital and Reserves			
Share capital	24	**2,425**	2,425
Reserves		**673,686**	638,785
Equity attributable to owners of the Company		**676,111**	641,210
Non-controlling interests		**646**	2,272
		676,757	643,482
Non-current Liability			
Lease liabilities	25	**2,352**	2,890
		679,109	646,372

The consolidated financial statements on pages 107 to 182 were approved and authorised for issue by the board of directors on 27 March 2025:

Tian Ye
Director

Jian Lu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2024

	Attributable to owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000* *(Note (i))*	Statutory surplus reserve *RMB'000* *(Note (ii))*	Other reserve *RMB'000*	Accumulated profits *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023	2,425	159,482	26,720	(9)	409,950	598,568	2,563	601,131
Profit and total comprehensive income for the year	–	–	–	–	42,642	42,642	4,635	47,277
Dividends to non-controlling Interests *(Note (iii))*	–	–	–	–	–	–	(4,926)	(4,926)
Transfer	–	–	4,565	–	(4,565)	–	–	–
At 31 December 2023	2,425	159,482	31,285	(9)	448,027	641,210	2,272	643,482
Profit (loss) and total comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**34,901**	**34,901**	**(1,626)**	**33,275**
Transfer	**–**	**–**	**7,131**	**–**	**(7,131)**	**–**	**–**	**–**
At 31 December 2024	**2,425**	**159,482**	**38,416**	**(9)**	**475,797**	**676,111**	**646**	**676,757**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2024

Notes:

(i) The share premium includes the capital reserve of RMB37,920,000 before the completion of the reorganisation of the Group in 2018.

(ii) 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 taxation 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.

(iii) During December 2023, 天津六六遊科技有限公司 (Tianjin Liu Liuyou Technology Co., Ltd.*) ("**Liu Liuyou Technology**") declared dividends of an aggregate amount of RMB45,610,000 to its shareholders, of which approximately RMB40,684,000 and RMB4,926,000 were distributed to 成都奇魯科技有限公司 (Chengdu Qilu Technology Co., Ltd.*) ("**Chengdu Qilu**") and the non-controlling shareholder, respectively.

* *English name for reference only.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2024

	2024 *RMB'000*	2023 *RMB'000*
Operating activities		
Profit before taxation	**36,026**	53,332
Adjustments for:		
Depreciation of property, plant and equipment	**4,272**	5,240
Amortisation of intangible assets	**395**	394
Share of results of associates	**1,348**	3,323
Fair value losses of financial assets at FVTPL	**2,997**	–
Gain on derecognition of interest in an associate	**–**	(119)
Loss (gain) on disposal of property, plant and equipment	**21**	(3)
Finance costs	**238**	127
Interest income	**(5,876)**	(9,867)
Impairment losses under expected credit loss model, net of reversal	**122**	2,347
Impairment loss on interests in associates	**2,145**	–
Write-down of inventories	**–**	155
Net foreign exchange gains	**(81)**	(472)
Operating cash flow before movement in working capital	**41,607**	54,457
Movements in working capital:		
(Increase) decrease in trade receivables	**(79,306)**	653
Increase in other receivables, deposits and prepayments	**(40,169)**	(11,511)
Increase in inventories	**(21)**	(125)
(Decrease) increase in trade and other payables	**(13,861)**	5,163
Increase in contract liabilities	**4,751**	9,998
Cash (used in) generated from operating activities	**(86,999)**	58,635
Interest received	**5,430**	8,292
Income tax paid	**(913)**	(10,963)
Net cash (used in) generated from operating activities	**(82,482)**	55,964

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Investing activities		
Withdrawal of financial assets at FVTPL	445,000	235,000
Withdrawal of term deposits with initial terms of over three months	90,000	20,000
Interest received from financial assets at FVTPL	793	1,269
Purchase of financial assets at FVTPL	(446,020)	(265,000)
Placement of term deposits with initial terms of over three months	(60,000)	(50,000)
Acquisition of investments in associates	(5,000)	(11,000)
Purchase of property, plant and equipment	(531)	(701)
Net cash inflow on acquisition of a subsidiary	–	1,519
Payment for game development and license	–	(3,000)
Loan to an associate	–	(400)
Payment for rental deposits	–	(153)
Net cash generated from (used in) investing activities	24,242	(72,466)
Financing activities		
Repayments of lease liabilities	(3,112)	(3,184)
Interest paid	(238)	(127)
Dividends paid to a non-controlling interests shareholder	–	(9,496)
Net cash used in financing activities	(3,350)	(12,807)
Net decrease in cash and cash equivalents	(61,590)	(29,309)
Cash and cash equivalents at beginning of the year	503,852	532,902
Effect of foreign exchange rate changes	74	259
Cash and cash equivalents at end of the year, represented by bank balances and cash	442,336	503,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

1. GENERAL INFORMATION, STRUCTURED CONTRACTS AND BASIS OF PREPARATION

360 Ludashi Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The subsidiaries of the Company, set out in Note 32, are mainly engaged in online advertising services, online game platforms and operation of exclusive licensed online game business (collectively, the "**online game business**") and smart accessories sales in the PRC.

Due to the restrictions imposed by relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the business carried out by Chengdu Qilu and its subsidiaries (the "**Structured Entities**"), the Company has entered into, via 成都安易迅科技有限公司 (Chengdu Anyixun Technology Co., Ltd.*) ("**Anyixun**"), various agreements with Chengdu Qilu (the "**Contractual Arrangements**"), which, effective from 31 August 2018, enable Anyixun and the Company to:

- exercise effective financial and operational control over the Structured Entities;
- exercise equity holders' voting rights of the Structured Entities;
- receive substantially all of the economic interest returns generated by the Structured Entities in consideration for the business support, technical and management consultancy services provided by Anyixun;
- obtain an irrevocable and exclusive right to purchase all or part of the interests in Chengdu Qilu and/or any assets that are held by the Structured Entities at the lowest purchase price permitted under PRC laws and regulations and exercise such right from time to time in the event that PRC laws and regulations permitted;

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

1. GENERAL INFORMATION, STRUCTURED CONTRACTS AND BASIS OF PREPARATION (CONTINUED)

- prevent the Structured Entities to sell, assign, transfer, or otherwise dispose of or create encumbrance over their interest in the equity and/or the assets of the Structured Entities without prior consent of Anyixun; and

- prevent the Structured Entities to make any distributions to their equity holders without prior consent of Anyixun.

The Company does not have any equity interest in the Structured Entities. However, the Structured Contracts enable the Company to have the power over the Structured Entities, rights to variable returns from its involvement with the Structured Entities and the ability to affect those returns through its power over the Structured Entities. Consequently, the Company regards the Structured Entities as indirect subsidiaries. The Group has consolidated the assets and liabilities, income and expenses of the Structured Entities in the consolidated financial statements during both years.

The following financial statements balances and amounts of the Structured Entities were included in the consolidated financial statements:

	2024	2023
	RMB'000	RMB'000
Revenue	**865,517**	587,964
(Loss) profit before taxation	**(23,312)**	47,427
Non-current assets	**20,129**	23,451
Current assets	**383,210**	363,349
Current liabilities	**125,295**	82,572
Non-current liabilities	**3,944**	6,340

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Basis of consolidation** (continued)*

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Business combinations** (continued)*

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 4 and 5.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases

The Group as a lessee

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that receivable as compensation for expenses of losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are charged as expenses when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of current and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation *(continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units ("**CGUs**") for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Impairment of property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill** (continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue with Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial assets the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combination applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income ("**FVTOCI**") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, other receivables, and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group estimates the amount of lifetime ECL of trade receivables collectively for not credit-impaired debtors based on the Group's internal credit ratings and individually for credit-impaired debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL of trade receivables collectively for not credit-impaired debtors based on the Group's internal credit ratings and individually for credit-impaired debtors.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Repayment history; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

***Financial instruments** (continued)*

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgement that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Contractual arrangements

The Group conducts a substantial portion of the business through the Structured Entities in the PRC due to regulatory restrictions on internet value-added services in PRC. The Group does not have any equity interests in the Structured Entities. The management of the Group assessed whether or not the Group has control over the Structured Entities based on whether the Group has the power over the Structured Entities, has rights to variable returns from its involvement with the Structured Entities and has the ability to affect those returns through its power over the Structured Entities. After assessment, the management of the Group concluded that the Group has control over the Structured Entities as a result of the contractual arrangements and other measures and accordingly, the Group has consolidated the financial information of the Structured Entities in the consolidated financial statements during the both years.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Structured Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Structured Entities. The management of the Group, based on the advice of its legal counsel, considers that the Contractual Arrangements among Anyixun, the Structured Entities and their respective legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months from the end of each reporting period.

Provision of ECL for trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables collectively for not credit-impaired debtors based on the Group's internal credit ratings and individually for credit-impaired debtors. Collective assessment is performed by grouping of various debtors based on the Group's internal credit ratings that have similar loss patterns after considering, ageing and past-due status, repayment history, and nature, size and industry of debtors of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and take into consideration of the forward-looking information. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the carrying amount of trade receivables and the present value of estimated future cash flows of trade receivables.

The amount of lifetime ECL is sensitive to changes in estimates. As at 31 December 2024, the carrying amount of trade receivables measured at amortised cost amounted to RMB157,231,000 (net of loss allowance of RMB7,500,000 (2023: RMB78,203,000 (net of loss allowance of RMB7,178,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimated impairment of associates

As at 31 December 2024, in view of impairment indicators of the continuous unsatisfactory operation results, the Group performed impairment assessment on associates. Determining whether impairment losses should be recognised requires an estimation of the recoverable amount of the relevant associates which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from the operations of the associates and the proceeds from the ultimate disposal of the investment. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

As at 31 December 2024, the carrying amount of the associates amounted to RMB14,511,000 (2023: RMB13,004,000) and impairment losses of RMB2,145,000 was recognised in profit or loss during the year ended 31 December 2024 (2023: nil).

Estimation of Player Relationship Period in the Operation of exclusive licensed online game business

As described in Note 5 (ii), the Group recognises the revenues ratably over the estimated average Player Relationship Period for operation of exclusive licensed online game business where the Group acts as principal. The determination of Player Relationship Period in each of the exclusive licensed online game is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION

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

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

(i) Disaggregation of revenue from contracts with customers

Segment information

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

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

The revenues attributable to the Group's business lines for the years ended 31 December 2024 and 2023 are as follows:

	2024 ***RMB'000***	2023 RMB'000
Online traffic monetisation		
– Online advertising services	**530,689**	206,236
– Online game platforms	**29,625**	86,342
– Operation of exclusive licensed online game business	**754,278**	497,690
Electronic devices sales		
– Smart accessories sales	**484**	244
Total	**1,315,076**	790,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(i) Disaggregation of revenue from contracts with customers (continued)

Geographical information

During the years ended 31 December 2024 and 2023, the Group principally operated in the PRC and its revenue was generated in the PRC and overseas based on the location of the customers' operations. All of its non-current assets were located in the PRC.

	2024 RMB'000	2023 RMB'000
PRC	1,254,396	750,631
Overseas	60,680	39,881
Total	1,315,076	790,512

Timing of revenue recognition

	2024 RMB'000	2023 RMB'000
A point in time	510,394	285,704
Over time	804,682	504,808
Total	1,315,076	790,512

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Business lines	2024 RMB'000	2023 RMB'000
Customer A*	Operation of exclusive licensed online game business	146,833	N/A^

* The customer is not a related party of the Group. Revenue from customer A includes the revenue from customer A and its subsidiaries within the same group.

^ The customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group recognise revenue from the following major sources:

(a) *Service income*

Service income includes online traffic monetisation business. Such revenues are recognised over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

Online traffic monetisation business – online advertising service

Revenue from provision of online advertising service mainly includes but not limited to provision of homepage directing service, banner advertising service, value-added membership services and e-commerce business for mobile devices. For provision of homepage directing service and most of the banner advertising service, the Group considers the performance obligation is satisfied at a point in time at which the service is provided. For certain banner advertising service, revenue is recognised over time by reference to time passage of service provided, when the customers simultaneously receive and consume the benefits from the Group's performance. The progress towards complete satisfaction of a performance obligation is measured based on output method. The Group provides value-added services to the Group's software users in exchange for non-refundable upfront membership fees. These service fees are paid in advance for a specific contracted service period. All these fees are initially recognised as contract liabilities when received and revenue is recognised ratably over the term of the respective service contracts as the services are provided. For e-commerce business for mobile devices, the Group provides traffic placement and attraction services for live streaming and short videos on renowned domestic e-commerce platforms for mobile devices to earn revenue from traffic placement. The Group considers the performance obligation is satisfied at a point in time at which the service is provided.

Online traffic monetisation business – online game platforms

The Group opens its online game platforms to third-party game developers under certain cooperation agreements, of which the Group receives the payments from ultimate game players and pays the third-party game/application developers a predetermined percentage of the fees paid by and collected from ultimate game players of the Group's online game platforms for the virtual products/items purchased. Revenue from online game platforms is recognised on net basis as the Group is acting as an agent in the transaction. The Group accounts the grant of right to access the online game platforms as a performance obligation satisfied over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (continued)

(a) Service income (continued)

Online traffic monetisation business – operation of exclusive licensed online game business

Revenue from operation of exclusive licensed online game business includes providing customer service related to game experience. For the revenue from such games, the nature of the Group's performance obligation is considered to be taking primary responsibilities of game operation, including determining distribution channels and payment vendors, providing customer services, hosting game servers, if needed, and controlling games and services specifications and pricing. Accordingly, the Group considered itself as a principal. Revenues from exclusive licensed online game is recognised ratably over the period that the paying players are expected to benefit from an enhanced in-game experience associated with each purchase. At each reporting date, the unamortised portion of income received in respect of exclusive licensed online game operation is recognised as contract liabilities.

(b) Sales income

Sales income includes the sales of smart accessories. Such revenues are recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location.

Principal versus agent

When another party is involved in providing services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the services itself (i.e. the Group is a principal) or to arrange for those services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the service before that service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the service by another party. In this case, the Group does not control the service provided by another party before that service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the services to be provided by the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants (Note)	**1,215**	4,156
Additional tax deduction	**–**	941
Interest income		
– bank deposits	**5,046**	8,598
– financial assets at FVTPL	**830**	1,269
Others	**50**	149
	7,141	15,113

Note: The Government grants mainly represented the high-tech subsidies received from local government authorities. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the subsidies.

7. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Fair value losses of financial assets at FVTPL	**(2,997)**	–
Impairment loss recognised in respect of interests in associates	**(2,145)**	–
Impairment loss under expected credit loss model, net of reversal	**(122)**	(2,347)
(Loss)/gain on disposal of property, plant and equipment	**(21)**	3
Gain on derecognition of interest in an associate	**–**	119
Net foreign exchange gains	**81**	472
Others	**(643)**	(387)
	(5,847)	(2,140)

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**238**	127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

9. TAXATION

	2024 RMB'000	2023 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	303	7,166
– Hong Kong	–	407
– Singapore	16	461
	319	8,034
(Over)/under provision in prior years:		
– PRC EIT	(2,688)	–
– Hong Kong	116	(315)
– Singapore	(73)	–
	(2,645)	(315)
Deferred tax (Note 18)	5,077	(1,664)
Total	2,751	6,055

(i) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Certain Group's subsidiaries operating in the PRC are eligible for certain tax holidays and concessions, as follows:

Pursuant to the National Leading Group Office of Hi-Tech Enterprise Identification and Management, Liu Liuyou Technology, 天津眾志興科技有限公司 (Zhongzhixing Technology Co., Ltd.*) ("**Zhongzhixing**") and Anyixun have been satisfied the conditions for Hi-Tech enterprise's tax preference. As such, Liu Liuyou Technology, Zhongzhixing and Anyixun were subject to PRC EIT at a rate of 15% on its taxable income for three years with effect from 2020. Due to the renewal of Hi-Tech Enterprise certificate, Liu Liuyou and Anyixun are entitled to enjoy three more years of 15% tax rate with effect from 2023. During the year ended 31 December 2024, Chengdu Luyi Technology Co., Ltd.* is entitled to enjoy 15% tax rate for three years.

The income tax provision of the Group's certain subsidiaries in respect of operations in the PRC which qualified as "Small Low-Profit Enterprises" for the year ended 31 December 2024, were entitled to a preferential income tax rate. For qualified "Small Low-Profit Enterprises", the annual taxable income up to RMB3 million is subject to an effective tax rate of 5% until 31 December 2027.

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TAXATION (CONTINUED)

(ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2024 and 2023.

(iii) Singapore Corporate Tax is calculated at 17% of the estimated assessable profit for the year ended 31 December 2024 and 2023.

(iv) The Company is tax exempted under the laws of the Cayman Islands and its subsidiaries incorporated in the BVI are also tax exempted on their foreign-derived income under the laws of the BVI from a BVI tax perspective.

(v) According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2023 onwards, enterprises engage in research and development activities are entitled to claim 200% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year.

The taxation for the years can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 *RMB'000*	2023 RMB'000
Profit before taxation	**36,026**	53,332
Tax at applicable tax rate of 25%	**9,007**	13,333
Tax effect of share of results of associates	**337**	831
Tax effect of expenses not deductible for income tax purpose	**794**	343
Utilisation of tax losses previously not recognised	**(6,724)**	(1,445)
Over provision in respect of prior years	**(2,645)**	(315)
Tax effect of tax losses not recognised	**14,909**	10,183
Tax effect of additional deduction of certain research and development expenses	**(10,749)**	(11,897)
Income tax at concessionary rate	**(2,162)**	(4,660)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(16)**	(318)
Taxation for the year	**2,751**	6,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2024 *RMB'000*	2023 RMB'000
Directors' and chief executive's remuneration (Note 11)	**8,766**	8,705
Other staff costs		
– Salaries and other benefits	**73,044**	74,166
– Retirement benefit scheme contributions	**4,537**	4,900
Total staff costs	**86,347**	87,771
Cost of inventories sold	**986**	103
Advertising and promoting fees (included in "**cost of sales and services**")	**1,143,647**	615,775
Expenses relating to short-term leases	**468**	198
Depreciation of property, plant and equipment (included in "**administrative expenses, selling and distribution expenses and research and development expenses**")	**4,272**	5,240
Amortisation of intangible assets (included in "**costs of sales and services, administrative expenses and research and development expenses**")	**395**	394
Auditor's remuneration	**1,550**	2,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

The executive directors' emoluments shown below were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown below were for their services as directors of the Company.

Year ended 31 December 2024

	Fees *RMB'000*	Salaries and allowances *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
Executive director and chief executive officer				
Mr. Tian Ye	–	4,711	45	4,756
Executive director				
Mr. He Shiwei (note a)	–	3,467	37	3,504
Ms. Jian Lu (note b)	–	159	2	161
Non-executive directors				
Mr. Sun Chunfeng (note c)	–	–	–	–
Mr. Liu Wei	–	–	–	–
Mr. Zhao Dan	–	–	–	–
Mr. Li Xin (note d)	–	–	–	–
Independent Non-executive directors				
Mr. Li Yang	115	–	–	115
Mr. Wang Xinyu	115	–	–	115
Mr. Zhang Ziyu	115	–	–	115
	345	8,337	84	8,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (CONTINUED)

Directors' and chief executive's emoluments (continued)

Year ended 31 December 2023

	Fees *RMB'000*	Salaries and allowances *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
Executive director and chief executive officer				
Mr. Tian Ye	–	4,721	46	4,767
Executive director				
Mr. He Shiwei	–	3,536	42	3,578
Non-executive directors				
Mr. Sun Chunfeng	–	–	–	–
Mr. Liu Wei	–	–	–	–
Mr. Zhao Dan	–	–	–	–
Independent Non-executive directors				
Mr. Li Yang	120	–	–	120
Mr. Wang Xinyu	120	–	–	120
Mr. Zhang Ziyu	120	–	–	120
	360	8,257	88	8,705

There was no arrangement under which a director or the chief executive of the Company waived or agreed to waive any emolument during the years ended 31 December 2024 and 2023.

Note:

(a) Mr. He Shiwei was resigned on 9 December 2024 but remain as the chief technology officer of the Company.

(b) Ms. Jian Lu was appointed on 9 December 2024.

(c) Mr. Sun Chunfeng was resigned on 12 June 2024.

(d) Mr. Li Xin was appointed on 12 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (CONTINUED)

Employees' remuneration

The five highest paid individuals of the Group included two directors (2023: two directors), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year ended 31 December 2024 of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and allowances	3,385	2,504
Retirement benefit scheme contributions	131	96
Compensation for loss of office (Note)	–	3,225
Total	3,516	5,825

Note: During the year ended 31 December 2024, no remuneration (2023: RMB3,225,000) was paid by the Group as compensation for loss of office.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of ordinary shares	
	2024	2023
Remuneration bands		
HK$1,000,001 to HK$1,500,000	3	1
HK$1,500,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$4,000,000	–	1
	3	3

During the year ended 31 December 2024, there were no emoluments paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

12. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK10 cents (2023: Nil) per share, in an aggregate amount of HK$26,900,000 (2023: Nil), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

13. 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:

Earnings figures are calculated as follows:

	2024 ***RMB'000***	2023 RMB'000
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**34,901**	42,642

	Number of ordinary shares	
Shares	**2024** ***'000***	2023 *'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**269,000**	269,000

There were no potential ordinary shares in issue for both 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

14. INTANGIBLE ASSETS

	Software *RMB'000*	Domain name *RMB'000*	Total *RMB'000*
COST			
At 1 January 2023 and 31 December 2023	11,019	42	11,061
Written off	(3,557)	–	(3,557)
At 31 December 2024	7,462	42	7,504
AMORTISATION			
At 1 January 2023	(8,020)	(42)	(8,062)
Charge for the year	(394)	–	(394)
At 31 December 2023	(8,414)	(42)	(8,456)
Written off	3,557	–	3,557
Charge for the year	(395)	–	(395)
At 31 December 2024	**(5,252)**	**(42)**	**(5,294)**
CARRYING VALUES			
At 31 December 2024	**2,210**	**–**	**2,210**
At 31 December 2023	2,605	–	2,605

The intangible assets above are amortised on a straight-line method at the following useful lives:

Software	3 – 10 years
Domain name	7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Electronic equipment *RMB'000*	Leasehold improvements *RMB'000*	Right-of-use assets – office premises *RMB'000*	Total *RMB'000*
COST						
At 1 January 2023	1,242	2,028	4,329	7,725	6,201	21,525
Additions	26	–	536	139	–	701
Inception of leases	–	–	–	–	4,890*	4,890
Termination of leases	–	–	–	–	(257)	(257)
Expiration of leases	–	–	–	–	(3,657)	(3,657)
At 31 December 2023	1,268	2,028	4,865	7,864	7,177	23,202
Additions	13	229	289	–	–	531
Inception of leases	–	–	–	–	3,456*	3,456
Expiration of leases	–	–	–	–	(2,536)	(2,536)
Disposals	–	–	(401)	–	–	(401)
At 31 December 2024	**1,281**	**2,257**	**4,753**	**7,864**	**8,097**	**24,252**
DEPRECIATION						
At 1 January 2023	(759)	(284)	(3,009)	(6,464)	(2,904)	(13,420)
Provided for the year	(161)	(385)	(831)	(1,350)	(2,513)	(5,240)
Expiration of leases	–	–	–	–	3,657	3,657
Termination of leases	–	–	–	–	107	107
At 31 December 2023	(920)	(669)	(3,840)	(7,814)	(1,653)	(14,896)
Provided for the year	(90)	(406)	(502)	(50)	(3,224)	(4,272)
Expiration of leases	–	–	–	–	2,536	2,536
Eliminated on disposal	–	–	380	–	–	380
At 31 December 2024	**(1,010)**	**(1,075)**	**(3,962)**	**(7,864)**	**(2,341)**	**(16,252)**
CARRYING VALUES						
At 31 December 2024	**271**	**1,182**	**791**	**–**	**5,756**	**8,000**
At 31 December 2023	348	1,359	1,025	50	5,524	8,306

* Right-of-use assets for office premises was arisen due to initial recognition of lease liabilities at the commencement date of the lease amounted to RMB3,456,000 (2023: RMB4,890,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Furniture and fixtures	5 years
Motor vehicles	5 years
Electronic equipment	3 years
Leasehold improvements	Shorter of 2 to 4 years and the remaining terms of the lease
Right-of-use assets – office premises	Shorter of 2 to 4 years and the remaining terms of the lease

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The total cash outflows for leases including the payments of lease liabilities for the year were RMB3,818,000 (2023: RMB3,509,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investment in associates	38,050	33,050
Share of post-acquisition losses and other comprehensive expenses	(7,150)	(5,802)
Impairment loss recognised	(16,389)	(14,244)
	14,511	13,004

Details of the Group's associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation /registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the group		Principal activity	Investment costs	
			2024	2023	2024	2023		2024 RMB'000	2023 RMB'000
北京四海創為科技有限公司 (Beijing Sihai Chuangwei Technology Co., Ltd.*) ("**Sihai Chuangwei**")	PRC	PRC	20%	20%	20%	20%	Online advertising	8,800	8,800
上海凱戰網絡科技有限公司 (Shanghai Kaizhan Information Technology Co., Ltd.*)	PRC	PRC	8%	8%	33%	33%	Live streaming service	8,000	8,000
天津有本之泉科技有限公司 (Tianjin Youbenzhiquan Technology Co., Ltd.*)	PRC	PRC	40%	40%	40%	40%	Technical service	500	500
成都雲遊天下科技有限公司 (Chengdu Yunyou Tianxia Technology Co., Ltd.*) ("**Chengdu Yunyou**") (Note (ii))	PRC	PRC	15%	15%	15%	15%	Online Business	9,750	9,750
杭州競其趣網絡科技有限公司 (Hangzhou Jingqiqu Network Technology Co., Ltd.*) ("**Hangzhou Jingqiqu**") (Note (ii))	PRC	PRC	15%	15%	15%	15%	Game hotel reservation management	6,000	6,000
北京微力量科技有限公司 Beijing Micro Power Technology Co., Ltd service ("**Beijing Micro Power**") (Note (iii))	PRC	PRC	12.5%	Nil	12.5%	Nil	Technical Service	5,000	Nil
								38,050	33,050

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

(i) The Group had 20% ownership interest and voting rights in Tianjin Qiyu in 2019. During May 2023, the Group acquired 80% interest in Tianjin Qiyu from its shareholder for a consideration of RMB2,292,000 and the equity interest of Tianjin Qiyu owned by the Group increased from 20% to 100%, as detailed in Note 28.

(ii) In January 2023 and February 2023, the Group acquired 15% interests in each of Chengdu Yunyou and Hangzhou Jingqiqu through capital injection of RMB9,750,000 and RMB6,000,000, respectively and has the rights to appoint one of the three directors of Chengdu Yunyou and Hangzhou Jingqiqu, respectively. According to the articles of associations, the boards of directors of Chengdu Yunyou and Hangzhou Jingqiqu are responsible to approve the decision to direct the operation and financing activities of Chengdu Yunyou and Hangzhou Jingqiqu and the directors of the Company consider that the Group has significant influence over Chengdu Yunyou and Hangzhou Jingqiqu respectively and they are therefore classified as associates of the Group.

(iii) In July 2024, the Group acquired 12.5% interest in Beijing Micro Power from its shareholder for a consideration of RMB5,000,000. The Group has the right to appoint one of the three directors of Beijing Micro Power. According to the articles of associations, the board of directors of Beijing Micro Power is responsible to approve the decision to direct the operation and financing activities, and the directors of the Company consider that the Group has significant influence over Beijing Micro Power and it is therefore classified as an associate of the Group.

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of the associates are accounted for using the equity method in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (continued)

Chengdu Yunyou

	2024 RMB'000	2023 RMB'000
Current assets	**5,281**	4,369
Non-current assets	**17,103**	27,803
Current liabilities	**(9,871)**	(10,072)
Non-current liabilities	**–**	(6,643)

	Year ended 31 December 2024 RMB'000	From 1 February 2023 to 31 December 2023 RMB'000
Revenue	**8,243**	8,823
Loss and total comprehensive expense for the year	**(2,944)**	(13,315)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of Chengdu Yunyou	**12,513**	15,457
Proportion of the Group's ownership interest in Chengdu Yunyou	**15%**	15%
The Group's share of net assets of Chengdu Yunyou	**1,877**	2,319
Goodwill	**5,434**	5,434
Carrying amount of the Group's interest in Chengdu Yunyou	**7,311**	7,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (continued)

Hangzhou Jingqiqu

	2024 **RMB'000**	2023 RMB'000
Current assets	**2,912**	1,832
Non-current assets	**4,401**	7,799
Current liabilities	**(2,330)**	–
Non-current liabilities	**–**	(1,942)

	Year ended 31 December 2024 **RMB'000**	From 1 March 2023 to 31 December 2023 RMB'000
Revenue	**1,887**	943
Loss and total comprehensive expense for the year	**(2,706)**	(4,993)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Hangzhou Jingqiqu	**4,983**	7,689
Proportion of the Group's ownership interest in Hangzhou Jingqiqu	**15%**	15%
The Group's share of net assets of Hangzhou Jingqiqu	**747**	1,153
Goodwill	**1,953**	4,098
Carrying amount of the Group's interest in Hangzhou Jingqiqu	**2,700**	5,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (continued)

Beijing Micropower Technology Co., Ltd

	2024 *RMB'000*
Current assets	2,690
Non-current assets	9,900
Current liabilities	(6,921)

	From 8 July 2024 to 31 December 2024 *RMB'000*
Revenue	1,373
Loss and total comprehensive expense for the year	(4,013)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 *RMB'000*
Net assets of Beijing Micropower	5,669
Proportion of the Group's ownership interest in Beijing Micropower	12.5%
The Group's share of net assets of Beijing Micropower	709
Goodwill	3,791
Carrying amount of the Group's interest in Beijing Micropower	4,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

16. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (continued)

Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of loss and total comprehensive expense for the year	–	(577)
Aggregate carrying amount of the Group's interests in these associates	–	–

Where the Group has unrecognised share of losses of associates

	2024 RMB'000	2023 RMB'000
Cumulative unrecognised share of losses of associates	1,276	1,260

Note: The unrecognised losses occurred after the Group recorded the impairment of the interests in associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets designated at FVTPL:

	2024 *RMB'000*	2023 RMB'000
Unlisted equity investments:		
– 成都鷩歎號科技有限公司 (Chengdu Jingtanhao Technology Co., Ltd.*)	**1,600**	1,600
– 四川比瑞波恩網絡有限公司 (Sichuan Be-Reborn Network Co. Ltd.*) ("**Sichuan Be-Reborn**")	**–**	3,000
– 天津高行遠航管理諮詢中心(有限合夥) Tianjin Gaoxing Yuanhang Management Consulting Centre (Limited Partnership)* ("**Gaoxing Yuanhang**") (Note (i))	**8,000**	–
– 成都利加爾科技有限公司 Chengdu Lijiaer Technology Co., Ltd. * ("**Chengdu Lijiaer**")	**23**	–
	9,623	4,600
Structured bank deposits (Note (ii))	**43,000**	50,000
	52,623	54,600
Analysed for reporting purposes as:		
– Non-current assets	**9,623**	4,600
– Current assets	**43,000**	50,000
	52,623	54,600

Notes:

(i) During the year ended 31 December 2024, the Group acquired 2.2% limited partnership interest in Gaoxing Yuanhang at a consideration of RMB8,000,000.

(ii) During the year ended 31 December 2024, the Group entered into structured bank deposits agreements with a bank in the PRC. The banks guaranteed 100% of the invested principal amount and floating interest rate of 1.65% to 2.86% (2023: 1.85% to 2.46%) per annum with maturity periods ranging from 14 days to 62 days (2023: 31 days to 96 days) as specified in the agreement.

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

18. DEFERRED TAX ASSETS

The following are the major deferred taxation recognised and movements thereon during the current and prior years:

	Allowance for credit losses *RMB'000*	Provision for inventories *RMB'000*	Impairment on prepayment *RMB'000*	Impairment on interests in an associate *RMB'000*	Contract liabilities *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
At 1 January 2023	2,307	13	1,316	997	–	8,676	13,309
Credited (charged) to profit or loss	369	–	–	–	2,658	(1,363)	1,664
At 31 December 2023	2,676	13	1,316	997	2,658	7,313	14,973
Charged to profit or loss	(55)	–	(1,316)	–	(1,956)	(1,750)	(5,077)
At 31 December 2024	**2,621**	**13**	**–**	**997**	**702**	**5,563**	**9,896**

As at 31 December 2024, the Group has unused tax losses of RMB99,106,000 (2023: RMB89,431,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB31,607,000 (2023: RMB40,156,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB67,499,000 (2023: RMB49,275,000) due to the unpredictability of future profit streams which will expire from 2025 to 2034 (2023: from 2024 to 2033) and the related tax policies.

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB500,466,000 (2023: RMB461,170,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

19. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– related parties	**8,572**	11,687
– third parties	**156,159**	73,694
Less: allowance for credit losses	**(7,500)**	(7,178)
	157,231	78,203

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

Related parties	**Relationship**	**2024** ***RMB'000***	2023 *RMB'000*
360 Technology Group Co., Ltd. ("**360 Technology**")	The holding company of the shareholder of the Company	**5,403**	4,209
北京奇付通科技有限公司 (Beijing Qifutong Technology Co., Ltd.*) ("**Beijing Qifutong**")	360 Technology's Subsidiary	**5**	39
北京世界星輝科技有限責任公司 (Beijing Star World Technology Co., Ltd.*) ("**Beijing Star World**")	Subsidiary of shareholder of 360 Technology	**3,156**	7,431
Sihai Chuangwei	Associate of the Group	**8**	8
Total		**8,572**	11,687

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

19. TRADE RECEIVABLES (CONTINUED)

The Group allows a credit period of 90 to 120 days to its customers of online advertising services, operation of exclusive licensed online game business and sales of smart accessories. Customers of online game platforms usually prepay the consideration before services are provided.

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.

	2024 ***RMB'000***	2023 *RMB'000*
0 – 90 days	**135,587**	69,020
91 – 180 days	**20,098**	7,091
Over 180 days	**1,546**	2,092
	157,231	78,203

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21,512,000 (2023: RMB2,098,000) which are past due as at the reporting date. Out of the past due balances, RMB1,544,000 (2023: RMB1,237,000) has been past due 90 days or more and is not considered as in default as the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due:

	2024 ***RMB'000***	2023 *RMB'000*
Days past due		
0 – 90 days	**19,968**	861
91 – 180 days	**25**	34
Over 180 days	**1,519**	1,203
	21,512	2,098

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed when necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

19. TRADE RECEIVABLES (CONTINUED)

In addition, the management of the Group estimates the amount of lifetime ECL of trade receivables collectively based on the Group's internal credit ratings for not credit-impaired debtors and individually for credit-impaired debtors. Collective assessment is performed by grouping of various debtors that have similar loss patterns after considering aging and past-due status, repayment history and nature, size and industry of debtors of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and take into consideration of the forward-looking information. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the carrying amount of trade receivables and the present value of estimated future cash flows of trade receivables.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired).

As at 31 December 2024

Internal credit rating	**Gross carrying amount** *RMB'000*	**Average loss rate** *%*	**Loss allowance** *RMB'000*
Low risk	**127,011**	**0.05**	**64**
Medium risk	**29,070**	**0.81**	**235**
High risk	**1,677**	**13.60**	**228**
	157,758		**527**

As at 31 December 2023

Internal credit rating	**Gross carrying amount** *RMB'000*	**Average loss rate** *%*	**Loss allowance** *RMB'000*
Low risk	48,814	0.02	10
Medium risk	28,933	0.36	104
High risk	661	13.77	91
	78,408		205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

19. TRADE RECEIVABLES (CONTINUED)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2024, credit-impaired debtors with gross carrying amounts of RMB6,973,000 (2023: RMB6,973,000), were assessed individually and 100% loss rate was applied.

The following table shows the movements in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit–impaired) *RMB'000*	Lifetime ECL (credit–impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2023	138	6,352	6,490
Changes due to financial instruments recognised as at 1 January 2023:			
– Impairment losses reversed	(59)	–	(59)
Changes due to financial instruments recognised during the year:			
– Impairment losses recognised	126	621	747
As at 31 December 2023	205	6,973	7,178
Changes due to financial instruments recognised as at 1 January 2024:			
– Impairment losses reversed	(49)	–	(49)
Changes due to financial instruments recognised during the year:			
– Impairment losses recognised	371	–	371
As at 31 December 2024	**527**	**6,973**	**7,500**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Included in non-current assets:		
Prepayment for game development and license	14,873	14,873
Included in current assets:		
Other receivables	14,567	14,400
Less: allowance for credit losses	(6,851)	(7,051)
Deductible value-added tax	8,617	4,669
Prepayments and deferred expenses	42,280	16,114
Amount due from an associate (Note i)	14,300	6,500
Online payment platforms (Note ii)	7,821	5,627
Interest receivables	95	442
	80,829	40,701
Total	95,702	55,574

Note:

(i) The amount is unsecured, interest-free and repayable based on the future profit sharing for an upcoming online game developed by the associate.

(ii) The amount is unsecured, interest-free and repayable on demand and it represents receivables from independent third party payment platforms in respect of the Group's online advertising services and online game platforms.

21. CASH AND CASH EQUIVALENTS/TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

Cash and cash equivalents of the Group include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments.

As at 31 December 2024, the Group's bank balances and short term deposits amounted to RMB442,336,000 (2023: RMB503,852,000) carried interest rates, per annum, ranging from 0.01% to 4.04% (2023: 0.01% to 1.85%), such balances are held for meeting short-term cash commitments and are included in cash and cash equivalents.

As at 31 December 2024, the Group had no term deposits with initial terms of over three months (2023: RMB30,000,000, carried interest rates, per annum, ranging from 1.95% to 2.10%).

Details of impairment assessment of bank balances are set out in Note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

22. TRADE AND OTHER PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables		
– related parties	**2**	16
– third parties	**53,534**	68,764
Other payables	**8,025**	7,106
Payables arisen from online game platforms business (Note)	**1,787**	2,090
Payroll payable	**13,945**	19,595
Other tax payable	**8,930**	2,370
	86,223	99,941

Note: The amounts are unsecured, interest-free and repayable on a monthly basis and represent payables 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**	**2024** **RMB'000**	2023 RMB'000
北京奇虎科技有限公司 ("Beijing Qihu Technology Co., Ltd.*") ("**Beijing Qihu**")	Subsidiary of shareholder of 360 Technology	**2**	16
		2	16

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

22. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2024 *RMB'000*	2023 *RMB'000*
0 – 90 days	**36,339**	55,858
91 – 180 days	**14,005**	12,267
Over 180 days	**3,192**	655
Total	**53,536**	68,780

23. CONTRACT LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Online traffic monetisation		
– Online advertising services (Note (i))	**13,137**	5,251
– Operation of exclusive licensed online game business (Note (ii))	**3,205**	6,340
Total	**16,342**	11,591

As at 1 January 2023, the Group had contract liabilities of RMB206,000, which arising from online advertising services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

23. CONTRACT LIABILITIES (CONTINUED)

Notes:

(i) At the end of the reporting period, the Group is still obliged to provide implied services for the online advertising services. The Group determined that it is obligated to provide on-going services to the software users who paid non-refundable upfront membership fees in advance for value-added services over the specific contracted service period. The amount of these unsatisfied performance obligations had been reflected in the contract liabilities at the end of the year.

Contract liabilities will be recognised as revenues ratably over the specific contracted service period, starting from the time upon commencement of the provision of services by the Group, and all other revenues recognition criteria are met. The management of the Group expects that the unsatisfied obligations will be recognised as revenue within 1 year.

(ii) At the end of the reporting period, the Group is still obliged to provide implied services for the operation of exclusive licensed online game business. The Group determined that it is obligated to provide on-going services to the paying players over the Player Relationship Period. The amount of these unsatisfied performance obligations had been reflected in the contract liabilities at the end of the year.

Contract liabilities will be recognised as revenues ratably over the Player Relationship Period of paying players, starting from the point in time when virtual items are delivered to the players' accounts, and all other revenues recognition criteria are met. The management of the Group expects that the unsatisfied obligations will be recognised as revenue within 1 year.

The following table shows the revenue recognised to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2024 ***RMB'000***	2023 *RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**11,591**	206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

24. SHARE CAPITAL

	Number of shares	Amount *HK$*	Amount *RMB*	Shown in the consolidated statement of financial position *RMB'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	100,000,000	90,320,827	90,321
Issued and fully paid				
At 1 January 2023, 31 December 2023 and 31 December 2024	269,000,000	2,690,000	2,424,676	2,425

25. LEASE LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Current liabilities	**2,569**	1,687
Non-current liabilities	**2,352**	2,890
	4,921	4,577
Lease liabilities payable:		
–within one year	**2,569**	1,687
–more than one year, but not exceeding two years	**2,258**	1,656
–more than two years	**94**	1,234
	4,921	4,577

The Group leased properties for its office premises and the lease liabilities were measured at the present value of the lease payments that are not yet paid using its incremental borrowing rate at the lease commencement date. The rate applied is 4.75% per annum. All leases are entered at fixed rates.

Leases are negotiated and fixed for the terms in the range of 2 to 4 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

26. RETIREMENT BENEFIT PLAN

The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB4,621,000 (2023: RMB4,988,000) are included in cost of sales and services, administrative expenses, research and development expenses or selling and distribution expenses.

27. RELATED PARTY TRANSACTIONS

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

i Transactions with related parties

	Relationship	2024 RMB'000	2023 RMB'000
Revenue from Beijing Qiyuan	Subsidiary of shareholder of 360 Technology	18,096	–
Revenue from Beijing Star World	Subsidiary of shareholder of 360 Technology	71,519	2,028
Revenue from 360 Technology	The holding company of the shareholder of the Company	11,782	15,409
Revenue from Tianjin Qiyu	Associate of the Group**	–	42,720
Revenue from Beijing Qifutong	360 Technology's subsidiary	484	145
Cost to Beijing Qihu	Subsidiary of shareholder of 360 Technology	24	65
Cost to Dongfangwang Digital Technology	Shareholder of the Company	–	39
Cost to Beijing Star World	Subsidiary of shareholder of 360 Technology	53,657	54,158
Cost to趣游時代(北京)科技有限公司(Quyou Time (Beijing) Technology Ltd.*)	Beijing Star World's subsidiary 360 Technology	–	8,701
Cost to北京奇元科技有限公司 (Beijing Qiyuan Technology Co., Ltd.*)	Subsidiary of shareholder of 360 Technology	189	189
Cost to Beijing 360 Zhiling Technology Co., Ltd.* (北京三六零智領科技有限公司)	Subsidiary of shareholder of 360 Technology	408	–
Cost to Chengdu Yunyou	Associate of the Group	651	86

* English name for reference only.

** Tianjin Qiyu has been a subsidiary of the Group since May 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

27. 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:

	2024 *RMB'000*	2023 *RMB'000*
Salaries and allowances	**8,337**	8,257
Retirement benefit scheme contributions	**84**	88
	8,421	8,345

28. ACQUISITION OF A SUBSIDIARY

On 1 May 2023, the Group acquired 80% interest in Tianjin Qiyu from the third party, and the equity interest of Tianjin Qiyu owned by the Group increased from 20% to 100%. Therefore, the Group derecognised its 20% interest in Tianjin Qiyu which was previously classified as an interest in associates and recognised a business acquisition during the year ended 31 December 2023. Tianjin Qiyu is principally engaged in online game business and it was acquired to continue the expansion of the Group's online game business. The acquisition had been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	RMB'000
Cash	2,292
Interest in an associate	574
Total	2,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

28. ACQUISITION OF A SUBSIDIARY (continued)

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Trade receivables	41,340
Other receivables, deposits and prepayments	7,090
Cash and cash equivalents	3,811
Trade and other payables	(48,977)
Contract liabilities	(1,387)
Total	1,877

The fair value of trade receivables is RMB41,340,000 and the gross contractual amount for trade receivables due is RMB41,340,000.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	2,866
Less: recognised amounts of net assets acquired	(1,877)
Goodwill arising on acquisition	989

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

28. ACQUISITION OF A SUBSIDIARY (continued)

Net cash outflow on acquisition of Tianjin Qiyu

	RMB'000
Consideration paid in cash	(2,292)
Less: cash and cash equivalents acquired	3,811
	1,519

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2023 is RMB4,989,000 attributable to the additional business generated by Tianjin Qiyu. Revenue for the year ended 31 December 2023 includes RMB464,922,000 generated from Tianjin Qiyu. Had the acquisition of Tianjin Qiyu been completed on 1 January 2023, revenue for the year ended 31 December 2023 of the Group would have been RMB1,020,452,000, and profit for the year ended 31 December 2023 from continuing operations would have been RMB48,291,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Group, comprising issued share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at FVTPL	52,623	54,600
Amortised cost		
Trade receivables	157,231	78,203
Other receivables*	29,932	19,918
Term deposits with initial terms of over three months	–	30,000
Cash and cash equivalents	442,336	503,852
	682,122	686,573
Financial liabilities		
Amortised cost		
Trade and other payables**	63,348	77,976

* Deductible value-added tax, prepayments and deferred expenses and prepayment for game development and license are excluded

** Payroll payable and other tax payable are excluded

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, financial assets at FVTPL, other receivables, cash and cash equivalents, term deposits with initial terms of over three months and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(a) Market risk

(i) Currency risk

The Group has bank balances, trade receivables and trade payables which are denominated in US dollars (the "**USD**"). The Group also has bank balances which are denominated in HK$ and European Dollars ("**EUR**"). The carrying amounts of the Group's USD, HK$ and EUR denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
USD		
Assets	**25,649**	11,720
Liabilities	**(5,395)**	(2,594)
HK$		
Assets	**5,915**	7,004
EUR		
Assets	**560**	8,939
SGD		
Assets	**2,307**	4,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the USD, HK$ and EUR. The following table details the Group's sensitivity to a 5% increase and decrease in RMB against USD, HK$, EUR and SGD 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in profit after tax where RMB strengthens 5% against USD, HK$, EUR and SGD. For a 5% weakening of RMB against USD, HK$, EUR and SGD, there would be an equal and opposite impact on the profit.

	2024 RMB'000	2023 RMB'000
Profit or loss related to USD	816	448
Profit or loss related to HK$	262	327
Profit or loss related to EUR	102	380
Profit or loss related to SGD	27	164

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group is also exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis is prepared for variable-rate interest bearing bank balances as the exposure is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(a) *Market risk (continued)*

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in unquoted equity securities measured at FVTPL. The Group has appointed a special team to monitor the price risk.

Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 30 (d).

(b) *Credit risk*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its credit management team to develop and maintain the credit risk grading for the Group's trade and other receivables and other financial assets at amortised costs and to categorize exposures according to their degree of risk of default. The credit management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For trade receivables, please refer to Note 19.

For other receivables and other financial assets at amortised cost, the management makes periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group performs impairment assessment under 12m ECL model on other receivables at amortised cost. A reversal of impairment loss recognised on other receivables amounted to RMB200,000 was recognised during the year ended 31 December 2024 (2023: impairment loss of RMB1,659,000).

The management believes that there are no significant increase in credit risk of deposits since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for deposits are insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

The Group's current credit risk grading framework in respect of other receivables and other financial assets at amortised cost comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit– impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For structured bank deposits which classified as financial assets at FVTPL and bank balances, no impairment allowance was recognised was made since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks having good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay).

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

	Weighted average effective interest rate %	On demand or within 3 months *RMB'000*	3 months– 1 year *RMB'000*	1 – 2 years *RMB'000*	2-5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amounts *RMB'000*
As at 31 December 2024							
Non-interest bearing							
Trade and other payables	N/A	63,348	–	–	–	63,348	63,348
Interest bearing							
Lease liabilities	4.75	122	2,669	2,338	96	5,225	4,921
		63,470	2,669	2,338	96	68,573	68,269

	Weighted average effective interest rate %	On demand or within 3 months *RMB'000*	3 months– 1 year *RMB'000*	1 – 2 years *RMB'000*	2-5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amounts *RMB'000*
As at 31 December 2023							
Non-interest bearing							
Trade and other payables	N/A	77,976	–	–	–	77,976	77,976
Interest bearing							
Lease liabilities	4.75	79	1,780	1,743	1,248	4,850	4,577
		78,055	1,780	1,743	1,248	82,826	82,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(d) Fair value measurement

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis
Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment classified at financial assets at FVTPL	31 December 2024 –Nil 31 December 2023 – RMB3,000,000	Level 2	Market multiple approach Key input: enterprise value to sales multiple.	N/A	N/A
Unlisted equity investment classified at financial assets at FVTPL	31 December 2024 – RMB9,623,000 31 December 2023 – RMB1,600,000	Level 3	Market multiple approach based on the recent transaction price	Multiples used in the recent transaction price	The higher the multiples used in the recent transaction price, the higher the fair value; the lower the multiples used in the recent transaction price, the lower the fair value.
Structured bank deposits	31 December 2024 – RMB43,000,000 31 December 2023 – RMB50,000,000	Level 3	Discount cash flow models	Discount rate/ estimated return	The higher the discount rate, the lower the fair value; the lower the estimated return, the lower the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

(d) Fair value measurement (continued)

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities recorded at amortised costs in the 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.

Reconciliation of financial assets measured at fair value based on level 3:

	2024 *RMB'000*	2023 *RMB'000*
At 1 January	**54,600**	24,600
Purchases	**446,020**	265,000
Net losses recognised in profit or loss	**(2,997)**	–
Withdrawals	**(445,000)**	(235,000)
At 31 December	**52,623**	54,600

The total gains or losses recognised in profit or loss are presented in other gains and losses in the statement of profit or loss and other comprehensive income.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES/NET DEBT RECONCILIATION

	Other payables *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	4,570	3,024	7,594
Inception of leases	–	4,890	4,890
Termination of leases	–	(153)	(153)
Interest expenses	–	127	127
Dividends declared to a non-controlling interests shareholder	4,926	–	4,926
Financing cash flows	(9,496)	(3,311)	(12,807)
At 31 December 2023	–	4,577	4,577
Inception of leases	–	3,456	3,456
Interest expenses	–	238	238
Financing cash flows	–	(3,350)	(3,350)
At 31 December 2024	**–**	**4,921**	**4,921**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

32. PARTICULARS OF SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place of establishment/ incorporation and nature of legal entity	Class of shares held	Paid up issued/ registered capital	Effective equity interest and voting rights attributable to the Company at 31 December 2024 %	2023 %	Principal activities and place of operation
360 Ludashi Consulting Limited	the British Virgin Islands	directly held	US$50,000	100	100	Investment holding in Hong Kong
360 Ludashi Technology Limited	Hong Kong	indirectly held	HK$10,000	100	100	Investment holding in Hong Kong
Anyixun	the PRC, limited liability company	indirectly held	RMB50,300,000	100	100	Online advertising in the PRC
Chengdu Qilu	the PRC, limited liability company	contractual arrangement	RMB10,500,000	100	100	Online game business/ Online advertising in the PRC
Liu Liuyou Technology	the PRC, limited liability company	contractual arrangement	RMB12,500,000	89.2	89.2	Online game business in the PRC
天津小魯二手科技有限公司 (Tianjin Xiaolu Second-Hand Technology Co., Ltd.*)	the PRC, liability company limited	indirectly held	RMB17,500,000	100	100	Online advertising in the PRC
Zhongzhixing	the PRC, limited liability company	indirectly held	RMB20,000,000	100	100	Online advertising in the PRC
上海奇魯網絡科技有限公司 (Shanghai Qilu Network Technology Co., Ltd.*)	the PRC, liability company limited	indirectly held	RMB10,000,000	100	100	Online advertising in the PRC
成都魯易科技有限公司 (Chengdu Luyi Technology Co., Ltd.*)	the PRC, limited liability company	indirectly held	RMB10,000,000	100	100	E-commerce advertising in the PRC
海南云游科技有限公司 (Hainan Yunyou Technology Co., Ltd.*)	the PRC, limited liability company	indirectly held	USD2,000,000	100	100	Online advertising in the PRC
Tianjin Qiyu	the PRC, limited liability company	contractual arrangement	RMB2,000,000	100	100	Online game business in the PRC

* English name for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

32. PARTICULARS OF SUBSIDIARIES (CONTINUED)

No subsidiaries have material non-controlling interests as at 31 December 2024 and 2023.

None of the subsidiaries had issued any debt securities at the end of the year.

The Company's financial year end date is 31 December, which is consistent with all other group entities.

33. EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2024 and up to the date of approval of these consolidated financial statements.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
Non-current asset		
Investment in a subsidiary	**104,238**	100,623
Current assets		
Other receivables, deposits and prepayments	**310**	376
Cash and cash equivalents	**29,844**	51,855
	30,154	52,231
Current liabilities		
Trade and other payables	**360**	406
Amounts due to subsidiaries	**51,039**	61,585
	51,399	61,991
Net current liabilities	**(21,245)**	(9,760)
Total assets less current liabilities	**82,993**	90,863
Capital and reserves		
Share capital	**2,425**	2,425
Reserves	**80,568**	88,438
	82,993	90,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movements in the Company's reserves

	Share premium *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2023	121,562	(9)	(31,178)	90,375
Loss and total comprehensive expense for the year	–	–	(1,937)	(1,937)
At 31 December 2023	121,562	(9)	(33,115)	88,438
Loss and total comprehensive expense for the year	**–**	**–**	**(7,870)**	**(7,870)**
At 31 December 2024	**121,562**	**(9)**	**(40,985)**	**80,568**

FINANCIAL SUMMARY

SUMMARIZED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

RMB'000	2020	2021	2022	2023	**2024**
Revenue	347,901	337,925	359,102	790,512	**1,315,076**
Gross profit	187,154	166,667	178,137	164,962	**158,071**
Profit before taxation	86,869	63,712	72,103	53,332	**36,026**
Profit and total comprehensive income for the year	77,097	57,664	65,560	47,277	**33,275**
Profit attributable to equity holders of the Company for the year	72,669	55,038	60,486	42,642	**34,901**

SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RMB'000	2020	2021	2022	2023	**2024**
Non-current assets	57,867	31,544	46,668	59,350	**60,102**
Current assets	470,693	561,145	614,537	704,136	**724,397**
Current liabilities	32,661	46,479	59,194	117,114	**105,390**
Non-current liabilities	3,753	1,251	880	2,890	**2,352**
Total equity	492,146	544,959	601,131	643,482	**676,757**

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS

RMB'000	2020	2021	2022	2023	**2024**
Cash and cash equivalents at beginning of the year	312,368	369,233	384,975	532,902	**503,852**
Net cash generated from operating activities	138,921	84,658	94,151	55,964	**(82,482)**
Net cash (used in) generated from investing activities	(36,810)	(59,681)	50,469	(72,466)	**24,242**
Net cash generated (used in) from financing activities	(41,582)	(7,408)	(7,262)	(12,807)	**(3,350)**
Net increase (decrease) in cash and cash equivalents	60,529	17,569	137,358	(29,309)	**(61,590)**
Effect of foreign exchange rate changes	(3,664)	(1,827)	10,569	259	**74**
Cash and cash equivalents at end of the year	369,233	384,975	532,902	503,852	**442,336**

DEFINITION AND GLOSSARY

"360"	360 Security Technology Inc. (三六零安全科技股份有限公司) (formerly known as Jiangnan Jiajie Elevator Stock Company Limited* (江南嘉捷電梯股份有限公司)), a joint stock company with limited liability incorporated in the PRC and ultimately controlled by Mr. Zhou Hongyi, one of our substantial Shareholders, 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 substantial Shareholders
"360 Group"	360 and its subsidiaries
"360 Technology"	360 Technology Group Co., Ltd.* (三六零科技集團有限公司) (formerly known as Tianjin Qisi Technology Company Limited* (天津奇思科技有限公司), 360 Technology Inc.* (三六零科技股份有限公司) and 360 Technology Co., Ltd.* (三六零科技有限公司)), a limited liability company established in the PRC on 15 September 2011 and directly wholly owned by 360, one of our substantial Shareholders, and one of our substantial Shareholders
"AGM"	the annual general meeting of the Company to be held on 26 May 2025
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 Group
"Articles of Association" or "Articles"	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Code on Corporate Governance Practices as set out in Appendix C1 to the Listing Rules
"Chengdu Qilu"	Chengdu Qilu Technology Company Limited* (成都奇魯科技有限公司), a limited liability company established in the PRC on 25 November 2014 and is deemed to be a wholly-owned subsidiary of the Company pursuant to the Contractual Arrangements
"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)

DEFINITION AND GLOSSARY

"China" or the "PRC"	the People's Republic of China, for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"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 and Dashi Technology Holdings
"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
"Dongfangwang Digital Technology"	Shanghai Dongfangwang Digital Technology Company Limited* (上海東方網數字科技股份有限公司) (formerly known as Shanghai Songheng Network Technology Company Limited* (上海嵩恒網絡科技股份有限公司)), which completed its name change on 30 April 2024, a limited liability company established in the PRC on 18 March 2014 and owned by Independent Third Parties, and one of the Relevant Shareholders and a substantial Shareholder of the Company
"Deed of Non-Competition"	the deed of non-competition dated 9 September 2019 entered into by Mr. Tian Ye and Dashi Technology Holdings with and in favor of the Company (for ourselves and as trustee for each of our subsidiaries) with particulars set out in the paragraph headed "Relationship with Controlling Shareholders – Non-competition undertaking by Mr. Tian and Dashi Technology Holdings" in the Prospectus
"Director(s)"	director(s) of the Company

DEFINITION AND GLOSSARY

"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, details of which are set out in the paragraph headed "History, Reorganization and Corporate Structure – Entrustment Arrangements" in the Prospectus
"Group", "we", "us" and "our", "360 Ludashi" or "Ludashi"	the Company, our subsidiaries and the PRC Operating Entities
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	10 October 2019, the date on which the Shares were listed 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
"MAU(s)"	monthly active user(s), a key performance indicator for software, Apps and online games. Monthly active users are calculated by counting the number of unique devices that activate the software, Apps or online games for at least once during a calendar month
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"PC(s)"	personal computers

DEFINITION AND GLOSSARY

"PRC Operating Entities"	collectively, Chengdu Qilu and its subsidiaries (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 substantial 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, wholly owned by independent third parties
"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 substantial shareholders, ultimately controlled by Mr. Zhou Hongyi, one of our substantial shareholders for the purpose of the Listing Rules
"Relevant Shareholder(s)"	Qihu Technology, Mr. Tian Ye, Dongfangwang Digital Technology and Qilu Haochen, being the registered shareholders of Chengdu Qilu
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the period from 1 January 2024 to 31 December 2024
"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 Dongfangwang Digital Technology, one of our Relevant Shareholders and a substantial shareholder of the Company
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company

DEFINITION AND GLOSSARY

"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
"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 Dongfangwang Digital Technology, one of the Relevant Shareholders and a substantial shareholder of the Company, and a substantial shareholder of the Company
"Star World"	Beijing Star World Technology Company Limited* (北京世界星輝科技有限責任公司), a limited liability company incorporated in the PRC on 12 October 2009, wholly owned by 360 Technology, one of our substantial Shareholders, and a connected person of the Company
"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 substantial Shareholders, and one of our substantial Shareholders
"%"	per cent