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Mobvista

Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

ENTERING INTO THE CONTRACTUAL ARRANGEMENTS AND GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULES 14A.52 AND 14A.53 OF THE LISTING RULES

THE CONTRACTUAL ARRANGEMENTS

The Board hereby announces that, due to certain foreign investment restrictions in the PRC, the WFOE, the OPCO and its Registered Shareholders, *inter alia*, entered into the VIE Agreements on 12 January 2023 (after trading hours) to establish the VIE Structure, which is designed to provide the Company with the power to control and the right to enjoy substantially all economic benefits of the Prohibited Business (as defined below) operated by the OPCO Group. After entering into the VIE Agreements, the financial results of the OPCO Group will be accounted for and consolidated into the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Registered Shareholders is an executive Director and therefore a connected person of the Company. As the equity interest of the OPCO is held as to not less than 30% by each of the Registered Shareholders, the OPCO is an associate of each of the Registered Shareholders, and therefore also a connected person of the Company. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Upon entering into of the Contractual Arrangements, the Company will in substance acquire 100% equity interest of the OPCO at nil consideration. Given all the applicable percentage ratios in respect of the entry into the Contractual Arrangements are less than 0.1%, the entry into the Contractual Arrangements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is fully exempt from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

GRANT OF WAIVER

The Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, subject to the conditions as set out in paragraph headed “Conditions of the waiver” below.

THE CONTRACTUAL ARRANGEMENTS

Reasons for entering into the Contractual Arrangements

Due to applicable foreign investment restrictions in the PRC, the WFOE, the OPCO and its Registered Shareholders, *inter alia*, entered into the VIE Agreements on 12 January 2023 (after trading hours) to establish the VIE Structure, which is designed to provide the Company with the power to control and the right to enjoy substantially all economic benefits of the Prohibited Business (as defined below) operated by the OPCO Group. After entering into the VIE Agreements, the financial results of the OPCO Group will be accounted for and consolidated into the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company.

The Company is a technology company committed to providing global customers with both advertising technology and marketing technology services required to develop their mobile Internet ecosystem. After the advertising technology platforms of the Company help clients achieve user growth and monetisation, marketing technology helps clients address the problems of data analysis, performance tracking, user management and cloud cost optimization and achieve effective growth. With the in-depth development of cloud computing and diversification of customer marketing scenarios, the Company therefore intends to develop a visual development and operations (DevOps) service platform business based on the cloud-native technology stack through the OPCO to collaborate with the Group’s cloud cost optimization tools to help customers achieve overall efficiency and cost optimization from application’s deployment and operations on cloud to cloud resource usage, which falls within the “B11 internet data centre” business scope under the Telecommunications Businesses Classification Catalogue (2015 Edition) (《電信業務分類目錄(2015年版)》). The Company believes that the visual DevOps service platform business to be conducted through the OPCO will further enrich the Group’s marketing technology tool matrix, provide mobile application developers with more diversified service solutions, enhance customer value and stickiness, and have a strong synergy with the advertising technology business, thus enabling the Group to achieve advertising technology and marketing technology dual-driven business growth strategy.

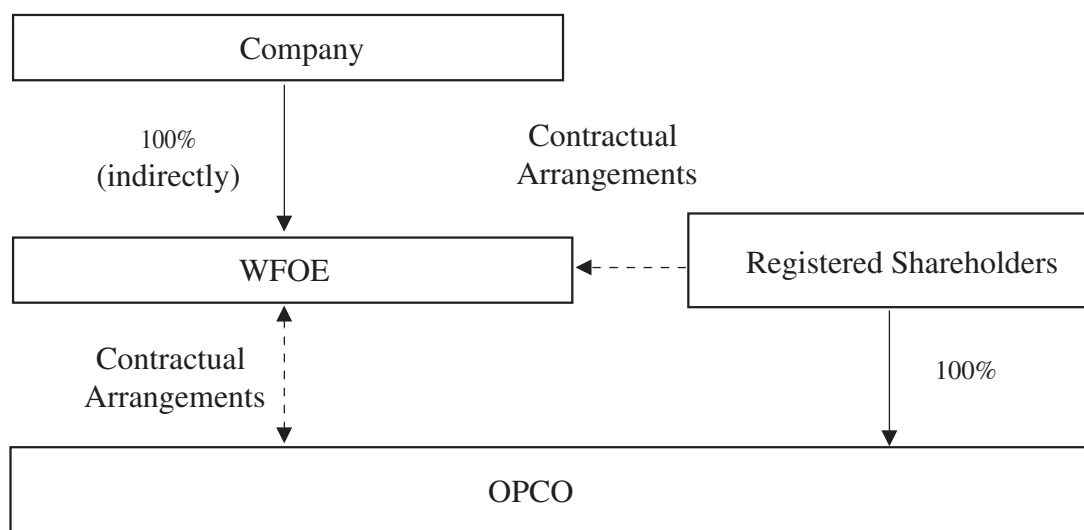
As advised by the PRC Legal Advisor, according to the Administrative Measures of Foreign Investment Admission (Negative List) 2021 Revision (《外商投資准入特別管理措施(負面清單)》(2021年版)) and the People's Republic of China Schedule of Specific Commitments (《中國加入世界貿易組織服務貿易具體承諾減讓表》) and the verbal enquiries with the Ministry of Industry and Information Technology (工業和信息化部) by the PRC Legal Advisor, any foreign investment in the B11 internet data centre business is prohibited (the “**Prohibited Businesses**”).

The OPCO was established under PRC Laws as a limited liability company by the Registered Shareholders on 17 November 2021. The OPCO Group is principally engaged in the internet data centre business in the PRC and has already obtained the Licence from the Beijing City Communications Administration (北京市通信管理局). In view of the foreign investment restrictions in the PRC as stated above and after consulting the PRC Legal Advisor, the Group is not allowed to directly or indirectly own any equity interest in the OPCO. In order for the Group to control and manage the Prohibited Business in the PRC, the WFOE, the OPCO and its Registered Shareholders, *inter alia*, entered into the VIE Agreements on 12 January 2023 (after trading hours) to establish the VIE Structure, which is designed to provide the Company with the power to control and the right to enjoy substantially all economic benefits of the Prohibited Business operated by the OPCO Group. The Registered Shareholders did not receive any consideration for entering into the Contractual Arrangements.

The PRC Legal Adviser made verbal enquiries with the Ministry of Industry and Information Technology (工業和信息化部) of the PRC which confirmed that any business that falls within the “B11 internet data centre” business scope is prohibited from foreign investment.

Flow of Economic Benefits under the VIE Structure

The following simplified diagram illustrates the flow of economic benefits from the OPCO to the Company as stipulated under the Contractual Arrangements:



Summary of the Material Terms of the Contractual Arrangements

A summary of the principal terms of the VIE Agreements is set out below:

(1) *Exclusive Business Cooperation Agreement*

Date: 12 January 2023

Parties: (1) the WFOE; and
(2) the OPCO.

Subject matter: Under the Exclusive Business Cooperation Agreement, the OPCO agreed to engage the WFOE or its designated party as its exclusive service provider to provide business support, technical services and consulting services. Such services shall be within the principal business of the OPCO and may be determined by the WFOE from time to time, including but not limited to technical services, information technology consulting services and software development.

During the term of the Exclusive Business Cooperation Agreement, the OPCO and the WFOE or its designated party may enter into further technical service agreements and consulting service agreements specifying the scope of service, cooperation methods, personnel and payment terms with respect to the technical services and consulting services to be provided. The OPCO and the WFOE or its designated party may also enter into equipment and asset lease agreements for the lease of relevant equipment or assets from time to time.

Without the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreement, the OPCO shall not accept any similar services and/or support provided by any other third party.

Service Fee and Method of Payment:

The service fee payable by the OPCO to the WFOE shall be equal to 100% of the net income of the OPCO (the “**Service Fee**”). The WFOE may, at its sole discretion, adjust the Service Fee by writing after taking into account the actual services provided and the operational needs of the OPCO.

The Service Fee shall be paid every six months and the OPCO shall (a) provide its management accounts and operational data, including its net income in these six months (the “**Net Income**”); and (b) pay an amount equal to 100% of the Net Income or any other amount as agreed by the WFOE (the “**Current Service Fee**”) within 30 days from the last day of every six months.

The OPCO shall (a) provide the annual financial statement reviewed and confirmed by both parties to the WFOE; and (b) pay the shortfall between the amount shown on the annual financial statement and the total Current Service Fee paid by the OPCO to the WFOE in the particular financial year (if applicable) within 90 days from the end of each financial year.

Term and Termination:

The Exclusive Cooperation Service Agreement has a term of ten years commencing from the date of execution of the agreement and may be extended at the sole discretion of the WFOE by way of written confirmation. The OPCO shall unconditionally accept such an extension.

The Exclusive Cooperation Service Agreement may not be terminated by the OPCO before expiration of the term of contract but may be terminated by the WFOE at any time by giving 30 days' prior written notice to the OPCO.

(2) *Exclusive Option Agreement*

Date: 12 January 2023

Parties: (1) the OPCO;
(2) the Registered Shareholders; and
(3) the WFOE.

Subject matter: The Registered Shareholders irrevocably granted, to the extent permitted under PRC Law, an exclusive option to the WFOE (or one or more person(s) designated by it) to purchase all or part of the current and future equity interest in the OPCO held by the Registered Shareholders (the “**Shares**”) at any time, whether once or more than once and irrespective of any change in the amount of capital contribution or shareholding percentage of the Registered Shareholders.

Consideration: If the WFOE exercises the option to purchase all of the Shares, the consideration shall be equal to the actual capital contribution made to the OPCO. If the WFOE exercises the option to purchase part of the Shares, the consideration shall be calculated in proportion to the Shares purchased. In the event that the minimum purchase price permitted under PRC Laws is higher than the aforementioned consideration, such minimum purchase price as permitted under PRC Laws shall constitute the consideration (the “**Sale Consideration**”).

The Registered Shareholders shall transfer the Sale Consideration, together with other relevant gains received through a sale of the Shares, to the WFOE or its designated person(s) at nil consideration immediately upon receipt of such amounts. For the avoidance of doubt, the Registered Shareholders shall transfer the Sale Consideration to the WFOE or its designated person(s) after deduction of (a) the amount of capital contribution made by the Registered Shareholders using its own funds (excluding any borrowings provided by the WFOE to the Registered Shareholders for the purposes of capital increase); and (b) any applicable taxes, fees and expenses paid by the Registered Shareholders relating to the preparation and execution of the Exclusive Option Agreement and other transfer agreements and the completion of the transactions contemplated under the Exclusive Option Agreement and other transfer agreements.

**Undertakings by
the Registered
Shareholders and
the OPCO:**

The Registered Shareholders and the OPCO have undertaken that:

- (a) without prior written consent of the WFOE, they shall not, in any manner, supplement, change or amend the articles of association of the OPCO, increase or decrease its registered capital, or change its share capital structure;
- (b) they shall preserve their corporate existence in accordance with good financial and business standards and practices and prudently and effectively operate its business;
- (c) without the prior written consent of the WFOE, they shall not, in any manner, sell, transfer, mortgage or dispose of any legal or beneficial interest in the assets, business or revenue of the OPCO, or create any other security interest thereon;

- (d) without the prior written consent of the WFOE, they shall not incur, inherit, guarantee or assume any debt, except for (i) debts incurred in the ordinary course of business (excluding borrowings); and (ii) debts which have been disclosed to and consented to in writing by the WFOE;
- (e) the businesses shall be operated in the ordinary course of business at all times in order to maintain the asset value of the OPCO and that they shall refrain from any action/omission that may adversely affect the OPCO's operating conditions and asset value;
- (f) without the prior written consent of the WFOE, the OPCO shall not execute any material contracts (for the purposes of this paragraph, a contract will be treated as a material contract if the amount of the contract exceeds RMB100,000), except for contracts executed in the ordinary course of business;
- (g) not to provide any loan or financing to any other party without prior written approval from the WFOE;
- (h) they shall provide the WFOE with information on the OPCO's business operation and financial condition at the WFOE's request;
- (i) if requested by the WFOE, the OPCO shall purchase and maintain insurance relating to the OPCO's assets and business from an insurance company acceptable to the WFOE, the insured amount and the type of coverage of such insurance shall be in line with companies that operate similar businesses;
- (j) without the prior written consent of the WFOE, the OPCO shall not merge or consolidate with any person, or acquire or invest in any person;
- (k) they shall notify the WFOE immediately if there is any litigation, arbitration or administrative proceedings relating to the OPCO's assets, business or revenue which will or may occur;

- (l) they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or raise necessary and appropriate defences against all claims in order to maintain the OPCO's ownership over all of its assets;
- (m) they shall ensure that the OPCO will not, without the prior written consent of the WFOE, distribute dividends to the Registered Shareholders in any manner; however, at the WFOE's request, the OPCO shall immediately distribute part or all of its distributable profits to the Registered Shareholders; and
- (n) they shall appoint any person(s) designated by the WFOE as the OPCO's director and/or executive director at the WFOE's request.

The Registered Shareholders have further undertaken that:

- (a) they shall not sell, transfer, pledge, dispose of or create any other security over their legal or beneficial interests in the OPCO without prior written approval from the WFOE, save for a pledge created over such equity interest pursuant to the Equity Pledge Agreement;
- (b) they shall procure the shareholders' meeting and/or board of directors and/or executive directors of the OPCO not to approve any sale, transfer, pledge, disposal of or creation of any other security over their legal or beneficial interests in the OPCO without prior written approval from the WFOE, save for a pledge created over such equity interest pursuant to the Equity Pledge Agreement;
- (c) they shall procure the shareholders' meeting and/or board of directors and/or executive directors of the OPCO not to approve any mergers or consolidation with any person, or acquisition or investment in any person by the OPCO without prior written approval from the WFOE;

- (d) they shall notify the WFOE immediately if there is any litigation, arbitration or administrative proceedings relating to the OPCO's assets, business or revenue which will or may occur;
- (e) they shall procure the shareholders' meeting and/or board of directors and/or executive directors of the OPCO to vote in favour of the transfer of Shares under the Exclusive Option Agreement and to take any other actions at the request of the WFOE;
- (f) they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or raise necessary and appropriate defences against all claims in order to maintain their ownership over the Shares;
- (g) they shall appoint any person(s) designated by the WFOE as the OPCO's director and/or executive director at the WFOE's request;
- (h) they shall unconditionally and immediately transfer their equity interest to a person designated by the WFOE at any time upon the WFOE's request and waive its pre-emptive right with respect to the purchase of the aforementioned equity interest in the OPCO (if any);
- (i) they shall strictly adhere to the terms of the Exclusive Option Agreement and any other agreements jointly or separately entered into by the Registered Shareholders, the WFOE and the OPCO; fulfil their obligations under such agreements and not to take/omit to take any actions which may affect the validity and enforceability of such agreements. In the event where the Registered Shareholders retains any rights in the equity interest under the Exclusive Option Agreement, the Equity Pledge Agreement, or the power of attorney granted by the WFOE, the Registered Shareholders are not permitted to exercise such rights without prior written approval from the WFOE.

Term: The Exclusive Option Agreement has a term of ten years effective from the date of execution. Such term can be extended at the discretion of the WFOE.

(3) *Equity Pledge Agreement*

Date: 12 January 2023

Parties:

- (1) the WFOE (as the pledgee);
- (2) the Registered Shareholders (as the pledgor); and
- (3) the OPCO.

Pledge: The Registered Shareholders have agreed to pledge all their current and future equity interest in the OPCO to the WFOE as security to guarantee the performance of the Registered Shareholders' and the OPCO's obligations under the Exclusive Business Cooperation Agreement (the "**Contractual Obligations**"), including but not limited to payment of the Service Fee (regardless of whether such fees are due and payable as a result of the occurrence of the due date, a request for early repayment or otherwise).

Term and termination: The pledge shall take effect upon the date of registration with the relevant local administration for industry and commerce and shall remain valid until termination of the Exclusive Business Cooperation Agreement and the Exclusive Option Agreement or after all the Registered Shareholders' and the OPCO's contractual obligations under the Exclusive Business Cooperation Agreement and the Exclusive Option Agreement have been fully performed.

During the term of the Equity Pledge Agreement, in the event that the OPCO fails to perform its Contractual Obligations, the WFOE has the right to dispose of its right of pledge under the Equity Pledge Agreement.

The Equity Pledge Agreement shall be terminated upon settlement of all the Service Fee under the Exclusive Business Cooperation Agreement and after all obligations under the Exclusive Business Cooperation Agreement have been fully performed by the OPCO, the Registered Shareholders and the WFOE.

(4) *Power of Attorney*

Date: 12 January 2023

Party: (1) Power of Attorney (Cao): Mr. Cao
(2) Power of Attorney (Song): Mr. Song

Subject Matter: Under the Power of Attorney (Cao) and the Power of Attorney (Song), each of Mr. Cao and Mr. Song irrevocably agreed to appoint the WFOE (as well as its successors or liquidators, excluding Mr. Cao and Mr. Song themselves) as their attorney-in-fact to exercise, on their behalf, the following rights in relation to their equity interest in the OPCO, including without limitation:

- (a) to attend shareholders' meetings of the OPCO or make shareholder decisions;
- (b) to exercise all shareholders' rights and voting rights in accordance with applicable laws and the articles of association of the OPCO, including but not limited to the sale, transfer, pledge or disposal of all or part of their equity interest in the OPCO;
- (c) to designate and appoint the legal representative, executive directors and/or directors, supervisors, general manager and senior management of the OPCO;
- (d) to submit and file documents with the relevant government authorities.

In addition, if any supplemental agreements, ancillary documents or share transfers are contemplated under the Exclusive Option Agreement, Equity Pledge Agreement and Exclusive Business Cooperation Agreement, the WFOE shall have the right to execute such documents and to perform the obligations under the aforesaid agreements.

Term: The Power of Attorney shall remain in full force and effect as long as the Registered Shareholders remain as shareholders of the OPCO.

(5) *Consent letter from the spouses of each of the Registered Shareholders*

On 12 January 2023, the spouses of each of the individual Registered Shareholders has entered into a consent letter pursuant to which they agreed (i) not to make any claim on the equity interest in the OPCO held by the individual Registered Shareholders; (ii) to take all necessary actions to ensure that the VIE Agreements (if and as applicable) are properly performed; and (iii) if they acquire any equity interest in the OPCO for any reason, they shall be bound by the VIE Agreements (if and as applicable).

DISPUTE RESOLUTION, SUCCESSION, CONFLICTS OF INTEREST, LIQUIDATION AND OTHERS

Dispute Resolution

Each of the VIE Agreements contains certain dispute resolution provisions. Each of the VIE Agreements stipulates that any dispute or claim arising from the interpretation and performance of the agreement shall be resolved by the parties through negotiation in good faith. If no resolution is reached within 30 days after one party sends a written notice to the other party requesting settlement, the dispute shall be submitted to the Guangzhou Arbitration Commission for arbitration in accordance with the arbitration rules in effect at the time of application. The place of arbitration shall be in Guangzhou and language for the arbitration shall be Chinese. The arbitral award shall be final and binding upon all parties.

The dispute resolution provisions also provide that the arbitration tribunal may grant any remedies over the shares or land assets of OPCO in accordance with the provisions of the respective VIE Agreements and applicable PRC Laws, including preliminary and permanent injunctive relief (such as for the conduct of business or to compel a transfer of assets) or to order the winding up of the OPCO. To the extent permitted by PRC Laws, while pending formation of the arbitral tribunal or in appropriate cases, either party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction in support of the arbitration. Thus, the parties have reached a consensus that without violating

the applicable PRC Laws, the courts of Hong Kong, the Cayman Islands, the PRC and places where the principal assets of the OPCO or the WFOE are located shall be deemed to have competent jurisdiction.

The PRC Legal Adviser confirms that the aforementioned dispute resolution provisions set forth in the VIE Agreements are legally valid and binding on the relevant signatories. However, the PRC Legal Adviser has also advised that the above provisions may not be enforceable under PRC Laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of the OPCO pursuant to current PRC Laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that the OPCO or the Registered Shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the OPCO and conduct our business could be materially and adversely affected. Please see the sub-paragraph headed “Risks and Limitations relating to the Contractual Arrangements” below in this announcement for further details.

Succession

Appropriate arrangements have been made to protect the Company’s interest in the event of death, bankruptcy or divorce of the Registered Shareholders. The provisions set out in the VIE Agreements are also binding on the successors and inheritors of the Registered Shareholders, as if the successors and inheritors were signing parties to the VIE Agreements. Under the succession laws of the PRC, statutory successors include their spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the VIE Agreements by the Registered Shareholders. In case of a breach, the WFOE can enforce its rights against the successors.

Loss Sharing

Further, the OPCO is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. In addition, given that the Group would conduct part of its business operations in the PRC through the OPCO, which holds the requisite Licence, and that its financial position and results of operations are consolidated into the Group’s financial statements under the applicable accounting principles, the Company’s business, financial position and results of operations would be adversely affected if the OPCO suffers losses.

However, as provided in the Exclusive Option Agreement, the OPCO shall not, without prior written consent from the WFOE, among other things, (i) sell, transfer, mortgage or dispose of any of its assets in any manner; (ii) execute any material contracts with a value above RMB100,000, except those entered into in the ordinary course of business; (iii) provide any loan or financing in any form to any third party; (iv) incur, inherit, guarantee or assume any debt except for debts incurred in the ordinary course of business (excluding borrowings) and debts which have been disclosed to and consented to in writing by the WFOE; (v) enter into any merger or consolidation with any person, or acquire or invest in any person; and (vi) increase or decrease its registered capital, or change its share capital structure in any other manner. Consequently, in the event of any loss suffered by the OPCO, the potential adverse effect on the WFOE and the Company will be limited to a certain extent given the relevant restrictive provisions in the VIE Agreements.

Conflicts of Interests

The Company confirms that appropriate arrangements have been made to address the potential conflict of interests between the Registered Shareholders and the Group. In particular, the Registered Shareholders had undertaken that they will neither, directly or indirectly (either on its own or through any other individual or legal entity), participate or engage in any business which is or may be in competition with the business of the OPCO Group, or acquire or hold any such business, nor carry on any activities which may lead to any conflict of interest between themselves and the WFOE.

Liquidation

Pursuant to the Power of Attorney, in the event of a mandatory liquidation of the OPCO, the Registered Shareholders shall transfer the proceeds received from the liquidation to the WFOE or its designated persons for nil consideration or a consideration equivalent to the lowest price as permitted by PRC Laws (the “**Transfer Consideration**”).

Each of the Registered Shareholders has also undertaken that if he receives any proceeds or consideration from the WFOE or its designated persons as a result of the liquidation of the OPCO or the transfer of equity interest in the OPCO, he shall return such proceeds or consideration to the WFOE or its designated persons.

Insurance

The Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements.

GENERAL INFORMATION OF THE GROUP

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The Group is a leading technology platform principally engaged in providing mobile advertising and analytics services to mobile application developers globally.

GENERAL INFORMATION ABOUT THE PARTIES TO THE VIE AGREEMENTS

(1) The WFOE

The WFOE is a company established with limited liability in the PRC on 13 October 2022 and an indirect wholly-owned subsidiary of the Company. It is principally engaged in information technology consulting services and software development.

(2) The OPCO

The OPCO is a limited liability company established in the PRC on 17 November 2021 and is principally engaged in the internet data centre business in the PRC. As at the date of this announcement, it is wholly owned by the Registered Shareholders.

(3) The Registered Shareholders

The Registered Shareholders are executive Directors of the Company.

EFFECT AND LEGALITY OF THE VIE AGREEMENTS

After execution of the VIE Agreements, the financial results of the OPCO Group will be accounted for and consolidated in the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company.

The PRC Legal Adviser is also of the opinion that:

- (a) none of the VIE Agreements violates any PRC Laws (including the Administrative Measures of Foreign Investment Admission (Negative List) 2021 Revision (《外商投資准入特別管理措施(負面清單)》(2021年版)) and the Provisions on the Administration of Foreign-funded Telecommunications Enterprises 2022 Revision (《外商投資電信企業管理規定》(2022修訂)) or any provisions of the respective articles of association of the WFOE and the OPCO in effect; and

- (b) each of the VIE Agreements is effective, legally binding and enforceable upon each party under PRC Laws, except that (a) any share pledge contemplated under the Equity Pledge Agreement is subject to registration with the State Administration for Market Regulation of the PRC; (b) any transfer of equity interest in the OPCO by the Registered Shareholders to the WFOE or its designated entity(ies) according to the Exclusive Option Agreement is subject to the approval, registration or filing of relevant government authorities; and (c) the arbitration awards provided under the dispute restitution provisions of the VIE Agreements shall be recognized by the PRC courts before compulsory enforcement.

BOARD'S VIEW ON THE CONTRACTUAL ARRANGEMENTS

Based on the above, the Board is of the view that the Contractual Arrangements are narrowly tailored to achieve the Company's business purpose and to minimise the potential conflict with relevant PRC Laws. The Contractual Arrangements also provide that as soon as relevant PRC Laws governing foreign investment in the operation of internet data centre business are changed, allowing the WFOE to register itself as the shareholder of the OPCO, the WFOE would be entitled to exercise this option and terminate the VIE Agreements. The Board confirms that the Contractual Arrangements are in compliance with each of the requirements set out in paragraph 16 of guidance letter HKEX-GL77-14. In view of the foregoing, the Directors (including the independent non-executive Directors) consider that (i) the Contractual Arrangements are fundamental to the OPCO's legal structure and business operations; and (ii) the terms of the VIE Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Group and its shareholders as a whole.

Mr. Cao and Mr. Song are considered to have material interests in the Contractual Arrangements and have abstained from voting on the board resolutions approving the establishment of the VIE Structure and the entering into of the VIE Agreements.

Save as disclosed above, so far as the Company is aware, none of the Directors have or are deemed to have material interests in the Contractual Arrangements. Accordingly, none of the other Directors were required to abstain from voting on the board resolutions approving the establishment of the VIE Structure or the entering into of any of the VIE Agreements.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, the Directors are not aware of any factors that has led or would lead to any interference or encumbrance from or restrictions imposed by any PRC governing bodies on the Group's operation of the OPCO's businesses under the Contractual Arrangements.

INTERNAL CONTROL MEASURES

The Group has adopted, and will continue to adopt, the following internal control measures to ensure legal and regulatory compliance of the Group, the sound and effective operation of the OPCO and the implementation of the VIE Agreements:

- (a) major issues arising from implementation of the VIE Agreements will be regularly reviewed by the Board;
- (b) matters relating to compliance and regulatory enquiries from relevant governmental authorities (if any) will be discussed in regular meetings of the Board;
- (c) relevant business units and operation divisions of the Group will report regularly, which will be no less than on a monthly basis, to the senior management of the Company on compliance and performance conditions under the VIE Agreements and other related matters;
- (d) the company seals, financial seals, contract seals and crucial corporate certificates of the OPCO are kept by the Group's finance department. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from the relevant department head and vice president of the Company, depending on the importance or transaction value of the document to which the seal(s) will be affixed. The business, legal and/or finance departments constitute the Group's central management system and the persons in charge of these departments as well as the members responsible for the custody and handling of the seals and crucial corporate certificates are employees of the Company;
- (e) if necessary, legal advisers and/or other professionals will be retained to assist the Group to deal with specific issues arising from the VIE Agreements and to ensure that the operation and implementation of the VIE Agreements as a whole will comply with applicable laws and regulations;
- (f) the Company's independent non-executive Directors will conduct a review on compliance with the VIE Agreements on an annual basis and their confirmation will be disclosed in the Company's annual report;
- (g) to avoid potential conflicts of interest, the Board (including the independent non-executive Directors) will ensure that any designee, person or entity designated by the WFOE, and the Registered Shareholders for the purpose of exercising any of the rights originally granted to the WFOE and/or such designated persons under the VIE Agreements, shall be restricted to a subsidiary of the Company (which will be under the management control of and own fiduciary duties to the Company) or an authorised

Director of the Company (other than the Registered Shareholders) and shall exclude the Registered Shareholders and any of their associates. The Board will also ensure that no rights shall be granted to any other third parties outside of the Group which does not owe any fiduciary duties to the Company;

- (h) the Board (including the independent non-executive Directors) will ensure that the WFOE only approves and consents to carry out the Company's principal and ancillary businesses which would otherwise be prohibited or restricted due to legal restrictions under relevant PRC Laws on foreign investment;
- (i) the Board (including the independent non-executive Directors) will ensure that the OPCO shall retain and continue to retain all relevant intellectual property, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing the Licence as required by relevant PRC government authorities; and
- (j) the Group will terminate the VIE Agreements as soon as relevant PRC Laws allow the business of the OPCO to be conducted and operated by the Company's subsidiaries without such Contractual Arrangements in place.

RISKS AND LIMITATIONS RELATING TO THE CONTRACTUAL ARRANGEMENTS

(1) Economic risks of the Company

None of the VIE Agreements provide that the Company or the WFOE is obligated to share the losses of the OPCO or provide financial support to the OPCO.

Furthermore, the OPCO is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC Laws, the Company or the WFOE, as the primary beneficiary of the OPCO, is not expressly required to share the losses of the OPCO or provide financial support to the OPCO. Despite the foregoing, given that the Group conducts the Prohibited Business in the PRC through the OPCO which holds the requisite Licence and approvals, and that the OPCO's financial condition and results of operations are consolidated into the Group's financial condition and results of operations under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if the OPCO suffers losses and the Company or the WFOE may have to provide financial support in the event of financial difficulty of the OPCO.

(2) **Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and its impact on the viability of the Contractual Arrangements and the VIE Structure.**

On 15 March 2019, the National People’s Congress of the PRC approved the foreign investment law (the “**Foreign Investment Law**”), which came into effect on 1 January 2020 and replaced the existing laws regulating foreign investment in the PRC, namely the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. On 26 December 2019, the State Council of the PRC (the “**State Council**”) adopted the Implementation Regulations for Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which came into effect on 1 January 2020 (the “**Implementation Regulations**”).

The Foreign Investment Law and the Implementation Regulations embody the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. Despite there being no indication currently that the Contractual Arrangements will be interfered with or objected to by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions regarding the interpretation of the relevant regulations and would not agree that the VIE Agreements comply with the current PRC Laws or those that may be adopted in future, and the PRC regulatory authorities may deny the validity, effectiveness and enforceability of the VIE Agreements.

Such contractual arrangement has been adopted by a number of fully or partially foreign-owned companies which, through their respective subsidiaries in the PRC, assume control over an operating company incorporated in the PRC holding the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. It will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under PRC Laws, including but not limited to the Foreign Investment Law and the Implementation Regulations.

Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council require further actions to be taken by companies with respect to existing contractual arrangements, there will be substantial uncertainties as to whether such actions can be completed by the Group and the OPCO in a timely manner. Failure to take timely and appropriate measures to cope with any of these aforementioned or similar regulatory compliance requirements could materially and adversely affect the current corporate structure and business operations of the Group and the OPCO, as well as the ability of the Group and the OPCO to be or continue to be engaged in businesses subject to the foreign investment restrictions or prohibitions.

Measures adopted by the Company to mitigate against any potential risk arising from the Foreign Investment Law and the Implementation Regulations

The Foreign Investment Law was approved by the National People's Congress of the PRC on 15 March 2019 and came into effect on 1 January 2020 and the Implementation Regulations was adopted by the State Council and came into effect on 1 January 2020. As aforementioned, there are uncertainties with respect to the interpretation and implementation of the Foreign Investment Law and the Implementation Regulations, and the Board will closely monitor the development of the Foreign Investment Law and the Implementation Regulations with the help of the PRC Legal Adviser, including but not limited to any new negative list issued by the State Council, or any future laws, administrative regulations or provisions prescribed by relevant PRC government authorities.

The Company will continue to monitor and discuss with its PRC Legal Adviser in order to assess any possible impact arising from the development of the Foreign Investment Law and the Implementation Regulations on the Contractual Arrangements and the business operation of the Group.

(3) The VIE Agreements may not be as effective in providing control over and entitlement to the economic interests in the OPCO as direct ownership of the OPCO

The Contractual Arrangements may not be as effective in providing the WFOE with control over and entitlement to the economic interests in the OPCO as direct ownership of the OPCO. If the WFOE had direct ownership of the OPCO, the WFOE would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of the OPCO. However, under the Contractual Arrangements, the WFOE can only exercise control over the OPCO by relying on the OPCO to perform its contractual obligations under the Contractual Arrangements. The OPCO may not act in the best interests of the WFOE or may not perform its obligations under the Contractual Arrangements. However, if any dispute relating to the Contractual Arrangements remains unresolved, the WFOE will have to enforce its rights under the Contractual Arrangements and seek to interpret the terms of the Contractual Arrangements in accordance with PRC Laws, which is subject to uncertainties in the PRC legal system.

Under the VIE Agreements, when a dispute arises under any of the Contractual Arrangements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under PRC Laws. The Contractual Arrangements provide that disputes are to be submitted to the Guangzhou Arbitration Commission for arbitration to be conducted in Guangzhou. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of the WFOE to enforce the relevant agreements under the Contractual Arrangements. There is no assurance that the results of such arbitrations will be in favour of the WFOE and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance, injunctive relief or damages. As the WFOE may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over the OPCO and the conduct of the Prohibited Business could be materially and adversely affected, and may disrupt the business of the WFOE and have a material adverse impact on the WFOE's business, prospects and results of operation.

(4) Potential conflicts of interest

The WFOE shall rely on the Contractual Arrangements to exercise control over and to receive economic benefits from the OPCO. In case of a conflict of interest or deterioration in the relationship between the Registered Shareholders, the OPCO and the WFOE, or where the current Registered Shareholders and the OPCO are in breach of the Contractual Arrangements, the WFOE's business, prospects and results of operation may be materially and adversely affected. It cannot be assured that if conflicts arise, the Registered Shareholders or the OPCO will act in the best interests of the WFOE or that the conflicts will be resolved in favor of the WFOE. If the Registered Shareholders or the OPCO fails to perform its obligations under the respective Contractual Arrangements, the WFOE may have to rely on legal remedies under PRC Laws through legal proceedings, which may be expensive, time-consuming and disruptive to the WFOE's operations and may be subject to uncertainties as discussed above.

(5) The VIE Agreements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on the WFOE. The WFOE may face adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Contractual Arrangements were not entered into on an arm's length basis, they may adjust the income and expenses of the WFOE for the PRC tax purposes, which could result in higher tax liabilities on the WFOE. The operation results of the WFOE may be materially and adversely affected if the tax liabilities of the OPCO or those of the WFOE increase significantly or if they are required to pay interest on late payments.

The Board will closely monitor any changes in the laws, regulations or rules of the PRC in relation to tax imposed on Contractual Arrangements and upon receiving any such information, discuss with the PRC Legal Adviser to evaluate the impact on the business and operations of the OPCO as well as potential resolutions. As at the date of this announcement, the OPCO is only subject to normal tax liabilities in the PRC such as the enterprise income tax and value added tax.

(6) The WFOE's ability to acquire the entire equity interest in the OPCO may be subject to various limitations and substantial costs

In case the WFOE exercises its option to acquire the entire equity interest in the OPCO under the Exclusive Option Agreement, such acquisition will be subject to the restrictions and relevant procedures under applicable PRC Laws.

In addition, such an acquisition may be subject to a minimum price limitation (such as an appraised value for the entire equity interest in the OPCO) or other limitations as imposed by applicable PRC Laws. Further, a transfer of ownership of the OPCO may result in the incurrence of substantial costs, expenses and time, which may materially and adversely affect the WFOE's businesses, prospects and results of operation.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Registered Shareholders is an executive Director and therefore a connected person of the Company. As the equity interest of the OPCO is held as to not less than 30% by each of the Registered Shareholders, the OPCO is an associate of each of the Registered Shareholders, and therefore also a connected person of the Company. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Upon entering into of the Contractual Arrangements, the Company will in substance acquire 100% equity interest of the OPCO at nil consideration. Given all the applicable percentage ratios in respect of the entry into the Contractual Arrangements are less than 0.1%, the entry into the Contractual Arrangements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is fully exempt from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

GRANT OF WAIVER

The Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, subject to the conditions as set out in paragraph headed “Conditions of the waiver” below (the “CCT Waiver”).

(1) Relevant Requirements under Chapter 14A of the Listing Rules

Rule 14A.52 of the Listing Rules requires that the period for a connected transaction agreement must be fixed and must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In such a case, the listed issuer must appoint an independent financial adviser to explain why the agreement requires a longer period and confirm that it is normal business practice for agreements of this type to be of such duration.

Rule 14A.53 of the Listing Rules requires the listed issuer to set an annual cap for the continuing connected transactions. The annual cap must be (i) expressed in monetary terms; (ii) determined by reference to previous transactions and figures in the published information of the listed issuer’s group. If there were no previous transactions, the annual cap must be set based on reasonable assumptions; and (iii) approved by shareholders if the transaction requires shareholders’ approval.

(2) Application for the CCT Waiver

Grounds for the waiver

The Company has applied for the CCT Waiver based on the following grounds:

- (a) ***Importance and necessity of the Contractual Arrangements:*** The transactions contemplated under the Contractual Arrangements constitute an important and integral mechanism of the Group to control and manage the Prohibited Business of the OPCO Group in the PRC and to receive and enjoy substantially all economic benefits derived from the OPCO. As such, it is in the interest of the Company and its shareholders as a whole to ensure that the Company will continue to do so without setting any annual cap which may otherwise limit the economic benefits received by the Company and/or expiration of the terms of the Contractual Arrangements which may otherwise lead to the Group’s losing control over the OPCO.

- (b) ***No undue risk to the shareholders as a whole:*** Given that the financial results of the OPCO Group will be consolidated into the Group’s financial results and all the economic benefits of the OPCO Group’s business will flow to the Group under the Contractual Arrangements, for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, the OPCO will be accounted for as if it is the Company’s wholly-owned subsidiary. The Registered Shareholders, who are interested in 100% equity interest of the OPCO, will not receive any economic benefits from the operation by the OPCO Group under the Contractual Arrangements. Thus, the Contractual Arrangements place the Group in a special position in relation to the connected transactions rules. Even though the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions for the purpose of Chapter 14A of the Listing Rules, there are no genuine continuing connected transactions and it is impractical and unduly burdensome and would impose unnecessary administrative costs on the Company to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements.
- (c) ***Management and control:*** Under the Contractual Arrangements, the Group has control over the management and operation of, as well as, in substance, all of the voting rights of the OPCO held by the Registered Shareholders in OPCO. The Registered Shareholders or their associates shall not have management or control over the OPCO Group.

Conditions of the waiver

The waiver will be subject to the following conditions (the “**Waiver Conditions**”):

- (a) ***No change without independent non-executive Directors’ approval:*** Save for any mandatory change required under applicable laws and regulations, no changes to the terms of any of the Contractual Arrangements will be made without the approval of the independent non-executive Directors;
- (b) ***No change without independent shareholders’ approval:*** No change to the terms of the Contractual Arrangements will be made without the approval of the independent shareholders. Once the Company’s independent shareholders’ approval of any change has been obtained, no further announcement or approval of the independent shareholders of the Company, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of the Company (as set out in paragraph (e) below) will however continue to be applicable;

- (c) ***Economic benefits flexibility:*** The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the OPCO Group through (i) the Group's option, to the extent permitted under PRC laws, to acquire all or part of the equity interests in the OPCO held by the Registered Shareholders at the Sale Consideration, (ii) the business structure under which the net profit generated by the OPCO Group is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the OPCO under the Exclusive Business Cooperation Agreement, and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the OPCO held by the Registered Shareholders in OPCO;
- (d) ***Renewal and reproduction:*** On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the OPCO, on the other hand, such framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Company's shareholders, on substantially the same terms and conditions as those of the Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) that the Company may establish upon renewal and/or reproduction of the Contractual Arrangements engaging in the same business as that of the OPCO will be treated as the connected persons of the Company, and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. The OPCO and its future subsidiaries (if any), and such other new wholly foreign owned enterprise or operating company (including branch company) which are or will be subsidiaries of the Company shall not however be connected persons of the Company. This condition is subject to relevant PRC laws, regulations and approvals from the relevant PRC authorities; and
- (e) ***Ongoing reporting and approvals:*** The Company will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:
- (i) the Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules and Stock Exchange's guidance letter HKEX-GL77-14;

- (ii) the independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report for the relevant year that the transactions carried on during such year have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole, and that no dividends or other distributions have been made by the OPCO to the holders of its equity interest which are not otherwise subsequently assigned or transferred to the Group;
- (iii) the Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Directors with a copy to the Stock Exchange at least ten (10) business days before the bulk printing of its annual report, confirming whether anything has come to their attention that causes them to believe that (i) the transactions have not been approved by the Directors; (ii) the transactions have not been entered into in accordance with the relevant Contractual Arrangements; and (iii) any dividends or other distributions have been made by the OPCO to the holders of its equity interest which are not otherwise subsequently assigned or transferred to the Group;
- (iv) as set out above, given the OPCO will be consolidated as the Company's wholly-owned subsidiary, the Company understands that the directors, chief executives or substantial shareholders of the OPCO Group and their respective associates will be treated as connected persons of the Company, and transactions between these connected persons and the Group, other than those under the Contractual Arrangements and any new contracts entered into, renewed or reproduced between the Group and the OPCO Group, will be subject to the requirements under Chapter 14A of the Listing Rules; and
- (v) the OPCO has undertaken that, during the terms of the relevant Contractual Arrangements, the OPCO will provide the Group's management and the Company's auditors with full access to its relevant records, and, where applicable, records of its subsidiaries (if any), for the purpose of the Company's auditors review of the transactions conducted under the Contractual Arrangements.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Given the term of the Contractual Arrangements exceeds three years, the Company has engaged the Independent Financial Adviser pursuant to Rule 14A.52 of the Listing Rules to explain why the tenure of this type of agreements needs to exceed three years, and confirm that it is normal business practice for agreements of this type to be of such duration.

The Independent Financial Adviser has reviewed the relevant information provided by the Group and has also discussed with the management of the Group and the PRC Legal Adviser. The Independent Financial Adviser has considered the following in formulating its opinion:

- (i) the Contractual Arrangements will enable the WFOE to control and enjoy substantially all economic benefits of the business of visual DevOps service platform based on cloud-native technology stack in the PRC through the OPCO, given that foreign investors are prohibited from holding equity interest in an entity engaging in B11 internet data centre business;
- (ii) the WFOE will be in a position to exercise effective control over the Prohibited Business and to safeguard the assets of the OPCO through the Contractual Arrangements and internal control measures as set out in the section headed “INTERNAL CONTROL MEASURES” in this announcement, the Independent Financial Adviser considers that although there will be a lack of equity ownership in the OPCO, the Contractual Arrangements allow the Group to be entitled to the economic benefits generated by the OPCO through the WFOE;
- (iii) the Contractual Arrangements are subject to the Waiver Conditions;
- (iv) the Contractual Arrangements are fundamental and vital to the stability of the business operations and the revenue stream from the OPCO to the Group; and would therefore be beneficial to the Group to be of a long-term basis;
- (v) as no changes to the VIE Agreements can be made without separate approvals of the independent non-executive Directors and the independent shareholders of the Company; it would be unduly burdensome and would impose unnecessary administrative costs on the Company to be subject to strict compliance with the requirements under Rules 14A.52 of the Listing Rules; and

- (vi) the contractual arrangements of 45 companies listed on the Stock Exchange since the beginning of 2020 reviewed by the Independent Financial Adviser, which involved in value-added telecommunications business in the PRC and adopted similar VIE structures as identifiable on the website of the Stock Exchange (“**Comparable Contractual Arrangements**”). Among the 45 Comparable Contractual Arrangements, 26 of them did not disclose a definite duration, 12 of them have terms of ten years, 4 of them have terms of twenty years, while the remaining three have respective duration of thirty years, fifteen years and three years. Save for those without a definite term, all the Comparable Contractual Arrangements may either be extended at the sole discretion of the wholly owned subsidiary of the respective listed issuers or will be automatically renewed upon maturity.

Based on the above, the Independent Financial Adviser is of the view that it is essential and commercially desirable for the Group to enter into the Contractual Arrangements with period of longer than three years. The Contractual Arrangements have initial terms of ten years (and may be extended at the sole discretion of the WFOE) are required and it is normal business practice for agreements of this type to be of such duration.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Mobvista Inc. (匯量科技有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 16 April 2018, its shares of which are listed on the Main Board of the Stock Exchange
“Contractual Arrangements”	the entering into of the VIE Agreements by the WFOE, the OPCO and its Registered Shareholders in order for the Group to control the Prohibited Business in the PRC, the details of which are described in the section headed “The Contractual Arrangements” in this announcement
“Director(s)”	the director(s) of the Company or any one of them
“Equity Pledge Agreement”	the equity pledge agreement entered into among the Registered Shareholders, the WFOE and the OPCO dated 12 January 2023

“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement entered into between the WFOE and the OPCO dated 12 January 2023
“Exclusive Option Agreement”	the exclusive option agreement entered into among the WFOE, the Registered Shareholders and the OPCO dated 12 January 2023
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, being a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Licence”	the value-added telecommunication business operation licence, a licence issued by the Beijing City Communications Administration to permit the operation of internet data centre business in China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cao”	Mr. Cao Xiaohuan, a PRC resident, who is an executive Director and the chief executive officer of the Company
“Mr. Song”	Mr. Song Xiaofei, a PRC resident, who is an executive Director
“OPCO”	Mobvista Cloud (Beijing) Technology Company Limited* (匯量雲(北京)科技有限公司), a company established in the PRC on 17 November 2021 and wholly owned by the Registered Shareholders
“OPCO Group”	the OPCO and its wholly-owned subsidiary
“Power of Attorney”	collectively, the Power of Attorney (Cao) and the Power of Attorney (Song)
“Power of Attorney (Cao)”	the power of attorney signed by Mr. Cao on 12 January 2023

“Power of Attorney (Song)”	the power of attorney signed by Mr. Song on 12 January 2023
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Laws”	any laws, regulations, rules, notices, interpretation or other binding documents issued by any central or local legislative, executive or judicial authorities in the PRC
“PRC Legal Adviser”	the PRC legal adviser of the Company
“Registered Shareholders”	collectively, Mr. Cao and Mr. Song
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VIE Agreements”	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Power of Attorney
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to effectively hold and control the OPCO
“WFOE”	Guangzhou Huiliang Cloud Computing Technology Co., Ltd.* (廣州匯量雲計算科技有限公司), a company established with limited liability in the PRC on 13 October 2022 and an indirect wholly owned subsidiary of the Company

* *For identification purposes only*

By Order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, the PRC, 12 January 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. DUAN Wei (chairman), Mr. CAO Xiaohuan (chief executive officer), Mr. FANG Zikai and Mr. SONG Xiaofei as executive Directors; Mr. WONG Tak-Wai as a non-executive Director; and Mr. HU Jie, Mr. SUN Hongbin and Ms. CHEUNG Ho Ling Honnus as independent non-executive Directors.