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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)

CONNECTED TRANSACTIONS RENEWAL OF PROPERTY LEASE AGREEMENTS

On 22 December 2023, Mobvista Technology, an indirect wholly-owned subsidiary of the Company, entered into the Renewed Property Lease Agreements with Guangzhou Ruisou and Guangzhou Huichun, connected persons of the Company, to renew the Previous Property Lease Agreements in relation to the leasing of the Properties, which will continue to be used by the Group as offices.

In accordance with HKFRS 16, the Group is required to recognize the rights to use the Properties as right-of-use-assets, and, as a result, entering into the Renewed Property Lease Agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The aggregate value of the right-of-use asset to be recognised by the Group under the Renewed Property Lease Agreements is estimated to be approximately US\$7,752,133, being the present value of the aggregate rentals (tax included) under the Renewed Property Lease Agreements in accordance with HKFRS 16. The above figure is unaudited and may be subject to adjustment in the future.

Given the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Renewed Property Lease Agreements is less than 5%, entering into the Renewed Property Lease Agreements does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Guangzhou Ruisou is a wholly-owned subsidiary of Mobvista Co., Ltd, a Controlling Shareholder of the Company whose equity interest is indirectly held by Mr. Duan as to approximately 42.63%; and (ii) the equity interest of Guangzhou Huichun is held directly and indirectly by Mr. Cao, an executive Director, as to 99%. Accordingly, Guangzhou Ruisou is an associate of each of Mobvista Co., Ltd and Mr. Duan, and Guangzhou Huichun is an associate of Mr. Cao. Therefore, both of Guangzhou Ruisou and Guangzhou Huichun are connected persons of the Company under the Listing Rules. As such, entering into the Renewed Property Lease Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Renewed Property Lease Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Renewed Property Lease Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

RENEWAL OF PROPERTY LEASE AGREEMENTS

On 22 December 2023, Mobvista Technology, an indirect wholly-owned subsidiary of the Company, entered into the Renewed Property Lease Agreements with each of Guangzhou Ruisou and Guangzhou Huichun respectively to renew the leases of the Properties for three years (from 1 January 2024 to 31 December 2026).

Details of the Renewed Property Lease Agreements are set out below:

Contracting Parties	Date of lease agreement	Property	Area of Property (sq.m.)	Term	Monthly Rental (payable by cash)	Payment Terms
Mobvista Technology (as tenant) and Guangzhou Ruisou (as landlord)	22 December 2023	Property 1	4,719	From 1 January 2024 to 31 December 2026	2024: RMB1,456,873.47 2025: RMB1,529,717.14 2026: RMB1,606,203.00	The rentals are payable quarterly. The rentals for the first period, 1 January 2024 to 30 June 2024, shall be paid within seven business days of the date of the agreement, i.e. 3 January 2024. Thereafter, Mobvista Technology shall pay the rentals for next quarter in advance no later than the 30th day of the last month in each quarter.
Mobvista Technology (as tenant) and Guangzhou Huichun (as landlord)	22 December 2023	Property 2	310	From 1 January 2024 to 31 December 2026	2024: RMB95,814.65 2025: RMB100,605.38 2026: RMB105,635.65	The rentals are payable quarterly. The rentals for the first period, 1 January 2024 to 30 June 2024, shall be paid within seven business days of the date of the agreement, i.e. 3 January 2024. Thereafter, Mobvista Technology shall pay the rentals for next quarter in advance no later than the 30th day of the last month in each quarter.

Note: The monthly rentals include the costs of decoration, renovation of the office, the usage and maintenance of canteen and gymnasium facilities.

The original acquisition costs of Property 1 and 2 paid by Guangzhou Ruisou and Guangzhou Huichun were RMB264,776,374 and RMB18,957,454 respectively.

HISTORICAL RENTALS PAID FOR THE PROPERTIES

The actual rentals paid by the Mobvista Technology for the years ended 31 December 2021 and 2022, and from 1 January 2023 to the date of the announcement are as follows:

	Approximate Actual Annual Rentals Paid		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Rentals paid by the Group to Guangzhou Ruisou and Guangzhou Huichun	18,632,257	19,563,870	20,542,064

REASONS FOR THE RENEWAL OF PROPERTY LEASE AGREEMENTS

For purpose of its business operations, our Group needs to rent office premises, and Guangzhou Ruisou and Guangzhou Huichun own the properties that suit our business needs. The Group renewed the leasing of these properties for a term of three years commencing from 1 January 2024 with a view to continue the Group's present usage purpose of these properties.

The rentals were negotiated on arm's length basis and on normal commercial terms by the contracting parties, with reference to at least two quotations provided by independent third parties for the lease of comparable properties of similar conditions at the same location and the historical rentals paid by the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Renewed Property Lease Agreements were negotiated by the parties on arm's length basis, made on normal commercial terms or better and are fair and reasonable. They also believe that the Renewed Property Lease Agreements were entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is principally engaged in the business of providing advertising technology service and marketing technology services required to develop the mobile internet ecosystem.

Mobvista Technology is a company established in the PRC and is indirectly wholly-owned by the Company. Mobvista Technology is principally engaged in provision of mobile advertising services business.

Guangzhou Ruisou is a company established in the PRC and is wholly-owned by Mobvista Co., Ltd, a Controlling Shareholder of the Company. Guangzhou Ruisou is principally engaged in property leasing business. The ultimate beneficial owner of Guangzhou Ruisou is Mr. Duan.

Guangzhou Huichun is a company established in the PRC the equity interest of which is held by Mr. Cao directly and indirectly as to 99%. Guangzhou Huichun is principally engaged in property leasing business. The ultimate beneficial owner of Guangzhou Huichun is Mr. Cao.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group is required to recognize the rights to use the Properties as right-of-use-assets, and, as a result, entering into of the Renewed Property Lease Agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The aggregate value of the right-of-use asset to be recognised by the Group under the Renewed Property Lease Agreements is estimated to be approximately US\$7,752,133, being the present value of the aggregate rentals (tax included) under the Renewed Property Lease Agreements in accordance with HKFRS 16. The above figure is unaudited and may be subject to adjustment in the future.

Given the highest applicable percentage ratio in respect of the value of the right-of-use assets under Renewed Property Lease Agreements is less than 5%, entering into the Renewed Property Lease Agreements does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Guangzhou Ruisou is a wholly-owned subsidiary of Mobvista Co., Ltd, a Controlling Shareholder of the Company whose equity interest is indirectly held by Mr. Duan as to approximately 42.63%; and (ii) the equity interest of Guangzhou Huichun is held directly and indirectly by Mr. Cao, an executive Director, as to 99%. Accordingly, Guangzhou Ruisou is an associate of each of Mobvista Co., Ltd and Mr. Duan, and Guangzhou Huichun is an associate of Mr. Cao. Therefore, both of Guangzhou Ruisou and Guangzhou Huichun are connected persons of the Company under the Listing Rules. As such, entering into the Renewed Property Lease Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Mr. Duan and Mr. Cao have abstained from voting on the relevant board resolutions approving the Renewed Property Lease Agreements. Save as disclosed above, no other Directors have a material interest in the transactions contemplated under the Renewed Property Lease Agreements.

Given that the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Renewed Property Lease Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Renewed Property Lease Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Huichun”	Guangzhou Huichun Industrial Investment Co., Ltd. * (廣州匯淳實業投資有限公司), a company established in the PRC with limited liabilities on 19 July 2017 the equity interest of which is held by Mr. Cao directly and indirectly as to 99%
“Guangzhou Ruisou”	Guangzhou Ruisou Information Technology Co., Ltd.* (廣州睿搜信息科技有限公司), a company established in the PRC with limited liability on 7 November 2013 and a direct wholly-owned subsidiary of Mobvista Co., Ltd
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time

“Mobvista Co., Ltd”	Mobvista Co., Ltd.* (廣州匯量網絡科技股份有限公司), a joint stock limited company established in the PRC, a Controlling Shareholder of the Company indirectly holding approximately 64.24% of the total issued shares of the Company
“Mobvista Technology”	Mobvista (Guangzhou) Technology Limited* (廣州匯量信息科技有限公司), a company established in the PRC with limited liability on 2 April 2015 and an indirect wholly-owned subsidiary of the Company
“Mr. Cao”	Mr. Cao Xiaohuan, an executive Director and the Chief Executive Officer of the Company
“Mr. Duan”	Mr. Duan Wei, an executive Director, the Chairman and a Controlling Shareholder of the Company who is deemed to be interested in approximately 64.35% of the total issued shares of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Property Lease Agreements”	two lease agreements dated on 29 December 2020 entered into between Mobvista Technology as tenant with each of Guangzhou Ruisou and Guangzhou Huichun
“Properties”	collectively, Property 1 and Property 2
“Property 1”	Units 02–04 and 06–12 of 44/F., Units 01–04 and 06–12 of 43/F., Tianying Plaza (East Tower), No. 222–3 Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC
“Property 2”	Unit 05, 43/F., Tianying Plaza (East Tower), No. 222–3, Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC

“Renewed Property Lease Agreements”	two lease agreements dated on 22 December 2023 entered into between Mobvista Technology as tenant with each of Guangzhou Ruisou and Guangzhou Huichun, for a term of three years commencing from 1 January 2024
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, PRC, 22 December 2023

As at the date of this announcement, the Board 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. SUN Hongbin, Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy as independent non-executive Directors.