2020
ANNUAL REPORT

Mobvista

匯量科技有限公司

Mobvista Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1860

CONTENTS

Corporate Information

STOCK CODE

01860

BOARD OF DIRECTORS

Executive Directors

Mr. DUAN Wei *(Chairman)*
Mr. CAO Xiaohuan
(Chief Executive Officer)
Mr. FANG Zikai
Mr. SONG Xiaofei
(Appointed on 31 March 2021)

Non-executive Director

Mr. WONG Tak-Wai
(Appointed on 19 February 2021)

Independent Non-executive Directors

Mr. YING Lei
Mr. HU Jie
Mr. SUN Hongbin

COMPANY SECRETARY

Ms. SO Shuk Yi Betty

AUTHORISED REPRESENTATIVES

Mr. CAO Xiaohuan
Ms. SO Shuk Yi Betty

AUDIT COMMITTEE

Mr. SUN Hongbin *(Chairman)*
Mr. YING Lei
Mr. HU Jie

REMUNERATION COMMITTEE

Mr. YING Lei *(Chairman)*
Mr. CAO Xiaohuan
Mr. HU Jie

NOMINATION COMMITTEE

Mr. DUAN Wei *(Chairman)*
Mr. YING Lei
Mr. HU Jie

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Report Council Ordinance
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10 Chater Road
Central
Hong Kong

HEADQUARTERS

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Zhujiang New Town,
Tianhe District, Guangzhou,
Guangdong Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor,
Dah Sing Financial Centre
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Hong Kong

PRINCIPAL OFFICE IN THE CAYMAN ISLANDS

P.O. Box 309 Ugland House
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Cayman Islands

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

HONG KONG LEGAL ADVISER

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre
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Wanchai
Hong Kong

COMPANY'S WEBSITE

www.mobvista.com

Five-Year Financial Summary

	For the Year Ended 31 December				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**516,148**	500,257	434,727	312,956	283,923
Gross profit	**82,140**	118,763	97,901	82,859	69,075
(Loss)/profit for the year	**(5,206)**	22,069	21,854	27,320	19,781
Adjusted EBITDA (1)	**21,544**	51,620	43,190	35,729	30,050
Adjusted net profit (2)	**8,979**	40,951	35,269	30,550	24,240

Notes:

(1) We define adjusted EBITDA as EBITDA (which is (loss)/profit from operations plus depreciation and amortization expenses) for the year adjusted by adding back or excluding share-based compensation expenses, one-off acquisition-related expenses (if any), listing expenses (if any) and investment gain/(loss) from financial assets at fair value through profit or loss (if any).

(2) We define adjusted net profit as (loss)/profit for the year adjusted by adding back or excluding share-based compensation expenses, one-off acquisition-related expenses (if any), listing fee (if any) and investment gain/(loss) from financial asset at fair value through profit or loss (if any).

	As at 31 December				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets	**102,062**	67,353	115,698	108,839	37,744
Current assets	**395,544**	444,132	290,473	210,813	174,356
Current liabilities	**220,574**	238,998	173,592	195,808	180,753
Non-current liabilities	**9,230**	6,447	915	33,477	413
Total equity attributable to equity shareholders of the Company	**267,802**	266,040	231,664	90,367	30,810
Non-controlling interests	**—**	—	—	—	124

Financial Highlights

	For the Year Ended 31 December		
	2020	2019	YoY
	US$'000	US$'000	Change
Revenue	**516,148**	500,257	3.2%
Gross profit	**82,140**	118,763	-30.8%
(Loss)/profit for the year	**(5,206)**	22,069	-123.6%
Non-IFRS measures			
Adjusted EBITDA (1)	**21,544**	51,620	-58.3%
Adjusted net profit (2)	**8,979**	40,951	-78.1%

(1) We define adjusted EBITDA as EBITDA (which is (loss)/profit from operations plus depreciation and amortization expenses) for the years adjusted by adding back or excluding share-based compensation expenses, one-off acquisition-related expenses (if any), listing expenses (if any) and investment gain/(loss) from financial assets at fair value through profit or loss (if any).

(2) We define adjusted net profit as (loss)/profit for the year adjusted by adding back or excluding share-based compensation expenses, one-off acquisition-related expenses (if any), listing fee (if any) and investment gain/(loss) from financial assets at fair value through profit or loss (if any).

To our shareholders,

2020 was full of unexpected challenges.

The outbreak of the coronavirus pandemic (Covid-19) has exacerbated the instability of the global economic and political environment, prompted the vigorous development of the online business ecosystem, and further accelerated the digital transformation of enterprises. The increase in advertising transaction volume of our programmatic advertising platform Mintegral in 2020 ushered in a growth of 105.4% year-on-year in 2019, reaching a record high since the platform was launched in 2015. However, in the context of intensified friction between the international economies and tightened regulatory policies on data privacy and protection, we also encountered reputational attack from the Western competitors for the first time, all together resulted in the suspension of partnership by some European and American traffic publishers with Mintegral platform, which caused a short term impact on our business.

In addition, Apple released iOS 14 on June 23, 2020, and announced a privacy-centric update that shook the global mobile advertising industry. "The IDFA" (Identifier for Advertisers), which is widely used to track users and deliver targeted advertisements, in the near future, would become active opt-in on a per-application basis, instead of the previous method of an OS level opt-out buried deep in the settings menu where few users could find. This is not the first time Apple has adopted a privacy-by-default approach. As early as 2017, Apple was the first to restrict the use of third party cookies in Safari, and Google Chrome eventually followed this strategy. In the end, less than 10% of users have opted-in to web pages using third party cookies to track user behavior. Hence, we have reason to believe that it will recur in IDFA, which means it will be very difficult for mobile advertising to track and target users based on IDFA.

We are very fortunate that, starting from mid-2019, Mintegral gradually focused on the modeling and projection of users' instant interests and invested an extensive amount of effort in Dynamic Creative Optimization. Although it requires our additional investment in computing power towards the prediction of every ad request, this differentiates Mintegral's personalization by adding a new unique creatives portfolio dimension when compared to other advertising platforms, ultimately creating positive optimization effects. As a bonus it reduces the impact of Apple's IDFA deprecation on us relative to other global advertising platforms. Meanwhile, we have also made significant progress since this unprecedented reputational attack on the Company last year. Mintegral became the industry's first advertising platform based on an open-source SDK (software development kit), and has passed an open-source security audit conducted by WhiteSource, which is a leading third-party open-source security platform based in the United States, in a relatively short period of time. At present, around 80% of traffic publishers that suspended cooperation due to the negative influence of the reputational attack have restarted cooperation, and Mintegral's platform transaction scale has also returned to the relative peak levels. In addition, we expect to proactively disclose the key operating metrics of Mintegral for the first quarter of 2021 in April for the market's reference.

We have operated using an "All-in-Cloud" system architecture from the beginning of our Company in 2013, and quickly built a global affiliate advertising platform which allows the Chinese developers to grow overseas with the help of our cloud computing partners' global server network. From our roots building Mintegral from square one in 2015 to 2020 when we updated our deep learning models and dynamic creative optimization algorithms, the data volume we process exceeds 10PB per day, the parameter size of our model features exceed 10 billion, the number of daily ad requests processed exceeds 100 billion, and the amount of online predictions exceeds 10 trillion per day. Hence, our development focus of cloud computing technology has been revolving around two challenges, which are how can we continue to reduce the latency of our real-time estimation and personalization computations, and are there innovative new ways to further improve the cost-effectiveness when dealing with ultra-large scale data analysis processes like ours.

Given these focuses, we have dived into Cloud Native[1] since 2017. With three years of continuous investment, we have built up a full set of big data Online Inference Engine started from management of its underlying infrastructure, jointly constituting the core technology of Mobvista in Cloud Native and reducing our unit processing cost by more than 65% compared to the end of 2017 while coping with the increasingly complex algorithm.

In order to allow more developers to benefit from our technical practices, Mobvista officially released SpotMax which is the first paid-product that originated from our core technology to global developers through AWS's application market (AWS Marketplace) in 2020, a comprehensive solution for cloud cost optimization and efficiency improvement. The main module, MaxGroup, allows developers to make full use of the cheap idle computing power without worrying about reliability issues and avoiding additional purchases of expensive new dedicated cloud computing power. In the long run, we believe that this is a greener and more sustainable way of growth, leveraging technology so that limited cloud computing facilities can serve more developers.

As stated in the Letter to Shareholders in 2019, we are building a SaaS tooling ecosystem that serves the online growth of global developers, ranging from statistical analytics, monetization, cross-channel advertising, programmatic creatives and optimization management of cloud computing infrastructure, and SpotMax will become an important pillar of it. Furthermore, our statistical analytics platform GameAnalytics has made great progress in 2020. The platform tracks over 1.94 billion unique gamers per month, with a YoY increase of more than 60%, becoming an important entry point for us to serve game developers globally.

We first put forward the slogan "Be the Bridge" in 2018, which represents Mobvista's differentiated positioning based on being a ferryman for Chinese Apps sailing across the sea when founded in 2013 and eventually evolved into bridging the East and West markets bidirectionally. In 2020, Mobvista's customer base covered 85 countries and regions. The connotation of "Be the Bridge" extends to a longer-term mission: We hope to use a series of products and technologies to help customers located in various countries bridge the digital resources of the global market in a more efficient way in order to achieve rapid growth; these resources include increasingly fragmented traffic sources, budgets, ideas, data sources, and cloud computing resources in dynamic environments (public cloud, private cloud, and hybrid cloud). These products and technologies are elemental organizations, and customers can build their own growth tools selectively. This is also the concept of decentralization that we advocate, rather than the trending centralized super platform.

March 7, 2021 is the 8th anniversary of Mobvista, but if you look at the process of global enterprise digitization, this is just the beginning. Therefore, we will not pursue a short-term EPS growth, but will pay more attention to healthy cash flow and forward-looking returns based on long-term investment. Keep starting up and focusing on compound interest are our long-term core cultures and that will remain unchanged. I would like to express my gratitude to our customers, shareholders, and every employee for their tolerance, understanding, and support of Mobvista's long-term mission!

Cao Xiaohuan
Co-founder and Chief Executive Officer

1 According to CNCF's definition, Cloud Native is about the technologies which empower organizations to build and run scalable applications in modern, dynamic environments such as public, private, and hybrid clouds.

The Board (the "**Board**") of Directors (the "**Directors**") of Mobvista Inc. (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"). The annual results have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

I. Company and Industry Overview

Company Overview

We are a technology service company based on global mobile Internet ecosystem.

Currently, our SaaS tooling matrix primarily includes our advertising technology platform, data analytics platform, and cloud computing platform. Mobile application ("**App**") developers can realize works such as marketing, monetization, data analytics, big data computing, cloud computing resources cost optimization and etc., through our SaaS tooling matrix, and thus improving their work efficiency and commercial promotion efficiency. Revolving around mobile application developers' full-life cycle needs, we dedicated to further build integrated SaaS tooling matrix ecosystem, to power the growth of mobile application developers, and increase their stickiness and economic value to the Company's products.

Based on the consistent release cycle of new forms of mobile hardware and the growing number of mobile Internet users, the mobile Internet business has been rapidly growing and iterating, and the trend of decentralization and fragmentation have becoming increasingly evident. According to Statista, the mobile application market has become a highly fragmented market; currently, there are more than 2.87 million applications in the Google Play Store and 1.96 million applications in the Apple App Store, of which are more than 1.3 million games available for mobile Internet users to choose.

For mobile application developers, they need to stand out in a highly fragmented and highly competitive market to successfully promote their application products and generate revenue; meanwhile, they need to focus on efficient product development and iteration, and continuously improve product functions to satisfy the rapidly changing needs of the market. This is especially difficult for the large number of small and medium-sized mobile developers. Therefore, they need an integrated, one-stop marketing and monetization platform to help them promote and generate revenue, and professional, high-quality, and economical development and monitoring tools to help them improve the efficiency of development and iteration.

Our SaaS tooling matrix is dedicated to helping these mobile application developers in solving the stated dilemma, enabling them to improve their market competitiveness and optimize their return on investment more efficiently. Mobile application developers can optimize their products through real time, proprietary industry data integrated industrial-benchmarked monitoring information and best practice recommendation, increase their user scale through reaching global best-matched audience on a large scale, monetize their in-app advertising inventory at largest extent to obtain more revenue: and execute cloud management and purchase cloud computing resources more efficiently to lower time and economic cost.

In the long run, the strategic flywheel created by SaaS tooling matrix building will drive our business growth and enhance our competitive advantage. With an increasing number of mobile application developers using our SaaS software to analyze, promote, and monetize their mobile applications, we reach more mobile Internet users, further expanding the scale of our platform. In addition, as we understand more profoundly about the needs of mobile application developers, we continue to iterate and develop new products and further improve the tooling matrix. The continuous improvement of the flywheel effect strengthens our platform effect, and extends our business boundaries.

1. Advertising technology business

Through the cloud-based advertising technology platform, we provide our clients with performance advertising services across omni-channel, global mobile devices and traffic, and in various ad formats, to help them acquire high-quality users and realize monetization; meanwhile, we enable the global mobile traffic to achieve higher fill rates and bid price for their ad inventories, and thus increases their overall advertising revenue.

Our clients are primarily from the mobile Internet commence, especially mobile App developers. Based on the effect of promotion, we charge clients performance-based advertising fee which is calculated by the number of users (i.e., the number of mobile user downloads or installations) acquired by us.

Currently, our advertising technology business is mainly segmented into Mintegral platform business and Nativex platform business. Among them, Mintegral is our core business platform.

1.1. Mintegral

The Mintegral platform is a programmatic marketing platform that aggregates the fragmented medium-to-small size mobile application publishers globally. It provides clients with user growth services through an integrated and scaled programmatic advertising platform. Mintegral uses a Cloud Native architecture that process more than 100 billion ad requests per day and more than 10 trillion predictions.

By expanding the aggregated traffic scale of medium-to-small size mobile application publishers and leveraging self-iterating machine learning algorithms, the Mintegral platform continues to improve distribution and monetization efficiency, help clients achieve user growth, optimize the economic effects of advertising for customers, thus further improving customer stickiness and campaign budget in the platform and attracting new customers.

From the perspective of business model, Mintegral's abilities to expand aggregated traffic scale, attract advertisers, and increase budget growth are mutually reinforcing, and the efficiency and effectiveness of the platform's algorithms rapidly iterate autonomously with the accumulation of traffic and client-side data. In the long run, the three aspects of the platform, traffic, advertisers and their budget, as well as the algorithm capabilities, will continue to grow together. In the meantime, with the increase of total revenue and average revenue per client, the life time value of clients will further increase, while the R&D expense and sales expense decrease marginally, forming a strong operating leverage. In the long run, when the scale of the platform reaches a certain size, the rapid growth of platform revenue and operating leverage will continuously improve the profitability of the platform.

1.2. Nativex

Nativex is a comprehensive marketing platform. It has a programmatic marketing platform which links global dominating mobile publishers, and a traditional non-programmatic marketing platform.

Among them, the programmatic marketing platform integrates global dominating mobile media traffic to provide clients with programmatic performance advertising services that are data-driven, across mobile devices and various dominating media channels. By providing clients with real-time advertising monitoring and management services, and clear and real-time campaign data reports to help clients optimize advertising strategies, we help customers to increase the investment return on their marketing budgets, thereby increasing customers' stickiness and budget allocation to the platform, forming brand equity and further attracting users.

Traditional non-programmatic platform business provides clients with non-programmatic marketing platforms across all non-programmatic mobile media channels, and meets the different needs of different customers through flexible solutions.

2. Cloud computing SaaS business

In the Reporting Period, we have established the Cloud Computing and Infrastructure Business Center ("**Cloud Business Unit**") and commercialized SpotMax, a cloud computing SaaS product.

SpotMax is a SaaS solution for cost optimization of cloud computing resource. Through this SaaS system, we are able to help our clients, namely cloud computing resource purchasers, on the premise of ensuring the stability of the business system, to greatly optimize the purchase cost of cloud computing resources. Generally, we are able to help our client to save 60–70% of their cost of cloud computing resources.

The platform generates revenue by charging customers a subscription fee for the platform or commission on transaction scale, which is calculated as a percentage of the cost of using cloud computing resources.

In addition, the launch of SpotMax lowers the threshold for the use of idle public cloud computing resources, thereby promoting the improvement of the use efficiency of idle public cloud computing resources of cloud vendors, reducing the energy consumption cost of unit computing resources, and achieving the environmental protection aim of saving energy consumption.

3. Data analytics business

GameAnalytics ("**GA**") is our analytics SaaS tool. Currently, the platform is one of the largest in the world for statistical data analysis of light/ultra-light game data. GA provides game developers with in-depth analysis and insights that enable them to track, measure, and optimize their game operations in real time and improve user engagement.

Based on proprietary data and industry insights in gaming related field, we have launched industry data analysis solution–Benchmark+, with the aim of providing developers with data analysis and industry comparison information so as to enable them to gain real time insights into the competitiveness of their games, as well as the potential market status and opportunities in their gaming segments. The product charges a monthly subscription fee, ranging from US$350 to US$3,000 per month, depending on the functions and data analysis dimensions.

Industry Overview

At present, the mobile Internet ecosystem is developing rapidly. At the same time, the introduction and growth of high-quality and easy-to-use development and marketing software tools have reduced the development time and cost of the products in the mobile Internet ecosystem, and strengthen the marketing capability and profitability.

1. Mobile Internet Marketing and Data Analysis Industry

According to IDC, worldwide total in-app advertising revenue is US$101 billion; in addition, based on the industry growth forecast of Statista and management forecast for the game data analysis industry, we believe, by 2024, we estimate that our total market opportunity in the mobile internet ecosystem to be more than US$200 billion.

1.1 **The growth of mobile Internet businesses drives the increase of digital advertising budgets.** With the advances in the process of mobile Internet digitalization, business and media continue to transition to the mobile Internet. At the same time, since the outbreak of COVID-19, users are using the mobile Internet more frequently and forming long-term habits. These led to advertising budgets further shift alongside with users to mobile Internet at an accelerated pace. We believe, as mobile Internet businesses and users scale continue to grow, advertisers will increasingly allocate more of their spending to mobile digital media.

1.2 **The personalization needs of online users and the trend of decentralization in the mobile Internet industry strengthen the trend of traffic fragmentation and competition.** With the booming of mobile Internet business and the strengthening of users' personalization needs, the diversification and decentralization of mobile Internet ecosystem will become a norm. In addition, the trend of differentiation between mobile Internet ecosystem in different countries and regions will continue, which further strengthens the trend of ecosystem fragmentation. Therefore, the ability of advertising platforms to aggregate and analyze traffic across regions and scenarios is a key factor in providing value to advertisers.

1.3 **Performance advertisements continue to be favored by advertisers, market scale growth is being accelerated.** The decentralization of categories and regions in App ecosystem increases the complexity of advertisers' advertising strategies and performance evaluation, and hence performance advertising continues to be favored for its characteristics of traceability, accountability, and quantifiable return on investment. At the same time, with the continuous expansion of online business, as well as the continuous integration of online and offline business, the feasibility of performance advertising is constantly strengthened, and the market size experiences accelerated growth.

1.4 **Data-driven programmatic buying continues to dominate industry trends.** The complexity of online advertising has increased advertisers' demand for programmatic advertising. The fragmentation of ecosystem and data and analysis dimensions involved in delivery decision-making continue to increase, however, programmatic advertising can quickly achieve cost-effective and effective decision and reach best-matched users. Through the programmatic platform, customers can optimize their campaign strategy based on the feedback of each impression, so as to achieve more effective matching.

1.5 **Mobile games have become one of the largest and fastest growing sectors, and their data analysis needs continue to grow.** According to Sensor Tower, mobile games account for 39% of global App downloads and 72% of total spending on the App Store. With the rapid development and iteration of the mobile game market, ad buying budget from mobile game has become one of the largest and fastest growing areas in the mobile Internet advertising industry.

In addition, due to the highly iterative nature of casual/hyper-casual games in the mobile game field, such game developers need to focus more on development and iteration of games, as well as improvement on game experience. Based on this, game developers' demands for statistical analysis products that are clear, multi-dimensional and comprehensive industrial data combined have also grown rapidly, so that they can focus on game development and increase the engagement of gamers.

2. Cloud computing industry

The trend of enterprise digital transformation continues to advance, and the development of public cloud resources provides the feasibility and flexibility for this trend. The "on-demand acquisition" feature of the cloud computing platform enables users to obtain the required computing resources at any time, and achieves the dynamic matching between computing resources and business scale. However, at present, the extensive use and purchase of cloud resources leads to the high cost of the cloud system, creating burden on the overall business transformation.

According to Flexera's "State of the Cloud Report 2020", Garner's latest report in November 2020 predicts that global public cloud users will spend US$82.2 billion on infrastructure services (IaaS) in 2022, and 73% of the companies surveyed claim that reducing cloud costs is a priority.

In the long run, the progress of cloud computing resource optimization technology will become a key factor to drive a faster growth of the public cloud computing market.

II. Financial Performance

— For the year ended 31 December 2020, the Group's operating revenue has increased by 3.2% on a YoY basis to US$516.1 million (2019: US$500.3 million);

— During the Reporting Period, the Group persisted in the transformation to the programmatic advertising business centered around Mintegral, reducing and gradually withdrawing from media agencies and some non-programmatic advertising business, leading to a decrease in Nativex business revenue by 40.3% on a YoY basis to US$209.6 million (2019: US$351.4 million), and an increase in Mintegral business revenue by 105.4% on a YoY basis to US$305.8 million (2019: US$148.9 million);

— For the year ended 31 December 2020, the Group's accounts impairment loss on trade receivable has decreased significantly, and operating cash flow turned positive. Due to the Group's persistence on withdrawing from non-programmatic advertising agency business that occupies operating capital and has slower profit growth, the Group's impairment loss on trade receivable fell by 54.5% on a YoY basis to US$5.6 million (2019:US$12.3 million); cash flow turned from negative to positive to US$14.7 million (2019: US$ -1.1 million);

— During the second half year of the Reporting Period, the Group actively carried forward marketing and promotion of cloud computing products, leading to an increase in selling and marketing expenses of the Reporting Period by 69.8% to US$17.0 million;

— For the year ended 31 December 2020, the current loss attributable to equity holders of the Group was US$5.2 million (2019: profit US$22.1 million); according to the Non-International Financial Reporting Standards, the current profit attributable to equity holders of the Group decreased by 78.1% to US$9.0 million.

III. Business Review

1. The advertising technology business has accelerated the transformation to programmatic advertising business with Mintegral as the core, and has continuously reduced media agency business and some non-programmatic advertising businesses of Nativex, which occupy operating capital and have limited profit growth potential.

At present, the mobile marketing industry continues to transform from non-programmatic to programmatic, and the trend of decentralization and fragmentation of the mobile Internet ecosystem is becoming increasingly prominent. In terms of business, the media agency business and some non-programmatic advertising businesses have limited room for development, occupy a large amount of operating capital liquidity of the platform, and have high requirements for the scale of operation and sales personnel. Therefore, the Company persists on accelerating the transformation to programmatic business, intentionally reducing and gradually withdrawing from media agency business and some non-programmed businesses of Nativex, which occupy operating capital and have limited profit growth potential.

During the Reporting Period, revenue from Mintegral business increased by 105.4% on a YoY basis to US$305.8 million; revenue from Nativex business has decreased by 40.3% on a YoY basis to US$209.6 million and its percentage of total revenue decreased from 70.2% in 2019 to 40.7% in 2020.

2. Mintegral Business sustained short-term impact, customers and traffic continued growing.

2.1. Affected by special circumstances in the second half of the year, Mintegral business fluctuated in the short term.

In the late third quarter to fourth quarter of 2020, affected by factors such as increased friction between economies, tightened regulatory policies on data privacy and protection by global regulators, and malicious competition from overseas competitors, some of the cooperating publishers of Mintegral platform suspended their cooperation with the platform, resulting in a short-term impact on the platform business.

Based on the review and certification of third-party institutions and the mutual trust foundation between the Company and its partners, Mintegral's business began to recover rapidly in the late fourth quarter.

As of the release date of this annual report, around 80% of publishers that suspended cooperation due to the negative influence of the reputational attack have restarted cooperation, and the scale of advertising transactions has returned to a relative historical high level. After careful evaluation by the management team, we believe that the impact of this Incident on the business is a one-time short-term impact, which has basically recovered and will not have a continuous negative impact on the Company's future development.

2.2. Mintegral's traffic and customer retention maintained a high level, the platform developed steadily.

Although affected by multiple adverse factors, in comparison of the second half to the first half of 2020, the advertiser retention rate of Mintegral platform has reached 82.3% (2020H1: 91.3%), and the number of advertisers has increased by 43.7%. The advertising budget placed on the platform has decreased by 10.8% on a half-year on half-year basis. The reason for the chain decrease in the advertising budget of retained advertisers is that some publishers on the platform suspended cooperation due to the Incident, which has an impact on the size of the audience reached by the platform, thereby affecting the efficiency of platform distribution. However, the higher level of retention rate reflects the high stickiness of advertisers based on the platform's ability to deliver higher ROI.

In terms of traffic, at the end of the Reporting Period, the number of publishers in Mintegral platform has reached 5,071, representing an increase of 21.5% over the first half of 2020, and the retention rate was 78.0% (2020H1: 91.6%), the decline of which is a short-term impact caused by the Incident; at the same time, the platform achieved more than 39,000 mobile traffic, with an increase of 18.2% over the first half of 2020.

3. The Cloud Business Unit drives the Company's long-term second growth curve; the commercialization of related products accelerated.

3.1. The Cloud Business Unit will drive the Company's long-term growth in parallel with the Advertising Technology Unit.

Based on the understanding of the ecological pain points of the cloud computing industry and mobile Internet application ecosystem, the company officially commercialized the internal Cloud computing resource optimization software system during the Reporting Period, which is expected to drive the Company's long-term growth together with the Advertising technology business.

In terms of organization structure, during the Reporting Period, the Company has announced the establishment of a Cloud Business Unit. The head of this unit is the Company's technical vice president and chief engineering architect Mr. Cai Chao, who directly reports to the co-founder and the Company's CEO, Mr. Cao Xiaohuan.

3.2. The Cloud resource cost optimization software solution SpotMax was launched on the mainstream Cloud application market; the commercialization of Cloud computing products accelerated.

Currently, the core product of the Cloud Business Unit is SpotMax, a Cloud computing cost optimization SaaS system. During the Reporting Period, SpotMax has achieved revenue of US$131,000.

By the release date of this report, the product has officially launched on Amazon Website Services (AWS) Marketplace. AWS users in 24 regions around the world can find, purchase, and deploy SpotMax services through AWS Marketplace.

4. Continuous expansion of data analytics business; the Company tooling matrix model has been strengthened.

During the Reporting Period, GA as a whole has realized revenue of US$560,000. Furthermore, with an average of more than 40% market share of the top 100 games on iOS in the United States by the end of 2020, GA and its expanding product line of SaaS tools and services have reached a new peak high.

In terms of platform coverage, the number of game studio partner reached 6,500, with an increase of 36% on YoY basis, the number of developers partner reached 95,000, with an increase of 19% compared to first half year of 2020, the number of covered active games reached 97,500, the number of covered monthly active users (MAU) reached 1.94 billion, and the number of covered gamers has increased by 30%. The wide coverage and high granularity of GA data makes its data analysis service deeply trusted and relied on by game developers.

In addition, the synergy between GA and the Mintegral platform has become more evident, and the Company's tooling matrix model has been strengthened. GA's services is used by 22% of Mintegral's customer who spend more than US$100,000 on the Mintegral platform. At the same time, 8% of GA's customers with MAU greater than 100,000 use Mintegral's services accounted for 73% of Mintegral's revenue.

5. The Company's data privacy and security practices obtained multiple certifications; business compliance governance and risk management systems has been operating effectively.

Currently, global regulatory agencies have been increasingly tightening requirements for data protections and privacy security governance[1]. For advertising technology companies, data and privacy protection are related to business development and the maintenance of partnerships within the industry, and play an important role in the long-term sustainable development of the company.

Based on the Company's long-term strategy with regard to data and privacy protections, during the Reporting Period, Mintegral has passed a number of assessments and certifications related to company data privacy and security practices by third-party organizations. Related assessments and certifications include:

a) In September 2020, Mintegral passed AICPA's SOC2 Type 1 audit and became one of the few mobile advertising platforms in China that obtained this authoritative data security audit report. The audit report showed that the platform has a complete system to ensure the security of sensitive information such as user data;

b) In October 2020, Mintegral passed the annual review of the COPPA certification of the KidSAFE Seal Program and renewed its membership in 2019;

1. GDPR (General Data Protection Regulation) followed by the EU and the UK, CCPA (California Consumer Privacy Act of 2018) which came into force in the US at the beginning of 2020 and was further strengthened in August of that year, COPPA for child users, and CPRA for users to have the option to share and track information which was passed during the Reporting Period and scheduled to come into force in 2023; Apple stopped IDFA and gave users the option to share their data; Google announced after the Reporting Period, in March 2021, that it would disable third-party cookies in its Chrome browser by 2022 to enhance user privacy protection. It can be expected that data and privacy protection will continue to receive increasing attention in the global scope, and will also become an important factor affecting the operation, mutual cooperation and competition of Internet enterprises.

c) In December 2020, Mintegral's SDK source code passed user data privacy security assessment which was conducted by a global top 10 accounting firm, and the report showed that the platform has a complete system to ensure the security of user data and other sensitive information;

d) In December 2020, Mintegral passed the OM SDK certification of labTech Lab, and the transparency of the platform's programmatic advertising traffic to partners (the accuracy and effectiveness of the advertising results evaluation process) has been further improved;

e) In December 2020, Mintegral's SDK passed an open-source security audit conducted by WhiteSource, the leading third-party open-source security platform based in the United States, indicating that the platform's open source SDKs are highly secure.

In addition, Mintegral has supported Apple's official attribution solution SKAdNetwork.

After the Reporting Period, in January 2021, Mintegral passed the authoritative certification of ISO/IEC 27001, the most authoritative, rigorous, and widely used information security management system certification standard that is currently internationally recognized.

IV. Company Strategy and Outlook

Our Company's strategies include:

1. The advertising technology business is transforming to programmatic advertising business centered around Mintegral

The Company persisted in transforming to programmatic advertising business centered around Mintegral, reducing and gradually withdrawing from media agency and some non-programmatic advertising businesses of Nativex Platform that occupy more operating capital and have limited profit growth potential.

2. Focusing on R&D investment and product innovation, creating a SaaS tooling ecosystem

With profound insight and understanding of App developers' business and technological needs at different stages of their life-cycle, the Group has launched data analysis tool, marketing cloud, creative design tool, cloud technology and such products or services, in order to continuously build the SaaS tooling ecosystem and strengthen and extend our long-term relationship with our clients through the integrated tooling service.

2.1 Cloud technology

Dedicated in the research and development of cloud computing and big data: We will persist on improving our independent research and development capabilities and fully leverage the cooperative relationship with leading companies in the field to promote product innovation and application in practice, as well as to develop service networks, so as to accelerate the commercialization process of tooling products and technologies and business layout as a whole.

2.2 Advertising technology

Continue to develop our cloud-based self-service performance advertising platform Nativex: With our open, cloud-based, self-service platform, advertisers have real-time access to global traffic, multi-channel campaign reports with intelligent optimization recommendations, and an comprehensive toolset to effectively facilitate advertising creation, distribution, tracking, and optimization in order to accelerate their own growth.

The platform is committed to serving clients with data and algorithms, to help them to execute intelligent mobile advertising campaigns across mobile devices and omni-channels, so as to achieve stable long-term partnerships.

3. Globalization: We have been and will continue to adhere to the globalization strategy. The Group has been strengthening our brand image in the Asia-Pacific region, and our cooperation with the existing and potential clients. In addition, we have been implementing localization strategies in EMEA and the Americas to actively explore those markets.

4. Acquisition of high-quality traffic globally: We believe that in the context of increasingly fragmented global mobile internet ecosystem, advertisers are shifting more of their budgets to advertising platforms with integrated access to high-quality traffic resources, and the expansion of global high-quality traffic resources will accelerate the development of the advertising technology business of our Company.

5. Strategic acquisition to accelerate SaaS tooling ecosystem building: As part of our growth strategy, we are accelerating our SaaS tooling ecosystem building by acquiring companies and integrating businesses, teams, and technologies to strengthen our client resources and tooling capabilities.

6. Data and privacy protection: Our platform collects and analyzes behavioral data of mobile Internet users, but we do not identify or associate data with specific individuals through collecting data. We always persist on actively implementing data and privacy protection practices, which we believe is of great benefit to the Group in the long run.

Revenue

Revenue by Type of Services

For the year ended 31 December 2020, we recorded revenue of US$516.1 million (2019: US$500.3 million), 3.2% higher on a YoY basis. Our revenue comes from mobile advertising business, data analytics business and cloud computing business. Among them, revenue from cloud computing business and data analytics business were newly added businesses revenue during the Reporting Period.

We generate revenue from customer spending on the SaaS tool platform.

— Our mobile advertising revenue typically comes from mobile Internet customers, especially mobile App developers. They use our platform to promote their business. Typically, we charge based on the performance of the promotion, which is the number of delivery, and the charge per delivery (the charges per download or installation).

— Our data analytics revenue and cloud computing revenue come from customer purchases of Benchmark+ and SpotMax, a data analytics product and cloud resource cost optimization product. Typically, we charge a software subscription fee or a software usage fee based on the transaction size of the software platform.

The following table sets forth a breakdown of our revenue by types of services for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	% of Total Revenue	US$'000	% of Total Revenue	YoY Change
Mobile advertising revenue	515,457	99.9%	500,257	100.0%	3.0%
Data analytics revenue	560	0.1%	—	—	–
Cloud related product and service revenue	131	0.0%	—	—	–
Total	516,148	100.0%	500,257	100.0%	3.2%

Revenue from Mobile Advertising by Business Department

For the year ended 31 December 2020, the Group recorded mobile advertising revenue of US$515.5 million (2019: US$500.3 million), 3.0% higher on a YoY basis. Our mobile advertising revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US$305.8 million, accounting for 59.3% of the mobile advertising revenue. Revenue from the Nativex platform was US$209.6 million, accounting for 40.7% of mobile advertising revenue.

The following table sets forth a breakdown of revenue from mobile advertising by software platform business department for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	% of Total Revenue	US$'000	% of Total Revenue	YoY Change
Mintegral platform revenue	305,817	59.3%	148,875	29.8%	105.4%
Nativex platform revenue	209,640	40.7%	351,382	70.2%	-40.3%
Mobile advertising revenue	515,457	100.0%	500,257	100.0%	3.0%

In terms of the nature of the business, the Mintegral platform is a programmatic platform, which connects a large number of fragmented and medium and long tail mobile traffic, and provides clients with user growth services through integrated and scaled programmatic advertising platforms. Nativex is a comprehensive platform, which includes a programmatic advertising platform that connects global dominating mobile media, and a traditional non-programmatic advertising platform.

During the Reporting Period, the Group has accelerated the transformation of the advertising technology business to the programmatic business with Mintegral as the core business, and has actively reduced and withdrawn from Nativex's media agency and some non-programmatic advertising business. This factor along with the recession impact of non-programmatic advertising industry, which led to a decrease in the Nativex platform revenue of 40.3% on a YoY basis to US$209.6million (2019: US$351.4million).

At the same time, benefiting from the Group's transformation strategy, and various factors such as the strengthened Mintegral platform scale effect and the platform effect, the Platform's client retention rate remained at a relatively high level and the average revenue from the retained clients has increased rapidly, coupled with an increased number of new clients, which resulted in an increase of the revenue of Mintegral platform revenue of 105.4% on a YoY basis to US$305.8 million (2019: US$148.9 million).

In addition, in the second half of 2020, the intensified frictions between economies, tightened regulatory policies on data privacy and protection by global regulatory authorities, and malicious competition from overseas competitors, all together resulted in the suspension of partnership by some European and American traffic publishers with Mintegral platform, which led to certain adverse impact on the scale of the audience reached by the Platform. It also slowed down the revenue growth of the platform in the second half of the year, and impacted the growth of annual revenue adversely to some extent.

The Company believes that media agency and some non-programmatic advertising business occupy operating funds and have limited business growth potential, whereases the industry of programmatic advertising business, with which Mintegral Platform is the core, has grown rapidly with relatively large addressable market, also the Company's technology and business foundation in the related business is solid, business model is able to drive rapid growth of business and maintain healthy cash flow, thus, the Company will further persist in accelerating strategic transformation.

Main operation and financial data of Mintegral

	Mintegral Platform Revenue (US$'000)	Chain Growth Rate (%)	YoY Change (%)
2020H2	**146,028**	**-8.6%**	**57.5%**
2020Q4	53,457	-42.3%	0.1%
2020Q3	92,571	11.0%	135.4%
2020H1	**159,789**	**72.3%**	**184.6%**
2020Q2	83,396	9.2%	192.1%
2020Q1	76,393	43.1%	176.9%

The Mintegral platform recorded revenue US$146.0 million in the second half of 2020, with a decrease of 8.6% from the first half of 2020 (2020H1: US$159.8 million). Among them, the third quarter and the fourth quarter recorded revenue of US$92.6 million and US$53.5 million, with an increase of 11.0% and a decrease of 42.3% from the previous quarter, respectively. In the late third quarter and during the fourth quarter, affected by the intensified frictions between economies, tightened regulatory policies on data privacy and protection by global regulatory authorities, and malicious competition from overseas competitors, the Mintegral platform business suffered a short-term adverse impact in the respective quarters, thus leading to a decrease in quarterly revenue on a Quarter-on-Quarter basis.

	2020H2 Chain Growth Rate	2020H1 Chain Growth Rate
Advertiser retention rate (%)	82.3%	91.3%
Changes in the average advertising budget of retained advertisers (%)	-10.8%	85.0%
Changes in the number of new advertisers (%)	43.7%	43.0%
Traffic publisher retention rate (%)	78.0%	91.6%
Changes in the number of new traffic publishers(%)	21.5%	36.3%
Changes in the number of new traffic Apps (%)	18.2%	26.9%

* The changes in advertiser retention rate, the number of new advertisers, traffic publisher retention rate, and the number of new traffic publishers in 2020H1 are compared to 2019Q4.

At the end of the Reporting Period, the suspension of partnership caused by the Incident has gradually resumed. The advertiser retention rate has increased from the lowest point 40.0% to 82.3%, and the number of new advertisers has increased 43.7% compared with last period; the traffic publisher's retention rate has increased from the lowest 40.2% to 78.0%, the number of new traffic publishers has increased by 21.5% compared with last period, and the number of traffic Apps has increased by 18.2% compared with last period.

Revenue from Mobile Advertising by Geographic Region

The following table sets forth a breakdown of revenue from mobile advertising by geographic regions[1] for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	% of Mobile Advertising Revenue	US$'000	% of Mobile Advertising	YoY Change
China[2]	171,460	33.3%	291,137	58.3%	-41.1%
EMEA[3]	135,707	26.3%	72,737	14.5%	86.6%
America[4]	126,216	24.5%	67,755	13.5%	86.3%
Asia-Pacific[5]	77,361	15.0%	63,138	12.6%	22.5%
Rest of the world	4,713	0.9%	5,490	1.1%	-14.2%
Total mobile advertising revenue	515,457	100.0%	500,257	100.0%	3.0%

Notes:

(1) The advertising destination classified in the table refers to the location of our advertisers' main business departments.

(2) Greater China: Includes the PRC, Hong Kong, Macau and Taiwan.

(3) EMEA: Primarily includes the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq and Turkey.

(4) America: Include the United States, Canada, Mexico, Brazil, Argentina, Chile, and Colombia.

(5) Asia-Pacific: Mainly include Australia, New Zealand and other Asian countries excluding China.

During the Reporting Period, the regional structure of advertising revenue was more balanced.

Among them, China has the largest revenue source, with a total revenue of US$171.5 million (2019: US$291.1 million), accounting for 33.3% of total revenue. In the first half of the year, due to the uncertainty in China's economy brought by COVID-19, some advertisers adjusted the timing of their advertising budget's advertising plan. In the second half of the year, Chinese advertisers' overseas business expansion and advertising budget were limited by the influence of the increasingly unstable oversea political and economic environment. In addition, the Group has made certain adjustments to the regional focus of business development in the process of accelerating strategic transformation, business development and strengthening of client and risk management. These factors led to a decline in revenue from Chinese customers.

The Americas and the EMEA region's contribution to the overall revenue grew significantly. During the Reporting Period, revenue from Americas was US$126.2 million (2019: US$67.8 million), with a YoY growth of 86.3%, accounting for 24.5% of total revenue; EMEA's revenue in the region was US$135.7 million (2019: US$72.7 million), with a YoY growth of 86.6%, accounting for 26.3% of total revenue. Since 2019, the Group has continued to explore the markets in Americas and EMEA, thus driving the rapid growth of advertisers and advertising revenue from those markets.

Asia-Pacific region showed robust growth in revenue, with a YoY growth of 22.5% to US$77.4 million (2019: US$63.1 million). The encouraging revenue growth in the Asia-Pacific region can be attributed to the Group's forward-looking regional business layout. With the popularization of the Internet and the increasing penetration of smart mobile devices in the Asia-Pacific region, the regional revenue has achieved steady growth. Sustainable growth is expected in the long term in this region.

With the advancement of the technologies and algorithms of the Group's platforms, and the expansion of the global premium traffic scale, the Group's ability to serve global clients and the brand effect continue to strengthen, thus forming a balanced and equilibrium regional structure.

Revenue from Mobile Advertising by Mobile App Category

The following table sets forth a breakdown of revenue from mobile advertising by mobile App categories for the periods indicated:

	For the year ended 31 December				
	2020		2019		
	US$'000	**% of Mobile Advertising Revenue**	US$'000	% of Mobile Advertising Revenue	**YoY Change**
Games	**306,159**	**59.4%**	205,896	41.2%	**48.7%**
E-commerce	**102,619**	**19.9%**	106,170	21.2%	**-3.3%**
Content and social	**33,552**	**6.5%**	97,994	19.6%	**-65.8%**
Lifestyle	**15,360**	**3.0%**	32,934	6.6%	**-53.4%**
Utility	**17,840**	**3.5%**	28,682	5.7%	**-37.8%**
Other	**39,927**	**7.7%**	28,581	5.7%	**39.7%**
Total mobile advertising revenue	**515,457**	**100.0%**	500,257	100.0%	**3.0%**

Notes:

(1) The advertising destination classified in the table refers the usage type of our Apps (advertisers).

During the Reporting Period, the gaming category recorded revenue of US$306.2 million (2019: US$205.9 million), with a YoY growth of 48.7%, accounting for 59.4% of total revenue. The Group continued to strengthen the synergy between GameAnalytics and advertising business, solidifying long-term advantages in the field of the light/ultra-light gaming category, and laying the foundation for the further growth in the gaming category. Furthermore, the Company has made progress in the mid-/hardcore gaming category.

Revenue from e-commerce category was US$102.6 million (2019: US$106.2 million), with a slight YoY decrease of 3.3%, accounting for 19.9% of total revenue. The decrease was because the Company's strategically withdrawn from media agency and some nonprogrammatic business, and thus reduced cooperation with some of Nativex platform's e-commerce clients.

Revenue from the social and content category declined by 65.8% to US$33.6 million (2019: US$98.0 million). The decline was mainly due to the fact that some customers passively adjusted their advertising strategies because of the influence of the macro-political environment, and the Company strategically reduced media agency and some non-programmed businesses, and strategically reduced cooperation with some customer in the social and content segments on the Nativex platform.

Lifestyle category advertising revenue has also declined during the Reporting Period. It recorded a revenue of US$15.4 million (2019: US$32.9 million), which has decreased by 53.4% on a YoY basis. The decline was mainly due to the domestic and oversea advertisers' advertising budget adjustment as a result of uncertainty in macro-environment.

During the Reporting Period, the Group continued to increase the scene coverage, actively expanding business into sub-categories, refining operation of services for mature application categories, and deepening competition advantages while gaining market share, which lays a foundation for the long-term development.

Costs of Sales

For the year ended 31 December 2020, our costs of sales has increased by 13.8% on a YoY basis to US$434.0 million (2019: US$381.5 million). The increased cost of sales and its growth were mainly attributed to the mobile advertising business.

The following table sets forth a breakdown of our cost of sales by type of costs for periods indicated:

	For the year ended 31 December				
	2020		2019		
	US$'000	**% of Business Revenue**	US$'000	% of Business Revenue	**YoY Change**
Mobile advertising business cost	**433,978**	**84.2%**	381,494	76.3%	**13.8%**
Traffic acquisition cost	**414,207**	**80.4%**	365,830	73.2%	**13.2%**
— Traffic cost	**400,247**	**77.7%**	350,330	70.1%	**14.2%**
— Incentive plan cost	**13,960**	**2.7%**	15,500	3.1%	**-9.9%**
Server cost	**19,771**	**3.8%**	15,664	3.1%	**26.2%**
Data analytics business cost	**13**	**2.3%**	—	—	**—**
Server cost	**13**	**2.3%**	—	—	**—**
Cloud computing business cost	**17**	**13.0%**	—	—	**—**
Server cost	**17**	**13.0%**	—	—	**—**
Total	**434,008**	**84.2%**	381,494	76.3%	**13.8%**

The cost of mobile advertising business mainly includes traffic acquisition cost and server cost. The increase in traffic acquisition costs was mainly caused by the changes in the revenue structure and the recovery strategy of the Mintegral platform which has been affected on a temporary basis. The increase in server costs was mainly attributed to the increase in server demand caused by the expansion of the platform, and the adjustment of the procurement structure of cloud server vendors to ensure the stability of the cloud system.

The data analysis business is a new business during the Reporting Period, and its cost mainly comprises server costs.

The cloud computing business is a new business during the Reporting Period, and its cost is mainly server costs.

Gross Profit and Gross Profit Margin

The following table sets forth the gross profit and gross profit margin of the Company's entire business activities for the periods indicated:

	For the year ended 31 December				
	2020		2019		
Business	**Gross profit US'000**	**Gross profit margin %**	Gross profit US'000	Gross profit margin %	**YoY Change %**
Mobile advertising	**81,479**	**15.8%**	118,763	23.7%	**-31.4%**
Data analytics	**547**	**97.7%**	—	—	**—**
Cloud related product and service	**114**	**87.0%**	—	—	**—**
Total	**82,140**	**15.9%**	118,763	23.7%	**–30.8%**

During the Reporting Period, our gross profit was recorded at US$82.1 million (2019: US$118.8 million), which has decreased by 30.8% on a YoY basis. Our gross profit margin has decreased to 15.9%(2019: 23.7%). Specifically, the gross profit of mobile advertising business has decreased by 31.4% on a YoY to US$81.5 million, with gross profit margin of 15.8%; the gross profit of data analytics business is US$0.5 million, with gross profit margin of 97.7%; the gross profit of cloud related product and service business is US$0.1 million, with gross profit margin of 87.0%.

Selling and Marketing Expenses

For the year ended 31 December 2020, we recorded selling and marketing expenses of US$17.0 million (2019: US$10.0 million), 69.8% higher on a YoY basis. The increase was mainly due to a combined effect of an increase from a significant decrease in relating expenses attributed to the Company's reduced travel and promotional activities throughout the year given COVID-19, and an increase in promotion activities and spending as the Company vigorously promoted the market expansion of SaaS products of the Cloud Business Unit in the second half of the year.

In addition, during the Reporting Period, we recorded share-based compensation attributable to selling and marketing expenses amounts to US$0.7 million.

Research and Development Expenses

For the year ended 31 December 2020, our R&D expenses has slightly decreased by 9.4% to US$31.9 million (2019: US$35.2 million). This slight decrease was mainly because part of our previous R&D investment has reached its phase achievement, and the data analytics product, Benchmark+, and Cloud Business Unit's SaaS product has entered capitalization phase and relating spending has been capitalized. If we take into account both capitalized R&D spending and expensed R&D spending, the total R&D spending is US$53.1 million, with a YOY increase of 13.3%.

In addition, the Group believes that R&D and technological advancement are the core driving forces for business growth. To this end, we have implemented share-based compensation plans for employees in the R&D department. During the Reporting Period, our share-based compensation attributable to R&D expenses amounts to US$7.2 million.

General and Administrative Expenses

For the year ended 31 December 2020, our general and administrative expenses has decreased by 13.4% on a YoY basis to US$44.3 million (2019: US$51.2 million), which was due to increase in management efficiency and decrease in share-based compensation. During the Reporting Period, our shared-based compensation which was included in the general and administrative expenses amounts to US$5.2 million.

Trade Receivable Impairment loss

For the year ended 31 December 2020, our trade Receivable Impairment loss has decreased by 54.5% on a YoY basis to US$5.6 million (2019: US$12.3 million). The decrease was due to the Company's strengthening of customer and account management. In the second half of 2020, the Company reversed some of the impairment losses on trade receivables that had been provisioned in the first half of 2020 (2020H1: US$7.7 million).

(Loss)/profit from Operations

For the year ended 31 December 2020, our operating loss was US$5.2 million (2019: profit of US$25.2 million). If we exclude the impact from the share-based compensation expenses, the profit from operations will decrease by 82.3% on a YoY basis to US$8.0 million (2019: US$45.1 million).

Trade Receivable/Trade Payable

For the year ended 31 December 2020, our Trade Receivable/Trade Payable recorded at US$199.1 million and US$123.0 million respectively. Since we have reduced media agencies and some non-programmatic advertising business which have long credit period, and further strengthened our management of trade receivables, the turnover days of our trade receivables have decreased by 28.9% during the Reporting Period.

The following table sets forth a breakdown of our trade account receivable and trade account payable by type of platform for periods indicated:

	For the year ended 31 December 2020			
	Trade Receivable (US$'000)	**% of Total Trade Receivable**	**Trade Payable (US$'000)**	**% of Total Trade Payable**
Nativex Platform	160,532	80.6%	83,086	67.6%
Mintegral Platform	38,553	19.4%	39,889	32.4%
Total	199,085	100%	122,975	100%

Note: trade account receivable is net of allowance for doubtful debt.

During the Reporting Period, Nativex platform has contributed 80.6% and 67.6% respectively to the Group's trade receivable/trade payable, and was the influential factor to the Group's overall account management performance and capital efficiency.

The Mintegral platform recorded trade receivables and trade payables US$38.6 million and US$39.9 million, contributing 19.4% and 32.4% respectively to the Group's trade receivable/trade payable. The relative balance between trade receivable/trade payable of Mintegral platform demonstrates the consistency in Mintegral's credit policies for upstream vendors and downstream clients, and the healthy operating cash flow cycle from Mintegral's business model.

Finance Costs

For the year ended 31 December 2020, our finance costs has increased by 10.4% to US$1.9 million (2019: US$1.7 million).

Income Tax

For the year ended 31 December 2020, we recorded income tax credit of US$1.9 million (2019: expense US$1.4 million), which was mainly due to the loss recorded during the Reporting Period.

(Loss)/profit Attributable to Equity Holder of the Company

For the year ended 31 December 2020, our loss attributable to equity holders of the Company was US$5.2 million (2019: profit US$22.1 million).

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-FRS measures, namely EBITDA and adjusted EBITDA, as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from time to time by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

	For the Year Ended 31 December				
	2020		2019		
	US$'000	% of Total Revenue	US$'000	% of Total Revenue	YoY Change
(Loss)/profit from operations	(5,213)	-1.0%	25,176	5.0%	-120.7%
Depreciation and amortization	12,572	2.4%	7,562	1.5%	66.3%
EBITDA	7,359	1.4%	32,738	6.5%	-77.5%
Add back:					
Share-based compensation expenses	13,194	2.6%	19,891	4.0%	-33.7%
One-off expenses related to acquisitions	–	–	–	–	–
Listing expenses	–	–	–	–	–
Investment gain/(loss) from financial assets at fair value through profit or loss	991	0.2%	(1,009)	-0.2%	-198.2%
Non-IFRS measures Adjusted EBITDA[1]	21,544	4.2%	51,620	10.3%	-58.3%
(Loss)/profit for the year	(5,206)	-1.0%	22,069	4.4%	-123.6%
Add back:					
Share-based compensation expenses	13,194	2.6%	19,891	4.0%	-33.7%
One-off expenses related to acquisitions	–	–	–	–	–
Listing expenses	–	–	–	–	–
Investment gain/(loss) from financial assets at fair value through profit or loss	991	0.2	(1,009)	-0.2%	-198.2%
Non-IFRS measures Adjusted net profit[2]	8,979	1.7%	40,951	8.2%	-78.1%

Note:

(1) We define adjusted EBITDA as EBITDA (which is (loss)/profit from operations plus depreciation and amortization expenses) for the years adjusted by adding back or deducting share-based compensation expenses, one-off acquisition-related expenses (if any), listing expenses (if any) and investment gain from financial assets at fair value through profit or loss (if any).

(2) We define adjusted net profit as (loss)/profit for the year adjusted by adding back or excluding share-based compensation expenses, one-off acquisition related expenses (if any), listing fee (if any) and investment gain/(loss) from financial assets at fair value through profit or loss (if any).

The adjusted EBITDA for the Reporting Period has decreased by 58.3% on a YoY basis to US$21.5 million (2019: US$51.6 million) and adjusted net profit will decrease by 78.1% on a YoY basis to US$9.0 million (2019: US$41.0 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands, and on as at 31 December 2020 the Company's authorized share capital US$100,000,000 divided into 10,000,000,000 shares of US$0.01 each. As at 31 December 2020, the number of issued ordinary shares of the Company was 1,534,204,000, which has been fully paid up.

The Group's primary objectives in capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group's gearing ratio is defined as the Group's total liabilities over its total assets. As at 31 December 2020, our total asset were US$497.6 million (31 December 2019: US$511.5 million), while our total liabilities were US$229.8 million (31 December 2019: US$245.4 million). The gearing ratio (total liabilities divided by total assets) has decreased to 46.2% (31 December 2019: 48.0%).

We operate our business internationally and the major currencies of the receipt of our payments and the payments we make are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in 2020 is 4.00% – 4.79% (31 December 2019: 3.14% – 4.79%).

Financial Resources

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As at 31 December 2020, our cash and cash equivalents amounted to US$39.3 million (31 December 2019: US$67.3 million).

Capital Expenditure

The following table sets forth our capital expenditure for the periods indicated:

	For the Year Ended 31 December	
	2020 US$'000	2019 US$'000
Property, plant and equipment	**240**	462
Intangible assets and development costs	**35,436**	11,677
Total	**35,676**	12,139

Our capital expenditure primarily consisted of expenditures on (i) property, plant and equipment, and (ii) intangible assets, including developed technologies (capitalized research and development expenditures), royalties, software and trademark. As at 31 December 2020, capital expenditure has increased by 193.9% on a YoY basis to US$35.7 million (2019: US$12.1 million). The increase in capital expenditure mainly reflected the increase in the capitalized research and development expenses.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Charges on Group's Assets

As at 31 December 2020, none of the Group's assets were charged with any parties or financial institutions.

Material Investments or Future Plan for Major Investment

As at 31 December 2020, the Group did not hold any material investment and there was no specific plan for material investments or capital assets.

Contingent Liabilities and Financial Guarantees

As at 31 December 2020, there is no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As at 31 December 2020, the Group had 18 offices around the world and had 670 full-time employees (31 December 2019: 777 employees), primarily based in our headquarters in Guangzhou the PRC. Among all employees, 312 of them are in R&D department. R&D employees comprise 46.6% of full-time employees. The number of employees employed by the Group varies from time to time depending on the needs of the Group. Further, employees are remunerated with reference to the market conditions and the performance, qualification and experience of individual employees.

In order to nurture and retain talents, the Group has formulated systematic recruitment procedures and offers competitive benefits and training opportunities. The remuneration policy and package of the Group's employees are reviewed on a regular basis. Employees will be evaluated according to their appraisals, which would determine their performance bonus and share awards.

Foreign Exchange Risk Management

We operate our business internationally and the major currencies of the receipts of our payments and the payments we make are denominated in US dollars. We are exposed to non-US dollar currencies risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures.

Profile of Directors and Senior Management

Below is the brief information of the current Directors and senior management of the Group.

DIRECTORS

The Board currently comprises eight Directors, of which four are executive Directors, one is non-executive Director and three are independent non-executive Directors. The following table sets out information of the Directors.

Name	Age	Position	Date of Appointment
Mr. DUAN Wei	35	Executive Director and chairman of the Board	16 April 2018
Mr. CAO Xiaohuan	35	Executive Director	16 April 2018
Mr. FANG Zikai	36	Executive Director	13 June 2018
Mr. SONG Xiaofei	34	Executive Director	31 March 2021
Mr. WONG Tak-Wai	44	Non-executive Director	19 February 2021
Mr. YING Lei	51	Independent non-executive Director	31 October 2018
Mr. HU Jie	45	Independent non-executive Director	31 October 2018
Mr. SUN Hongbin	45	Independent non-executive Director	7 July 2020

Executive Directors

Mr. DUAN Wei (段威)

Mr. Duan, aged 35, joined the Group in 2013. He is one of our co-founders, an executive Director, and the chairman of the Board of the Company and is responsible for overall strategic planning and the business direction of the Group. He serves as director of various subsidiaries of the Company.

Mr. Duan obtained his bachelor's degree in system science and engineering from Zhejiang University in 2008.

Mr. CAO Xiaohuan (曹曉歡)

Mr. Cao, aged 35, joined the Group in 2014. He is one of our co-founders, an executive Director and the chief executive officer of the Company and is mainly responsible for overall management of the operations of the Group. He serves as director of various subsidiaries of the Company.

Mr. Cao is currently a member of CPA Australia. Mr. Cao received his bachelor's degree of system science and engineering in 2008 from Zhejiang University and later a master's degree in system analysis and integration in 2011 from the same university.

Mr. FANG Zikai (方子愷)

Mr. Fang, aged 36, joined the Group in 2015. He is an executive Director and the chief product officer of the Company, primarily responsible for product research and the management of the advertising business line of the Group.

Mr. Fang received his bachelor's degree from Zhejiang University in 2007, Mr. Fang majored in mathematics and applied mathematics and in 2009 obtained a master's degree of arts from the University of Pittsburgh.

Mr. SONG Xiaofei (宋笑飛)

Mr. Song, aged 34, joined the Group in 2015. He is an executive Director and the chief financial officer of the Company, primarily responsible for the Group's overall financial management. He serves as director and legal representative of various subsidiaries of the Group.

Mr. Song was accredited as a Certified Public Accountant (non-practising) by The Chinese Institute of Certified Public Accountants in February 2017. Mr. Song received his bachelor's degree from Guangdong University of Foreign Studies in June 2008, majoring in English Linguistics.

Non-executive Directors

Mr. WONG Tak-Wai (黃德煒)

Mr. Wong, aged 44, was appointed as a non-executive Director of the Group in February 2021.

Mr. Wong is a partner of Pacific Alliance Group Private Offered Fund and served at Pacific Alliance Group Shanghai Branch for 11 years. Mr. Wong is primarily responsible private offered fund investment in Chinese market. From 2006 to 2010, Mr. Wong served as the vice-president of Hong Kong and Beijing Branch in TPG-Newbridge (later TPG Capital Asian Fund). Before serving for TPG-Newbridge, Mr. Wong served as an investment manager in the Investment Banking department at Morgan Stanley Hong Kong, San Francisco and Beijing.

Mr. Wong received his bachelor's degree in Business Administration and Asian Studies from the University of California, Berkeley in 1999.

Independent non-executive Directors

Mr. YING Lei (應雷)

Mr. Ying, aged 51, was appointed as an independent non-executive Director of the Group in October 2018. He is responsible for providing independent advice and judgment to the Board.

From May 2017 to November 2018, Mr. Ying served as an independent non-executive director of Guangzhou Mobvista. From December 2013 to April 2016, Mr. Ying served as the independent director of China CYTS Tours Holding Co., Ltd (Shanghai Stock Exchange Stock Code: 600138).

Mr. Ying received his bachelor's degree in economics from Renmin University of China in 1991.

Mr. HU Jie (胡杰)

Mr. Hu, aged 45, was appointed as an independent non-executive Director of the Group in October 2018. He is responsible for providing independent advice and judgment to the Board.

Mr. Hu joined the group of Guangzhou R&F Properties Co., Ltd (HKEX Stock Code: 02777) in 2002. Mr. Hu services as vice general manager and the board secretary. Mr. Hu has been a member of the M&A Financing Committee of the China Association for Public Companies since 2014.

Mr. Hu received his master's degree in economics from Jinan University in 2000.

Mr. SUN Hongbin (孫洪斌)
Mr. Sun, aged 45, was appointed as an independent non-executive Director of the Group in July 2020. He is responsible for providing independent advice and judgment to the Board.

Mr. Sun currently has served as an independent director of CStone Pharmaceuticals (HKEX Stock Code: 2616) since 2019. From 2016, Mr. Sun served as an independent director of New Century Healthcare Holding Co Ltd (HKEX Stock Code: 1518). Mr. Sun serves as the CFO of MicroPort Scientific Corporation (HKEX Stock Code: 0853) (MicroPort) since 2010. He also serves as the chairman of Shanghai MicroPort Medbot (Group) Co., Ltd since 2020, which is a not fully-owned subsidiary of MicroPort and was served as the executive director of MicroPort during 2010 and 2012. Mr. Sun served as the general manager of Otsuka (China) Investment Co., Ltd. During 2006 and 2010, and the CFO during 2004 and 2006. Mr. Sun served as the assistant manager of KPMG China Shanghai Office.

Mr. Sun has been accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants, and was accredited as a Chartered Financial Analyst in 2019. Mr. Sun received his bachelor's degree in accounting from Shanghai Jiaotong University in 1998.

SENIOR MANAGEMENT

Ms. YANG Ying (楊瑩)
Ms. Yang, aged 30, is the head of Europe, America, Southeast Asia and Korean regions of the Company, primarily responsible for business development and management, especially in Europe, America, Southeast Asia and Korean. Ms. Yang joined the Group in 2014 as the business manager.

Ms. Yang received her bachelor's degree from Zhejiang University in 2013, majoring in English.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 16 April 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. We are a technology service company based on global mobile internet ecosystem, providing SaaS tooling matrix, which includes advertising technology platform, data analytics platform, and cloud computing platform, and technology services to the mobile app developers globally.

An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 17 to 27 in this annual report and note 3 to the financial statement.

PRINCIPAL ACTIVITIES OF SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2020 are set out in note 13 to the consolidated financial statements on page 132 of this annual report.

FIVE YEARS FINANCIAL SUMMARY

The five year financial summary of the Group is set out on page 3 in the section headed "Five-Year Financial Summary" of this annual report.

RESULTS

The financial results of the Group for the year ended 31 December 2020 are set out on pages 90 to 96 of this annual report.

DIVIDEND POLICY AND FINAL DIVIDEND

Under the Articles of Association, our Company in the general meeting may declare dividends in any currency to be paid to our shareholders, provided that no dividend shall exceed the amount recommended by our Directors. In addition, our Directors may from time to time pay to our shareholders such interim dividends as appear to our Directors to be justified by the profits of our Company. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. The PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. The PRC laws also require a foreign-invested enterprise to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

No final dividend was recommended by the Board for the year ended 31 December 2020 (31 December 2019: nil but a special dividend of HK$0.08 per share was paid in August 2019).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2020 is set out as below:

	Section(s) in this Annual Report
a Fair review of the Company's business	Management Discussion and Analysis
b Description of the principal risks and uncertainties the Company is facing	Management Discussion and Analysis; Director's Report
c Indication of likely future development of the Company's business	Letter to Shareholders; Business Review
d Analysis using financial key performance indicators	Financial Summary; Management Discussion and Analysis
e Discussion on the Company's environmental policies and performance	ESG report
f Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report; Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, the Group's five largest customers in aggregate accounted for approximately 18.9% of the Group's total revenue. The Group's largest customer accounted for 6.0% of the Group's total revenue.

During the year ended 31 December 2020, the Group's five largest suppliers in aggregate accounted for approximately 26.4% of the Group's total purchase. The Group's largest supplier accounted for 6.7% of the Group's total purchase.

To the best of the knowledge of the Directors, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended 31 December 2020 are set out in note 10 to the financial statements on pages 126 to 127 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2020 are set out in note 23 to the financial statements on pages 144 to 145 of this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2020 are set out in note 24 to the financial statements on pages 146 to 149 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's distributable reserves were US$174,527,000.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2020, particulars of bank loans and other borrowings of the Company are set out in note 18 to the financial statements on pages 138 to 139 of this annual report.

DONATIONS

The total donations made by the Group during the year ended 31 December 2020 amounted to approximately US$8,756.37.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Interests of Directors and Chief Executive in Securities" and "RSU Scheme", at no time during the year ended 31 December 2020 was the Company, any of its subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any body corporate.

DIRECTORS

The Directors during the Reporting Period and up to the date of the Latest Practicable Date were:

Executive directors

Mr. DUAN Wei, *(chairman)*
Mr. CAO Xiaohuan, *(Chief Executive Officer)*
Mr. FANG Zikai
Mr. SONG Xiaofei (Appointed on 31 March 2021)

Non-executive directors

Mr. WONG Tak-Wai (Appointed on 19 February 2021)

Independent non-executive directors

Mr. YING Lei
Mr. HU Jie
Mr. SUN Hongbin

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmation made by each of the independent non-executive directors under Rule 3.13 of the Listing Rules regarding their independence, and considers all the independent non-executive directors to be independent.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Profiles of Directors and Senior management" of this annual report. Save as disclosed in the section headed "Directors and Senior Management", the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

(a) Executive Directors

Mr. DUAN Wei, Mr. CAO Xiaohuan and Mr. FANG Zikai, as executive Directors, has entered into a service contract with the Company on 19 June 2018. Each service contract was for an initial term of three years (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. SONG Xiaofei has entered into a service contract with the Company for an initial term of three years on 31 March 2021 (subject always to re-election as and when required under the Articles of Association) until termination.

(b) Non-executive Director

Mr. WONG Tak-Wai, as a non-executive Director, has entered into an appointment letter with the Company for an initial term of three years on 19 February 2021 (subject always to re-election as and when required under the Articles of Association) until termination.

(c) Independent non-executive Directors

Mr. YING Lei and Mr. HU Jie, as independent non-executive Directors, have respectively entered into an appointment letter with the Company for an initial term of three years on 31 October 2018 (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. SUN Hongbin, as an independent non-executive Director, has entered into an appointment letter with the Company for an initial term of three years on 7 July 2020 (subject always to re-election as and when required under the Articles of Association) until termination.

REMUNERATION POLICY

The Group's remuneration policies are based on the merits, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically. The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, having regard to the Group's operating results, individual performance of each Directors and comparable market statistics.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in notes 7 and 8 to the financial statements on pages 122 to 124 of this annual report.

Details of the senior management's emoluments of the Group are set out in the corporate governance report on page 57 of this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2020, by our Group to or on behalf of any of the Directors.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 21 to the financial statements on page 141 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

We have entered into confidentiality and non-competition agreements with our Directors and management. During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2020.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the ended of 31 December 2020.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the directors' and officers' liability insurance is currently in force and was in force during the Listing Date to the date of the Latest Practicable Date.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 December 2020 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2020 or subsisted at the end of the year.

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, each of our Controlling Shareholders undertook to the Company in a deed of non-competition that, subject to and except as mentioned in the Prospectus, the Controlling Shareholders would not and shall procure that its/his associates (excluding the Group) will not carry on, engage, invest, participate or otherwise be interested in any business in the mobile advertising and mobile analytics business as described in the Prospectus that is currently or intended to be carried on by the Company in any part of the world.

Each of them has confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report during the financial year of 2020. No new business opportunity was informed by them as at 31 December 2020. The independent non-executive Directors have reviewed the implementation of the deed of non-competition undertaking and are of the view that the non-competition undertakings have been complied with by the Controlling Shareholders for the year ended 31 December 2020.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2020.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2020, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Interest in Shares

Name of Director	Nature of Interest	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mr. DUAN Wei (1)	Beneficial owner	1,838,000 (L)	0.12%
	Interest in controlled corporation	1,127,999,842 (L)	73.52%
Mr. CAO Xiaohuan	Interest in controlled corporation	2,875,000 (L)	0.19%
Mr. FANG Zikai	Beneficial owner	300,000 (L)	0.02%
	Interest in controlled corporation	2,969,100 (L)	0.19%

Note:

L: Long Position

(1) Guangzhou Mobvista, through its wholly-owned subsidiary Seamless, holds 1,127,999,842 Share of our Company, representing 73.52% of total number of Shares. Mr. Duan, Guangzhou Huimao, and Horgos Duanshi Pearl River Equity Investment Co., Ltd. directly holds 12.94%, 17.97% and 4.20% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's interest in Guangzhou Mobvista under the SFO. Horgos Duanshi Pearl River Equity Investment Co., Ltd. is wholly-owned by Mr. Duan; therefore, Mr. Duan is deemed to be interested in Horgos Duanshi Pearl River Equity Investment Co., Ltd.'s interest in Guangzhou Mobvista under the SFO. As a result, Mr. Duan is deemed to be interested in an aggregate of 35.11% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,127,999,842 Shares of our Company which Guangzhou Mobvista is interested in. Apart from that, Mr. Duan owns 1,838,000 Shares in the Company directly.

(b) Interest in associated corporation

Name of Director	Associated Corporation	Registered Capital of the associated corporation	Nature of interests	Number of shares	Approximate percentage of shareholding in the associated corporation
Mr. DUAN Wei (1)	Guangzhou Mobvista	RMB372,644,072	Beneficial owner	48,207,872 (L)	12.94%
		RMB372,644,072	Interest in controlled corporation	82,625,776 (L)	22.17%
Mr. CAO Xiaohuan (2)	Guangzhou Mobvista	RMB372,644,072	Beneficial owner	2,410,496 (L)	0.65%
		RMB372,644,072	Interest in controlled corporation	16,575,860 (L)	4.45%

Notes:

L: Long Position

(1) Mr. Duan, Guangzhou Huimao, and Horgos Duanshi Pearl River Equity Investment Co., Ltd. directly holds 12.94%, 17.97% and 4.20% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's interest in Guangzhou Mobvista under the SFO. Horgos Duanshi Pearl River Equity Investment Co., Ltd. is wholly-owned by Mr. Duan; therefore, Mr. Duan is deemed to be interested in Horgos Duanshi Pearl River Equity Investment Co., Ltd.'s interest in Guangzhou Mobvista under the SFO.

(2) Mr. Cao, Horgos Huichun Equity Investment Co., Ltd. and Guangzhou Huiqian directly holds 0.65%, 1.28% and 3.17% interest in Guangzhou Mobvista, respectively. Horgos Huichun Equity Investment Co., Ltd. is a company wholly-owned by Mr. Cao. The general partner of Guangzhou Huiqian is Mr. Cao, who held 1% interest in Guangzhou Huiqian. The limited partners of Guangzhou Huiqian are Mr. XI Yuan, Mr. Fang, Mr. WANG Ping and Horgos Duanshi Pearl River Equity Investment Co., Ltd. (a company wholly-owned by Mr. Duan), holding 27.26%, 27.26%, 27.26% and 17.21% interest in Guangzhou Huiqian, respectively. Currently the general partner, namely Mr. Cao, holds the entire voting and disposition power in Guangzhou Huiqian.

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SECURITIES

As at 31 December 2020, the following persons will have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders of our Company under the Listing Rules:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding in our company
Seamless [(1)]	Beneficial owner	1,127,999,842 (L)	73.52%
Guangzhou Mobvista [(1)]	Interest in controlled corporation	1,127,999,842 (L)	73.52%
Mr. DUAN Wei [(2)]	Interest in controlled corporation	1,127,999,842 (L)	73.52%
	Beneficial owner	1,838,000 (L)	0.12%

Notes:

L: Long Position

(1) Seamless holds 1,127,999,842 Shares in the Company, representing 73.52% of the issued shares. Seamless is wholly-owned by Guangzhou Mobvista. Therefore, Guangzhou Mobvista is deemed to be interested in the 1,127,999,842 Shares held by Seamless under the SFO.

(2) Mr. Duan, Guangzhou Huimao and Horgos Duanshi Pearl River Equity Investment Co., Ltd. directly holds 12.94%, 17.97% and 4.20% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao Investment Management Center (Limited Partnership) is Guangzhou Huisui, which is owned by Mr. Duan as to 95%; Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's interest in Guangzhou Mobvista under the SFO. Horgos Duanshi Pearl River Equity Investment Co., Ltd. is wholly-owned by Mr. Duan; therefore, Mr. Duan is deemed to be interested in Horgos Duanshi Pearl River Equity Investment Co., Ltd.'s interest in Guangzhou Mobvista under the SFO. As a result, Mr. Duan is deemed to be interested in an aggregate of 35.11% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,127,999,842 Shares which Guangzhou Mobvista is interested in. Apart from that, Mr. Duan owns 1,838,000 Shares in the Company directly.

Apart from the foregoing, the Company had not been notified for any other interest by prescribed notices which were required to be recorded in the register kept under section 336 of the SFO.

RSU SCHEMES

(a) Employee RSU Scheme

We adopted the Employee RSU Scheme on 27 September 2018 and amended on 19 November 2018 and 7 December 2020 to incentivize employees and consultants. The Company has appointed Sovereign Trustees Limited as the Employee RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Employee RSU Scheme. The Company selects the Employee RSU Participants under the Employee RSU Scheme at its discretion.

The Employee RSU Scheme is and will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being 1 November 2018.

In the extraordinary general meeting of the Company held on 7 December 2020, the shareholders of the Company approved and adopted the amendments of increasing the maximum number of the underlying Shares that may be granted under the Employee RSU Scheme in aggregate from 60,849,858 Shares to 79,249,858 Shares. The Company intended to fund the Employee RSU Trustee for their acquisition of additional shares on the secondary market pursuant to and for the purpose of the Restricted Share Unit Schemes. As at 31 December 2020, the Employee RSU Trustee had purchased 7,993,000 shares from the market to hold on trust, for the purpose of satisfying the amended RSU Scheme.

As at 31 December 2020, the Company had granted a total of 90,670,632 RSUs to participants under the Employee RSU Scheme, of which 39,897,608 RSUs had been vested and 11,797,950 RSUs had been lapsed. None of the grantees of the RSUs under the Employee RSU Scheme are Directors, members of the senior management of the Company or otherwise core connected person(s) of the Company.

As at 31 December 2020, here below are the details of the RSUs granted and outstanding under the Employee RSU Scheme:

Name of grantees of RSUs	Number of Shares underlying RSUs outstanding at 1 January 2020	RSUs granted during the period from 1 January 2020 to 31 December 2020	RSUs vested during the period from 1 January 2020 to 31 December 2020	RSUs lapsed during the period from 1 January 2020 to 31 December 2020	Number of Shares Underlying RSUs outstanding at 31 December 2020
Employees and consultants (1)	46.072,800	35,194,532	32,814,508	9,477,750	38,975,074

Note:

(1) Other than directors, member of the senior management of the Company or core connected person of the Company, comprise 234 employees, 16 consultants as at 1 January 2020 and 304 employees, 34 consultants as at 31 December 2020.

(b) Management RSU Scheme

We adopted the Management RSU Scheme on 19 November 2018 and amended on 7 December 2020 to incentivize directors, senior management, officers and consultants of the Company or its subsidiaries for their contribution to the Group. The Company has appointed Sovereign Fiduciaries (Hong Kong) Limited as the Management RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Management RSU Scheme. Connected Globe Holdings Limited (a wholly-owned subsidiary of the Management RSU Trustee) holds and manages shares underlying the RSUs for the benefit of eligible participants pursuant to the Management RSU Scheme.

The Management RSU Scheme is and will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being 21 November 2018.

In the extraordinary general meeting of the Company held on 7 December 2020, the shareholders of the Company approved and adopted the amendments of increasing the maximum number of the underlying Shares that may be granted under the Management RSU Scheme in aggregate from 11,150,300 Shares to 15,750,300 Shares. The Company intended to fund the Management RSU Trustee for their acquisition of additional shares on the secondary market pursuant to and for the purpose of the Restricted Share Unit Schemes. As at 31 December 2020, no shares has been purchased from the market by the Management RSU Trustee.

As at the date of 31 December 2020, the Company had granted a total of 15,628,400 RSUs to participants under the Management RSU Scheme, of which 9,329,300 RSUs had been vested and 0 RSUs had been lapsed. Details of which are set out in the table below.

Name of grantees of RSUs	Number of Shares underlying RSUs outstanding at 1 January 2020	RSUs granted during the period from 1 January 2020 to 31 December 2020	RSUs vested during the period from 1 January 2020 to 31 December 2020	RSUs lapsed during the period from 1 January 2020 to 31 December 2020	Number of Shares underlying RSUs outstanding at 31 December 2020
Director					
FANG Zikai	1,416,900	–	966,100	–	450,800
Other management	4,905,100	4,478,100	3,534,900	–	5,848,300
Total (1)	6,322,000	4,478,100	4,501,000	–	6,299,100

Notes:

(1) Includes 1 director, 2 members of senior management (including the entity(ies) wholly-owned by the relevant grantees) and 1 ex-member of senior management.

Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by our Shareholders on 30 October 2018, and became effective on the Listing Date. The purpose of the Share Option Scheme is to incentivize and reward the eligible persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted, the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

No share option was granted and has been granted under the Share Option Scheme since the Listing Date. Accordingly, there was no outstanding share option as at the date of the Latest Practicable Date.

A summary of the Share Option Scheme is set out below:

1) *Eligible persons*

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of our Group or associated companies of our Company ("**Eligible Persons**").

2) *Maximum number of Shares in respect of which options may be granted*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (if any) of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**"). As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 151,886,700 shares, representing approximately 9.9% of the shares in issue (i.e. 1,534,204,000 Shares) as at the date of this annual report.

The Board may, with the approval of the Shareholders in general meeting, refresh the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (the "**Other Schemes**") under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person who, as specifically identified by the Board, would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval from the Shareholders.

At any time, the maximum number of Shares which may be issued upon the exercise of all outstanding options which have been granted and not yet exercised under the Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalization of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

3) *Maximum entitlement of each individual*

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

4) *Option Period*

Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

5) *Minimum Period for which an Option must be held before it can be exercised*

Unless the exercise of Option would, in the opinion of the Board, be in breach of a statutory or regulatory requirement or unless the Board determines otherwise in its absolute discretion, any Option (1) which has been vested; (2) of which conditions have been satisfied or waived by the Board in its sole discretion; and (3) which has not lapsed, may be exercised at any time from the next Business Day after the offer of Options has been accepted by an option-holder pursuant to the Share Option Scheme.

6) *Payment on acceptance of the Option and the period within which payments must be made*

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options which has not been accepted within this period shall lapse.

An amount of HK$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

7) *Basis of determining the exercise price*

Subject to any adjustment made as described in the rules of Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and

(iii) the nominal value of the Shares.

8) *Remaining life of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after the period of which no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the Cayman Islands that oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

RELATED PARTY TRANSACTIONS

The related party transactions which were undertaken in the normal course of business are set out in note 27 to the consolidated financial statements. For those related party transactions that constitute connected transactions or continuing connected transactions (as the case may be) under the Listing Rules, these transactions are exempted from reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Property Lease Agreement

Mobvista (Guangzhou) Technology Company Limited (the Company's subsidiary) entered into four property lease agreements with each of Mobvista Co., Ltd, Guangzhou Ruisou, Guangzhou Huichun, and Duanshi Investment, respectively (together the "**Previous Property Lease Agreements**"), on 1 July 2018 and further amended on 28 September 2018.

Mobvista Co., Ltd and Mr. Duan are the Controlling Shareholders of the Company, while Guangzhou Ruisou and Duanshi Investment are wholly-owned by Mobvista Co., Ltd and Mr. Duan, respectively, and are associates of the Controlling Shareholders. Mr. Cao is an executive Director of the Company, while Guangzhou Huichun is indirectly wholly-owned by Mr. Cao. Accordingly, each of Guangzhou Ruisou, Guangzhou Huichun and Duanshi Investment is a connected person of the Company under the Listing Rules.

On 23 December 2018, Mobvista (Guangzhou) Technology Company Limited (the company's subsidiary) signed a termination agreement with Mobvista Co., Ltd. So far, the property lease agreement between them has not been fulfilled.

According to the valid property Lease Agreements valid as at 29 December 2020, Guangzhou Ruisou, Guangzhou Huichun, and Duanshi Investment leased certain properties to our Group with a total area of approximately 5,339 square meters.

Landlord	Tenant	Location	Approximate gross floor area (sq.m.)	Approximate Monthly Rental (RMB)	Intended use	Duration of Agreement
Guangzhou Ruisou	Mobvista Technology	Units 02-04 and 06-12 of 44/F, and 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	4,719	2018: RMB1,321,427.2 (equivalent to US$190,507.7) 2019: RMB1,354,462.9 (equivalent to US$195,270.4) 2020: RMB1,422,186.0 (equivalent to US$205,033.9)	Office	Three years
Guangzhou Huichun	Mobvista Technology	Unit 05, 43/F, Tianying Plaza (East Tower), No. 222-3, Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC	310	2018: RMB86,906.7 (equivalent to US$12,529.2) 2019: RMB89,079.4 (equivalent to US$12,842.4) 2020: RMB93,533.3 (equivalent to US$13,484.5)	Office	Three years
Duanshi Investment	Mobvista Technology	Unit 05, 44/F, Tianying Plaza (East Tower), No. 222-3, Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC	310	2018: RMB86,744.7 (equivalent to US$12,505.8) 2019: RMB88,913.3 (equivalent to US$12,818.5) 2020: RMB93,359.0 (equivalent to US$13,459.4)	Office	Three years

Mobvista (Guangzhou) Technology Company Limited entered into renewed property lease agreements with each of Guangzhou Ruisou, Guangzhou Huichun, and Duanshi Investment, respectively (together the "Renewed Property Lease Agreements", on 29 December 2020, for a term of three years from 1 January 2021 to 31 December 2023. As at to the prescribed date, the Previous Property Lease Agreements signed between Mobvista (Guangzhou) Technology Company Limited and Guangzhou Ruisou, Guangzhou Huichun, and Duanshi Investment were no longer effective.

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

Landlord	Tenant	Location	Approximate gross floor area (sq.m.)	Approximate Monthly Rental (RMB)	Intended use	Duration of Agreement
Guangzhou Ruisou	Mobvista Technology	Units 02-04 and 06-12 of 44/F, and 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	4,719	2021: RMB1,456,873.47 (equivalent to US$223,279.05) 2022: RMB1,529,717.14 (equivalent to US$234,443.00) 2023: RMB1,606,203.00 (equivalent to US$246,165.15)	Office	Three years
Guangzhou Huichun	Mobvista Technology	Unit 05, 43/F, Tianying Plaza (East Tower), No. 222-3, Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC	310	2021: RMB95.814.65 (equivalent to US$14,684.46) 2022: RMB100,605.38 (equivalent to US$15,418.69) 2023: RMB105,635.65 (equivalent to US$16,189.62)	Office	Three years
Duanshi Investment	Mobvista Technology	Unit 05, 44/F, Tianying Plaza (East Tower), No. 222-3, Xingmin Road, Zhujiang New Town, Tianhe District, Guangzhou, PRC	310	2021: RMB95,636.03 (equivalent to US$14,657.09) 2022: RMB100,417.83 (equivalent to US$15,389.94) 2023: RMB105,438.72 (equivalent to US$16,159.44)	Office	Three years

HISTORICAL RENTALS PAID

The actual rentals paid by the Mobvista Technology for the years ended 31 December 2018, 2019 and 2020 are as follows:

	Approximate Actual Annual Rentals Paid		
	2018 RMB	2019 RMB	**2020** **RMB**
Rentals paid by the Group to Mobvista Co., Ltd, Guangzhou Ruisou, Guangzhou Huichun and Duanshi Investment	387,999.44	17,955,821.05	**17,455,085.18**

Notes:

(1) The actual annual rentals paid are calculated based on the rentals actually paid by Mobvista Technology to Mobvista Co., Ltd, Guangzhou Ruisou, Guangzhou Huichun and Duanshi Investment under the Previous Property Lease Agreements and a separate lease agreement entered into between Mobvista Technology and Mobvista Co., Ltd, which was terminated on 23 December 2018.

(2) The rentals of December 2020 have not yet been paid by Group to Guangzhou Ruisou.

The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

FOREIGN EXCHANGE RISK MANAGEMENT

We operate our business internationally and the major currencies of our receipts and payments are denominated in US dollars. We are exposed to non-US dollar currencies risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency. We managed foreign exchange risk by performing regular reviews of our net foreign exchange exposures.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Our operations and future financial results could be materially and adversely affected by various risks. The following highlights the principal risks that the Group is susceptible to and is not meant to be exhaustive:

- We generate our revenues almost entirely from our mobile advertising business. If we fail to retain existing advertisers and publishers, deepen or expand our relationships with advertisers and publishers, or attract new advertisers and publishers, our financial position, results of operations and prospects may be materially and adversely affected.

- If the mobile advertising industry fails to continue to develop and growth, or if the mobile advertising market develops or grows more slowly than expected, our profitability and prospects may be materially and adversely affected.

- If we fail to introduce new or enhanced services to keep up with the technological developments or new business models of the mobile advertising and mobile analytics industries, or the changing requirements of advertisers, publishers and mobile analytics users, our business, financial position and results of operations may be materially and adversely affected.

- We expect to continue to experience intense competition. If we fail to compete effectively against other mobile advertising companies and other mobile analytics service providers, we could lose advertisers, publishers or mobile analytics users, and our revenues may decline.

- If we provide inaccurate or fraudulent data, it may have an adverse impact on our business, results of operations and reputation.

- Our business is subject to complex and evolving laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

- In the context of tightened regulatory policies on data privacy and protection by global regulators, misappropriation or misuse of privacy information and failure to comply with laws and regulations on data protection, including the GDPR, could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in advertisers, publishers or mobile analytics user base, or otherwise harm our business.

- Any breaches of our security measures, including unauthorized access, computer viruses and hacking, may adversely affect our database, reduce use of our services and damage our reputation and brand names.

- The COVID-19 pandemic since the beginning of 2020 have brought more uncertainty to our operating environment. If the pandemic cannot be effectively controlled in the future, there will be adverse effects on our daily operations, operating performance and financial situation.

- As we insist on the strategy of globalization, most of our income is generated from China, EMEA and the Americas. The international political environment and frictions between economies may adversely affect our overseas business.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of the Group's subsidiaries has purchased, sold or redeemed any of the Company's shares during the Reporting Period.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2018 by way of global offering, raising total net proceeds of approximately US$146.6 million after deducting professional fees, underwriting commissions and other related listing expenses. Over-allotment option was partially exercised on 4 January 2019 and raised total gross proceeds of approximately US$7.6 million. The total net proceeds received by the Company were approximately US$154.2 million.

As at 31 December 2020, the following table sets out the breakdown of the use of proceeds from the global offering:

Purpose of Net Proceeds	**Amount Allocated (US$'000,000)**	**Amount Utilized (US$'000,000)**	**Balance (US$'000,000)**
1 Big data and AI technologies and IT infrastructure	46.3	21.0	25.3
2 Improvement of services on our mobile advertising and mobile analytics platform	46.3	36.4	9.9
3 Implement our "Glocal" strategy by enhancing our local service capabilities and expanding our global footprint	15.4	5.9	9.5
4 Strategic investments and acquisitions	30.8	1.3	29.5
5 General working capital	15.4	2.3	13.1
Total of net proceeds	**154.2**	**66.9**	**87.3**

Considering that (a) there was no immediate demand for the Company to utilise part of the proceeds from the global offering and (b) the Company had reserved sufficient cash for its operation and immediate usage plan for utilising the proceeds from the global offering, and the Company believed that the investment in wealth management product is similar to traditional deposits placed with banks or financial institutions; the Company entered into an investment management agreement (the "**Investment Management Agreement**") in December 2018 with a financial institution in Hong Kong (the "**Financial Institution**"), being an independent third party, pursuant to which the Company invested in wealth management product (the "**Wealth Management Product**") with a principal amount of US$70,000,000 (the "**Principal Amount**"). According to the usage plan for utilising the proceeds from the global offering and taking into account the then available internal resources, the Company entered into a supplemental agreement to the Investment Management Agreement (the "**Supplemental Agreement**") with the Financial Institution in March 2019 and the Company withdrew US$19,500,000, US$4,000,000 and US$8,000,000 (all being part of the Principal Amount) from the Financial Institution in March 2019, January 2021 and March 2021, respectively. Pursuant to terms of the Investment Management Agreement and the Supplemental Agreement, the Wealth Management Product was renewed upon its maturity by December 2020 with guaranteed Principal Amount and no fixed interest rate attached to it and the Company may withdraw part or all of Principal Amount at any time upon the written consent by the parties.

The Company temporarily used part of the proceeds from the global offering to invest in the Wealth Management Product on the condition that no delay will be caused to the intended usage plan of such proceeds and the timetable. The Company will make sure the proceeds from the global offering will be used as planned.

During the Reporting Period, save as discussed in the foregoing paragraph, the Group has followed the plan for the use of proceeds as set out in the Prospectus of the Company and expects to utilise the balance of the net proceeds of approximately US$87.3 million in the following year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws including workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. For further details of the Group's environmental policies and performance, please refer to the section of "Environmental, Social and Governance Report" in this annual report.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting ("**AGM**") will be held on Tuesday, 8 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from Thursday, 3 June 2021 to Tuesday, 8 June 2021, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM to be held on Tuesday, 8 June 2021, during the period of which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 June 2021.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult an expert.

SUBSEQUENT EVENTS

On 3 January 2021, the Company entered into an investment Agreement with an investor, pursuant to which the investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the bonds with the convertible rights in the principal amount of US$30,000,000. The final maturity date is the date falling 60 months from the bonds issue date and the interest rate is 3.5% per annum calculated on a compounded basis. The investor has the right, exercisable during the period from bonds issue date to one business day before the redemption notice date to convert the whole or part of the outstanding principal amount of the bonds into certain number of conversion shares. The conversion price is HK$5.54 (subject to adjustment). For details, please refer to the announcement of the Company dated 3 January 2021.

On 19 March 2021, Mintegral mobile advertising platform and Nativex advertising platform passed through the ePrivacy protection certificate procedure and were awarded the ePrivacyseal certification within the European Union. Obtaining the certification reflects that the Company complies with the ePrivacyseal certification standards, which are pursuant to requirements under the General Data Protection Regulation (GDPR) in the European Union.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of not less than 25% of the issued shares as at the date of the Latest Practicable Date, which was in line with the requirement under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by KPMG, certified public accountants. KPMG will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

By order of the Board
DUAN Wei
Chairman

Guangzhou, PRC, 31 March 2021

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on the principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to Directors and employees, with reference to the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the year ended 31 December 2020, the Company has complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules other than code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. DUAN Wei was the chairman of the Board and the chief executive officer of our Company during the Reporting Period. With extensive experience in the mobile advertising and mobile analytics industry, during the Reporting Period, Mr. DUAN was responsible for the overall strategic planning and general management of our Group and has been an instrumental part of our growth and business expansion since the establishment of our Group. During the Reporting Period, the balance of power was ensured by the following reasons: (i) the audit committee of the Company was comprised of all independent non-executive Directors; and (ii) the independent non-executive Directors had free and direct access to the Company's external auditor and independent professional advisers when considered necessary. The Board believes that such structure was considered to be appropriate under the size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. DUAN, and believes that his appointment to the posts of chairman and chief executive officer was beneficial to the business prospects of the Company during the Reporting Period. Save for the above, the Company has applied the principles and code provisions as set out in the CG Code during the Reporting Period.

On 14 January 2021, Mr. DUAN resigned as the chief executive officer of the Company, and Mr. CAO was appointed as the chief executive officer of the Company. After the change, the Company has complied with all the provisions of code as set out in the CG Code.

Our Board currently comprises four executive Directors (including Mr. DUAN), one non-executive Director and three independent non-executive Directors and therefore its composition has a fairly strong element of independence.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group. The Board oversees the Group's strategic decisions and monitors business development and performance. The Board has delegated the authority and responsibility of the day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

Currently, the Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. The Broad is comprised of Mr. DUAN Wei (chairman of the Board), Mr. CAO Xiaohuan (Chief Executive Officer), Mr. FANG Zikai and Mr. SONG Xiaofei as executive Directors; Mr. WONG Tak-Wai as non-executive Director; Mr. YING Lei, Mr. HU Jie and Mr. SUN Hongbin as independent non-executive Directors.

The biographies of the Directors are set out under the section headed "Profile of Directors and Senior Management" of this annual report.

At all times, the Board has met the requirements under Rules 3.10(1) and 3.10(2) 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.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

Diversity of the Board

Our Directors have a balanced mix of experiences and industry background, including but not limited to experiences in advertising, financial, technology, mobile internet and securities industries. Our Directors obtained degrees in various majors including system science, communication engineering, mathematics, economics and accounting. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board.

The Company believes that the diversity of its Board members will be immensely beneficial for the enhancement of the Company's performance. Pursuant to our Board diversity policy, selection of Board candidate will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Broad.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendations to the Board for adoption. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that is relevant to the Company's business growth.

In identifying and selecting suitable candidates to serve as a director of the Company, the Nomination Committee would consider the above criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

Save as disclosed in the Directors' biographies set out in the section headed "Profile of Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material relationship) with any other Director and chief executive.

All Directors attended various trainings during the year ended 31 December 2020, including trainings regarding the updating of the Listing Rules, the responsibilities and continuous obligations of Directors and the Environmental, Social and Governance Reporting Guide. The Company had arranged suitable trainings for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

According to the information provided by the Directors, the table below summarises the participation of each of the directors in continuous professional development during the year ended 31 December 2020:

Name of Directors	Participated in continuous professional development [(1)]
Executive Directors	
Mr. DUAN Wei	√
Mr. CAO Xiaohuan	√
Mr. FANG Zikai	√
Independent Non-executive Directors	
Mr. YING Lei	√
Mr. HU Jie	√
Mr. SUN Hongbin	√

Notes:

(1) Attending trainings/seminars/meetings/forums/briefings or reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances.

The Company is committed to continuously reviewing and improving its internal systems, including those in relation to internal supervision and control, and risk management.

Appointment and Re-election of Directors

Mr. DUAN Wei, Mr. CAO Xiaohuan and Mr. FANG Zikai, as executive Directors, has entered into a service contract with the Company on 19 June 2018. Each service contract was for an initial term of three years (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. SONG Xiaofei, as executive Director, has entered into a service contract with the Company for an initial term of three years on 31 March 2021 (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. WONG Tak-Wai, as a non-executive Director, has entered into an appointment letter with the Company for an initial term of three years on 19 February 2021 (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. YING Lei and Mr. HU Jie, as independent non-executive Directors of the Company, have signed an appointment letter with the Company respectively for an initial term of three years on 31 October 2018 (subject always to re-election as and when required under the Articles of Association) until termination. Mr. SUN Hongbin, as an independent non-executive Director of the Company, has signed an appointment letter with the Company respectively for an initial term of three years on 7 July 2020 (subject always to re-election as and when required under the Articles of Association) until termination.

In accordance with the Articles of Association, at every annual general meeting of the Company, one-third of the Directors, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation. This is provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall remain in office until the close of the meeting at which he retires and shall be eligible for re-election thereafter. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing the same number of persons to be Directors.

The Articles of Association set out the procedures and process for the appointment, re-election and removal of Directors. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

None of the Directors has entered a service contract with members of the Group that cannot be terminated by the Group within one year without payment of compensation, other than statutory compensation.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times per year, and at approximately quarterly intervals. The Board also meets at other times as and when required. In addition, the Board holds general meetings to maintain an on-going dialogue with the Shareholders. In accordance with the Articles of Association, an annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing.

For other Board and Board Committee meetings, reasonable notice is generally required. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least 3 days before the meetings to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries with copies circulated to all Directors or Board Committee members for information and record-keeping.

Minutes of the Board meetings and Board Committee meetings are recorded and are in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached are noted, including concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by all Directors.

The Board held 11 Board meetings during the year ended 31 December 2020. The attendance of each Director at Board, committee meetings and annual general meeting, whether in person or by means of electronic communication, is detailed in the table below:

	Attendance/No. of Eligible Board, Committee Meetings or Annual General Meeting					
Name of director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. DUAN Wei *(Chairman)*	11/11	—	2/2	—	1/1	1/1
Mr. CAO Xiaohuan	11/11	—	—	2/2	1/1	1/1
Mr. FANG Zikai	11/11	—	—	—	0/1	0/1
Independent Non-executive Directors						
Mr. YING Lei	11/11	2/2	2/2	2/2	0/1	1/1
Mr. HU Jie	11/11	2/2	2/2	2/2	0/1	0/1
Mr. WANG Jianxin (1)	06/06	1/1	—	—	0/1	—
Mr. SUN Hongbin (2)	05/05	1/1	—	—	—	0/1

Note:

(1) Mr. WANG Jianxin resigned from independent non-executive Director on 7 July 2020.

(2) Mr. SUN Hongbin was appointed as an independent non-executive Director on 7 July 2020.

Delegation by the Board

The Board reserves its right to decide on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, the appointment of Directors and other significant financial and operational matters. Directors may have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to management entering into any significant transactions.

Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

1. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

4. to develop, review and monitor the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Company was complied with the relevant CG Code provisions during the year ended 31 December 2020.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises three members, Mr. SUN Hongbin (Chairman), Mr. YING Lei and Mr. HU Jie, all of whom are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) to monitor the integrity of the Company's financial statements, annual reports, accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from the audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(e) regarding paragraph (d) above: (i) Members shall liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the Company's auditors; and (ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(f) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems in place. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(h) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(j) to review the financial and accounting policies and practices of the Company and its subsidiaries;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(m) to report to the Board on the matters set out in the CG Code;

(n) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(o) to act as the key representative body for overseeing the Company's relation with the external auditor;

(p) to review ongoing connected transactions of the Company and ensure compliance with terms of approval by Shareholders of the Company; and

(q) to consider such other matters as the Board may from time to time determine.

The Audit Committee's major work during the year ended 31 December 2020 includes:

(a) reviewing the 2019 annual report, the Environmental, Social and Governance Report and annual results announcement;

(b) reviewing the 2020 interim report and interim results announcement;

(c) reviewing the Company's compliance with the CG Code;

(d) reviewing the relationship with the external auditor with reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

(e) reviewing the continuing connected transactions of the Group carried out during the year ended 31 December 2020; and

(f) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

KPMG is the Group's external auditor. The Audit Committee reviews the relationship of the Company with KPMG on an annual basis. Having also reviewed the effectiveness of the external audit process as well as the independence and objectivity of KPMG, the Audit Committee is satisfied with this relationship. As such, the Audit Committee has recommended their re-appointment at the forthcoming AGM.

Code provision C3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the external auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C3.3(e)(i) of the CG Code during the year ended 31 December 2020.

The Audit Committee held 2 meetings during the year ended 31 December 2020 and please refer to the paragraph headed "Board Meetings" above for details of each member's attendance of the meetings.

Terms of Reference of the Audit Committee was revised by the resolution of the board passed on 2 February 2020.

Nomination Committee

The Nomination Committee currently comprises three members, including one executive Director namely Mr. DUAN Wei (chairman) and two independent non-executive Directors namely Mr. Ying Lei and Mr. HU Jie.

The principal duties of the Nomination Committee include the following:

(a) to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, race, 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;

(b) to identify individuals who are qualified/suitable to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive directors of the Company; and

(d) to make recommendations to the Board on the appointment or re-appointment of directors of the Company and succession planning for directors of the Company, in particular, the chairman and the chief executive of the Company.

The Nomination Committee's major work during the year ended 31 December 2020 includes:

(a) reviewing the structure, size, composition and diversity (including the gender, age, cultural and educational background, race, skills, knowledge and experience) of the Board;

(b) assessing the independence of independent non-executive Directors;

(c) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive; and

(d) reviewing the Board diversity policy.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The Company recognizes the benefits of having a diverse Board, and views diversity at Board level as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage. As such, the Board has set measurable objectives for the implementation of the Board diversity policy to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and maintain the effectiveness of the Board. The Nomination Committee is satisfied that the Board diversity policy is successfully implemented.

The Nomination Committee held 2 meetings during the year ended 31 December 2020 and please refer to the paragraph headed "Board Meetings" above for details of each member's attendance of the meeting.

Remuneration Committee

The Remuneration Committee currently comprises three members, including one executive Director namely Mr. CAO Xiaohuan, and two independent non-executive Directors namely Mr. Ying Lei (chairman) and Mr. Hu Jie.

The principal duties of the Remuneration Committee include the following:

(a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) either:

 (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management of the Company, or

 (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the Company.

 This should, include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive directors of the Company;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions of the Company and its subsidiaries;

(f) to consider the levels of remuneration required to attract and retain the directors to run the Company successfully;

(g) to review and approve compensation payable to executive directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(h) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(i) to ensure that no director of the Company or any of his or her associates is involved in deciding his or her own remuneration.

The Remuneration Committee's major work during the year ended 31 December 2020 includes:

(a) making recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board from time to time;

(c) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

(d) making recommendations to the Board on the remuneration of non-executive Directors; and

(e) ensuring no Director or any of his or her associates is involved in deciding his or her own remuneration.

In conducting its work in relation to the remuneration of Directors and senior management team of the Company, the Remuneration Committee ensured that no individual or any of this associates was involved in determining his own remuneration. It also ensured that remuneration awards were determined by reference to the performance of the individual and the Company and were aligned to the market practice and conditions, the Company's goals and strategies. They are designed to attract, retain and motivate high performing individuals, and reflect the specifics of individual roles.

The Remuneration Committee held 2 meetings during the year ended 31 December 2020 and please refer to the paragraph headed "Board Meetings" above for details of each member's attendance of the meetings.

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2020 is set out below:

	Number of persons
HK$950,000 to HK$1,000,000	1
HK$4,500,000 to HK$5,000,000	1
HK$6,500,000 to HK$7,000,000	1

Remuneration of Directors

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 7 and 8 to the financial statements on pages 122 to 124 of this annual report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility in preparing the financial statements for the year ended 31 December 2020, which gave a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

External Auditors

KPMG is appointed as the external auditors of the Company upon the recommendation of the Audit Committee.

An analysis of the remuneration paid to the external auditors of the Company, KPMG, in respect of audit services and non-audit services for the year ended 31 December 2020 is set out below:

Service Category	**Fee Paid (US$)**
Audit Services	391,441
Non-audit Services	263,728
Total	655,169

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors as its own code of conduct. Having made specific enquiry of all Directors, each of the Directors has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interest of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules.

Pursuant to A.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and performed by the different individual.

Mr. DUAN Wei was the chairman of the Board and the chief executive officer of our Company during the Reporting Period. With extensive experience in the mobile advertising and mobile analytics industry, during the Reporting Period, Mr. DUAN was responsible for the overall strategic planning and general management of our Group and has been an instrumental part of our growth and business expansion since the establishment of our Group. During the Reporting Period, the balance of power was ensured by the following reasons: (i) the audit committee of the Company was comprised of all independent non-executive Directors; and (ii) the independent non-executive Directors had free and direct access to the Company's external auditor and independent professional advisers when considered necessary. The Board believes that such structure was considered to be appropriate under the size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. DUAN, and believes that his appointment to the posts of chairman and chief executive officer was beneficial to the business prospects of the Company during the Reporting Period.

On 14 January 2021, Mr. DUAN resigned as the chief executive officer of the Company, and Mr. CAO Xiaohuan was appointed as the chief executive officer of the Company. After the change, the Company has applied all the principles and code provisions as set out in the CG Code.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that the Company has established and maintained adequate and effective risk management and internal control systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The Board was satisfied with the internal audit function for the year ended 31 December 2020.

Risk Management

The Company is committed to continuously improving the risk management system, including its structure, process and culture, through the enhancement of risk management ability, to ensure long-term growth and sustainable development of the Company's business.

The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. Each business group of the Company, on a regular basis, identifies and assesses risk factors that may negatively impact the achievement of its objectives, and formulates appropriate response measures.

During the year ended 31 December 2020, the Company adopted dynamic risk management processes including risk identification, risk analysis, risk assessment, risk response, risk monitoring, and risk reporting in response to identifying significant risks of the Company. Regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and contract receipts from customers, the efficiency in the use of the Group's resources in comparison to the budgets, and operational matters to ensure the Group has complied with the regulations that have material impact on the Group's business. The aim is to enhance the communication and accountability of the Directors and management so that significant strategic, financial, operational and compliance risks or potential deviations are identified and dealt with in a proper and timely manner and that, significant issues are reported back to the Board for their attention.

During the year ended 31 December 2020, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

DISCLOSURE OF INSIDE INFORMATION

The Company has developed its disclosure policy to provide a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

COMPANY SECRETARY

Ms. SO Shuk Yi Betty was appointed as the company secretary of the Company. She is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Ms. SO is not an employee of our Company, but an external service provider engaged by us as our Company secretary and Mr. SONG Xiaofei is the key contact person with whom Ms. SO can contact.

Ms. SO has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year ended 31 December 2020.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which enable Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides an opportunity for the Shareholders to communicate directly with the Directors.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 43/F, Tianying Plaza (East Tower), No. 222-3 Xingmin Road Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Shareholders may put forward proposals for consideration at a general meeting of the Company in accordance with the Articles of Association. Any one or more members holding as 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, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitions(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitions(s) as a result of the failure of the Board shall be reimbursed to the requisitions(s) by the Company.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, the Company has not made any changes to its Articles of Association.

1 Overview

The Group prepares its third Environmental, Social and Governance (“**ESG**”) Report (“**ESG Report**”) to summarize the ESG-related performances for the year ended 31 December 2020 (the “**Reporting Period**”, “**Year**”).

The ESG Report has been prepared in accordance with the disclosure obligation of “Comply or Explain” provisions under the ESG Reporting Guide (“**Guide**”) as set out in Appendix 27 of the Listing Rules. Reporting principles are applied in this ESG Report, which include:

Materiality	The Group conducted the materiality assessment through an online survey to determine material topics from internal and external stakeholders in the 2019 financial year. Since the operations of the Group did not experience significant changes this Year, the management and the ESG working group had confirmed the applicability of last year’s materiality assessment result. Furthermore, the material topics in the matrix are addressed in the ESG Report.
Quantitative	The Group consolidates monthly consumption and concludes the data systemically. The key performance indicators (“**KPIs**”) are organized and calculated according to standardized methodologies.
Balance	This ESG Report is objectively prepared to reflect ESG work and performance during the Reporting Period without bias.
Consistency	Unless otherwise specified, the Group has used consistent data calculation method for valid comparison.

2 ESG Strategies

Mobvista has its mission “To help customers bridge the global market in a more efficient way by our products and technologies” by ensuring service quality and the satisfaction of customers. We strive to embed the sustainability element into the decision making processes as well as involve all departments to improve and perform their corporate social responsibility.

2.1 ESG Management

The Group facilitates the planning and execution of ESG-related issues through a ESG governance structure. The structure also acts as a bridge for communication among the Board, management and different departments to have managerial considerations and promote ESG-related initiatives. This structure can first form the basis for overseeing the ESG issues. Mobvista established the ESG Working Group last year, which focuses on the ESG reporting.

The roles and responsibilities of the ESG Working Group will continue to increase, including but not limited the following:

— Continuously improving the ESG governance and management system;

— Carrying out ongoing assessment and stakeholder engagement for the Board to identify ESG risks and opportunities as well as collect valuable views on ESG;

— Assisting the Board to oversee the ESG management approaches, strategies and policies;

— Executing policies and initiatives through a top-down approach; and

— Setting ESG goals with corresponding plans, supervision and recommendations.

A board statement will be prepared by the Group in the future, stating the sustainability vision, policy and strategy of the Company, and the progress of the Company's ESG works.

2.2 Focusing on Stakeholders

Stakeholder engagement is a crucial step for understanding expectations of key stakeholders through regular and good communication. Mobvista values the views and responses promptly to achieve continuous improvements.

Stakeholder engagement

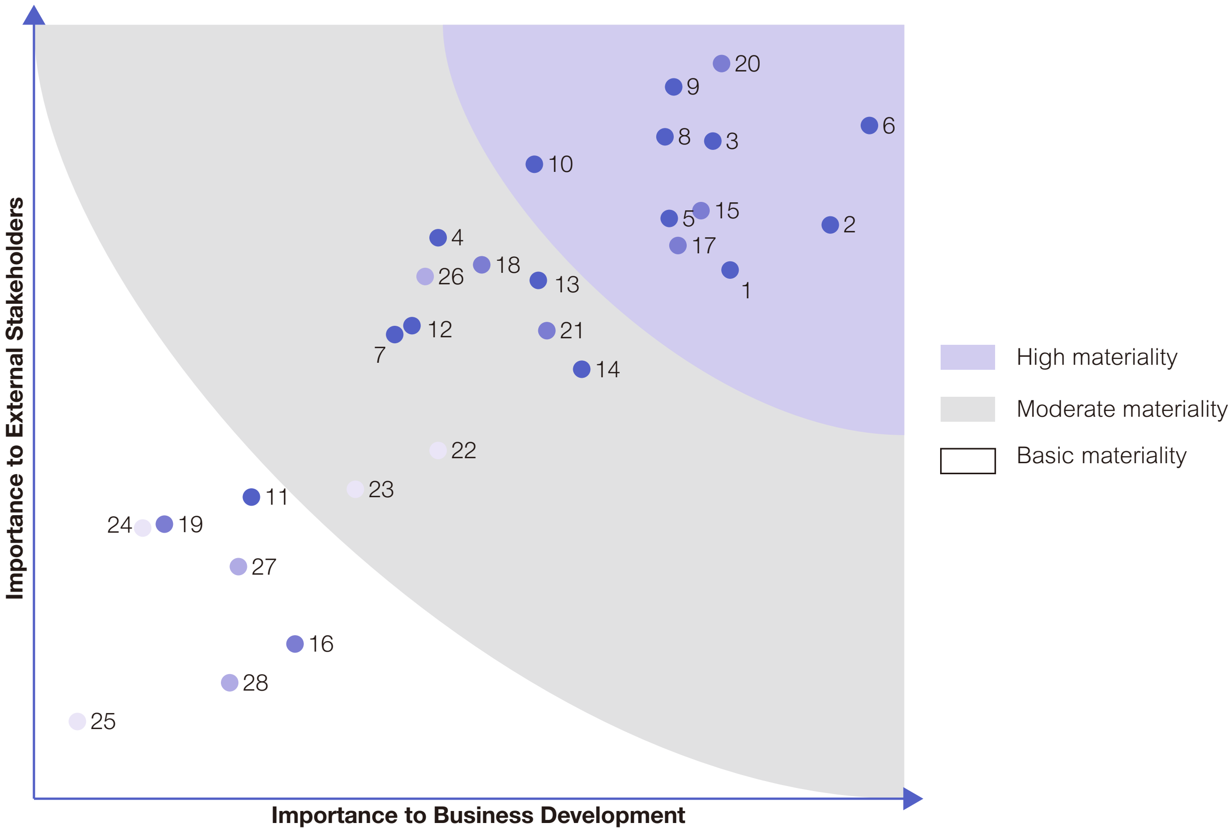
Key stakeholders play significant roles in influencing the Group's operations. Mobvista has defined its key stakeholders including shareholders and investors, regulatory authorities, employees, customers, intermediaries (i.e. company secretary, lawyers and auditors), business partner/suppliers, peers as well as the community with the major communication channels below:

Key Stakeholders	Major Communication Channels
Shareholders and Investors	Regular reports and announcements Regular general meetings Shareholders visit
Regulatory Authorities	Compliance reports Site visits
Employees	Performance appraisals Meetings and interviews Performance reviews Seminars and training Team building and activities
Customers	Customer advisory group Activities organized to customers Customer visit Daily operation Online service platform Customer service hotline, exhibitions and email
Intermediaries (i.e. company secretary, lawyers and auditors)	Meetings Site visits Discussions
Business Partner/suppliers	Meetings and site visits
Peers	Exhibitions Visits Emails Phone
The community	Regular reports and announcements Forums WeChat public account Company's website

Materiality assessment and matrix

The ESG Working Group and management reviewed the materiality assessment result of 2019, and confirmed that the disclosed material topics remain material and applicable to the Group's operation and expectation of stakeholders. Readers can refer to the 2019 ESG Report for the methodologies and process for conducting materiality assessment.

Materiality Matrix



Economics and operation	1.	Economic performance
	2.	Market competitiveness
	3.	Compliance with laws and regulations
	4.	Responsible procurement
	5.	Quality control
	6.	Technological development and application
	7.	Cyber safety
	8.	Protection of customers' privacy
	9.	Satisfaction level of customers
	10.	Anti-fraud and anti-corruption
	11.	Whistle-blowing mechanism
	12.	Complaint handling and responding mechanism
	13.	Protection of intellectual property right
	14.	Promotion and product/service labeling

Employment and labour practices	15.	Employment rights
	16.	Labour relations
	17.	Occupational health and safety
	18.	Employee diversity, nondiscrimination and equal opportunity
	19.	Prevention of child labour and forced labour
	20.	Qualifications and professional conduct
	21.	Employee training and development
Environment	22.	Energy consumption and efficiency
	23.	Water consumption and efficiency
	24.	Waste disposal and treatment
	25.	Green Finance
Community	26.	Attention to community
	27.	Community Investment and involvement
	28.	Popularization of financial investment

11 social topics from areas of economics and operation as well as employment and labour practices were identified as high materiality. Hence, the relevant disclosures were prioritized to address the material issues. This ESG Report is structured as follows: "Enhancing the Brand", "Valuing Employees", "Protecting the Environment" and "Caring the Community".

3 Enhancing the Brand

Mobvista emphasizes global commercial growth in the digital age. We provide SaaS tooling matrix, including advertising technology platform, data analytics platform and cloud computing platform to our customers worldwide with universal quality and standard. Facing the challenges of the COVID-19, the Group raises attention to maintain feasible and effective communication with customers.

3.1 Data Protection and Privacy

We attach great importance to data protection and privacy of network, customers and products due to our business nature. We abide by the laws and regulations on data protection and privacy of the PRC, the United States, European countries and other major jurisdictions that we operate in, such as the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), the Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet (《計算機信息網絡國際聯網安全保護管理辦法》), the California Consumer Privacy Act ("**CCPA**"), the Children's Online Privacy Protection Act ("**COPPA**") and the General Data Protection Regulation ("**GDPR**"). Mobvista has also obtained the KidSAFE + COPPA — Certified Seal, which means that higher standards to protect children are endorsed.

The "Information Security Management Policy" (《信息保密管理制度》), the "Data and Privacy Protection Policy of GDPR" (《GDPR 數據與隱私保護政策和個人數據保留政策》) and the "Personal Data Retention Policy" (《個人數據保留政策》) are strictly executed to reduce the risks of data leakage.

Information of the Group is divided into four levels according to its importance: top secret, confidential, secret and general non-secret information. We handle corresponding data with care and restrictions. Moreover, browsing, copying or printing without permissions of all data and information involving company trade secrets are prohibited. With regards to the aspect of data privacy customers' data is handled properly and legally as stated in the data and privacy protection requirements and/or standard contract. The criteria of data retention period are set and followed whereas the Group handles the expired data with care. Besides, standardized handling procedures are stated in the "Contingency Plans of the Leakage of Personal Data" (《個人數據洩露應急方案》), the respective working group will propose solutions to settle the incidents after conducting investigations.

In the European Economic Area and other applicable areas, the collection and usage of personal information are regulated by the "Privacy Policy" (《私隱政策》). The policy states the type of personal information collected, legal basis of using and disclosing personal information. Customers have the rights to access to their personal data, withdraw consents to let Mobvista use the data and lodge complaints about the dissatisfaction of information security.

In the operational phase, comprehensive data management standards are established based on the departmental situation, while the department head is fully responsible for the data archiving and safety. Mobvista also sets up the CRM system to store the customer and contract information. The Information Technology Department sets access rights according to the data relevance, needs of departments and employees' position to protect the asset of the Group.

3.2 Quality and Responsibility of Services

The Group focuses on providing personalized and customer-oriented services. Employees establish continuous communication with customers and modify the plans in different service stages until customers are satisfied. The Group also conducts an internal audit and review of plans before submitting them to customers for quality assurance. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

Advertising

The Group has the core business of advertising technology platform in which its operations comply with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》). Marketing materials can be disclosed externally with prior approvals or designated authorization. This action can avoid delivering false information as well as causing others to imitate or copy because of premature information disclosure.

Respecting the rights of intellectual property

We abide by the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Copyright Law (《中華人民共和國著作權法》) to protect the intellectual property rights of our assets such as internet activities, products disseminated over the internet and software products, while ensuring that there is no infringement. We submit a formal trademark registration to the Trademark Office after conducting a detailed market research to avoid the occurrence of identical or similar trademarks that have been registered or preliminarily approved on the same or similar goods or services. Moreover, Mobvista applies and renews related patents in accordance with novelty, creativity and practicality through formal channel. The Group had a total of 8 patents during the Reporting Period.

Customer relationship

Mobvista maintains effective communication with customers and values their feedback. We use standardized procedures to cope with complaints through recording the complaints, providing satisfied solutions promptly and arranging follow up actions to make further improvements. In addition, employees keep abreast of the latest technology and market development trends so that they can provide customers with the most professional services throughout the life cycle at the same time understanding their needs.

During the Year, Mobvista received a complaint about the infringement of game product that was commissioned by customers. We handled and settled the complaint in accordance with the relevant laws and regulations. We arranged meetings with customers to ensure that they are satisfied with our handling. Moreover, we are willing to listen to customers' opinions through different channels to deliver quality service and maintain our competitiveness.

3.3 Probity in Business

The Group behaves with integrity and complies with the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other applicable laws and regulations. Moreover, contents of anti-fraud and anti-corruption are specified in the "Employee Handbook" (《員工手冊》), such as prohibiting employees from receiving presents, receiving commissions and rebating for personal benefit by taking advantage of the position, and opposing to obtain benefits unethically. Employees can clearly understand the disciplinary requirements through the new employee induction training to prevent violations and raise their awareness. The employees and the Group itself did not involve in any legal cases relating to extortion, bribery, fraud and money laundering within the Reporting Period.

A "Three Lines of Defense" (「三道防線」) risk management structure is implemented with clear roles and responsibilities in accordance with the "Mobvista Inc. Risk Management Policies" (《匯量科技風險管理制度》). The Audit Department of the Group conducts regular risk assessment and implements adaption and mitigation measures. This Department reports to the Board on an annual basis and the Board will then provide guidance, supervision and necessary participation.

The "Anti-fraud and Reporting Mechanism Management Measures" (《反舞弊與舉報機制管理辦法》) is set to regulate the investigation of the internal illegal and violation acts. Employees need to bear serious consequences when violations are discovered. Moreover, employees can report the suspected cases confidentially through hotline or email. We collect relevant information, carry out fair and impartial investigations and feedback the investigation results to the whistleblower.

Case study: 2020 Mobile Advertisement Anti-Fraud White Paper 2.0
Mobvista recognizes that advertisement fraud is material to the operations in terms of economic losses and credibility. We published the "Advertisement Anti-Fraud White Paper 2.0" to take a close look at the current mobile ad. fraud development, fraud types, and anti-fraud strategies. This paper also introduces the latest strategies to combat the evolving fraud threats in order to improve the transparency and health of the mobile ad. industry.

Case study: Training on identifying the commercial bribery and risk control
The Group organized training to employees on identifying the commercial bribery and controlling the risks. The training covered clear illustration of definition of commercial bribery, examples of violation, the legal responsibility as well as risk control and prevention measures. We realize that trainings can effectively raise the awareness of employees and will continue to arrange trainings with different topics in the future.

3.4 Cooperating with Suppliers

Mobvista expects its cooperated suppliers to be responsible for the environment and society. The supply chain management is strengthened through establishing the "Mobvista Inc. Supply Chain Management Policy" (《匯量科技集團採購制度規範》) and complying the laws and regulations such as the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Regulation on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標實施條例》). Procurement personnel who are involved in the procurement process shall follow the procurement flow chart stated in the policy. The suppliers also need to meet the entry requirements such as the scale, capital status, commercial reputation and related qualifications.

Meanwhile, we ensure that the selected suppliers adhere to business practices of ethical, anti-bribery and anti-corruption with social responsibility. The Group also advocates green procurement by sourcing products and services that have the least impact on the environment. We give priority to purchasing products with high recyclability, less packaging, longer shelf life and higher energy efficiency, such as the LED lights and refillable ballpoint pens that are found in our offices.

In addition, the Group will regularly assess its cooperative suppliers based on the quality, satisfaction, and effective communication of products or services. We will first stop cooperating with suppliers when their behaviors are found to be inconsistent with our expectations. We also regularly evaluate the performance of suppliers and the results laid the foundation for the opportunities of continuous cooperation.

During the Reporting Period, we had a total of 82 major suppliers (81 suppliers from the Mainland China and 1 supplier from Singapore), who were responsible for providing software, hardware, and office equipment for our daily operations.

4 Valuing Employees

In the face of COVID-19, we pay particular attention to the health of employees and the safety of workplaces. In addition, we continue to invest resources in the areas of recruiting talents, training, providing competitive remuneration and benefits. We comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law (《勞動合同法》), the Law on the Protection of Minors (《未成年人保護法》), the Prohibition of the Use of Child Labor (《禁止使用童工規定》) and other employment-related laws and regulations of the place of operation. We formulate the "Employee Handbook" (《員工手冊》) and covered the relevant contents.

The following table shows the workforce information of this Year:

Indicator	Unit	2020
Total Workforce*	no. of people	813
Total Workforce by Gender		
Female	no. of people	433
Male	no. of people	380
Total Workforce by Employee Type		
Part-time employee	no. of people	143
Full-time junior employee	no. of people	589
Full-time intermediate management	no. of people	53
Full-time senior management	no. of people	22
Full-time top management	no. of people	6
Total Workforce by Age Group		
Below 30	no. of people	534
30–50	no. of people	275
Above 50	no. of people	4
Total Workforce by Geographical Location		
Guangzhou	no. of people	501
Beijing	no. of people	218
Other parts of Greater China	no. of people	3
Other parts of Asia	no. of people	29
Americas	no. of people	15
Europe	no. of people	47

* The total workforce includes part-time employees, the total workforce is 670 if just considering the full-time employees.

4.1 Employment Standards

As the Group develops globally, we put inclusive and diverse culture into the practices of hiring and treating employees. The Human Resources Department is responsible for evaluating the recruitment needs objectively and undergoing further recruitment process. Mobvista adheres to fair employment opportunities by inviting appropriate candidates to do interview. The selection of personnel for any position is solely based on personal ability, performance, potential and suitability for the position yet regardless of any discriminative factors. Competitive compensation is provided to attract talents. Moreover, each employee is assessed and requires to attend training during probation period.

Performance review and promotion

The regular appraisal provides a platform to review performance as well as explore potentials and improvement of employees. Moreover, it has a good communication opportunity with the Human Resources Department and supervisors to discuss about career goals and challenges faced during working. Furthermore, the appraisal result also serves as references in staff's promotion, bonus, and salary adjustment to motivate employees to perform well in the Group.

The Group provides equal promotion opportunities by evaluating the work performance of employees and business needs. The supervisor will also discuss the responsibilities and expectations of the new position with the promoted employee to help them adapt to the new position as soon as possible.

Compensation and dismissal

The compensation is set based on market development, value of the position and the contribution of employees to the Group. Yet, we pay more attention to the mental needs of employees about the working environment, sense of work accomplishment, personal growth and development so that corresponding supporting can be provided to all our employees.

The Group values employees and will dismiss them in accordance to the Labor Contract Law (《勞動合同法》) when they have seriously violated the code of conduct. Moreover, the employees can also voluntarily terminate their employment relationship. Employees require to follow the resignation arrangement and complete the handover during the noticing period.

The turnover rate of the Group for the Year is as follows:

Indicator	Unit	2020*
Total turnover rate	%	33.8
Employee Turnover Rate by Gender		
Female	%	32.4
Male	%	35.2
Employee Turnover Rate by Age Group		
Below 30	%	33.0
30–50	%	34.8
Above 50	%	40.0
Employee Turnover Rate by Geographical Location		
Guangzhou	%	32.5
Beijing	%	36.4
Other parts of Greater China	%	62.5
Other parts of Asia	%	37.5
Americas	%	37.2
Europe	%	25.8

* Calculation equation of turnover rate: Number of employees who left the company/(No. of employees who left the company + No. of employees at the year-end) x 100%, excluding the part-time employees

Benefits and welfare

Mobvista provides employees with competitive benefits that exceed legal requirements. Statutory holidays and appropriate paid holidays are offered to maintain work life balance. All the details are included in the "Employee Handbook" (《員工手冊》) with applicable revisions over time to align with the market and expectation of employees.

Mobvista organized the following activities during the COVID-19, and put health and safety of employees at the first priority.

Activity at Children Day

Brand renewal promotion

Activity at Mid-autumn Festival

Thanksgiving activity

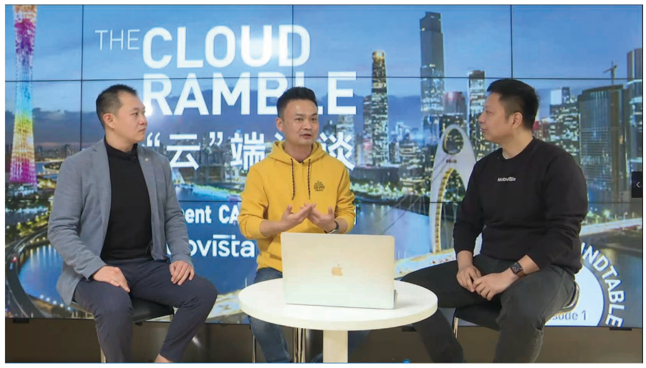
4.2 Labour Standards

We comply with the Law on the Protection of Minors (《未成年人保護法》) and the Prohibition of the Use of Child Labor (《禁止使用童工規定》) , and sign employment contract in accordance to requirements of law to protect the rights between employees and employers. The employment contract specifies the position and holidays offered for both parties to strictly follow. Regarding the prevention of employing child labour, employees are required to submit identification documents for verification. If information provided by employees is found not true and inaccurate, the Group has the rights to terminate labour relationship with employees.

During the Year, the Group did not employ child labour and find the forced labour cases.

4.3 Training and Development

Due to the COVID-19, most of the employee trainings need to be conducted via online. Mobvista launched online academy to provide free online sharing platform. Employees had opportunities to present their expertise to colleagues and acquire new marketing skills for powering the business growth. Employees also prepared industry insight publications regularly to not only establish connections with current and potential customers, but also enable them to align with market trends.



The Cloud Ramble

The Group encourages employees to participate in work-related external trainings, such as professional certification and education programs. Subsides are provided for the approved programs.

In the year ending December 31, 2020, the Group organized approximately 25 courses regardless the influence of the COVID-19. There were 718 employees trained this Year. The details of average training hours completed per employee by gender and employee category were as follows,

Indicator	Unit	2020
Male employee	hours	4.5
Female employee	hours	3.6
Part-time employee	hours	2.6
Junior employee	hours	4.4
Intermediate management	hours	8.4
Senior management	hours	13.2
Top management	hours	8.5

4.4 Health and Safe Workplace

Although the business nature of the Group has little chances to experience serious accidents during work, we have investment in place to maintain health and safety of employees. We comply with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). The Group provides relevant insurances (medical insurance and work injury insurance) and organizes annual health checkup to maintain health of employees. Since we provide meals to our employees, we also closely monitor the hygiene and food safety issues through regular inspection.

The Group did not have any cases of workplace injuries or fatalities this Year.

Special moment of the COVID-19

The Group implemented arrangement of work-from-home in accordance to the statutory requirements as well as decision from the management during the serious outbreak of the COVID-19 to protect the health and safety of employees. Job interviews were even conducted online at that time.

Epidemic prevention measures were strictly conducted when we resume to work at office. Employees were provided with a valid "normal temperature" quarantine label every day after measuring their body temperature. Employees need to wear masks in the office and the Group also provided masks to employees. We also adopted alternative methods to organize meetings such as using online platforms or using larger meeting rooms. In addition, the food provided by Mobvista was packed separately with the strictest hygienic standards.

The Group also ensured that there are sufficient masks for employees. Office in Japan sent around 1,000 masks to China on February 2020. On March 2020 when the outbreak was controlled in China, the headquarters office in Guangzhou also sent out masks to overseas countries, such as the United States, Singapore, Canada, South Korea, England and Japan etc. These actions showed that the Group helps each other when encountering difficulties.

5 Protecting the Environment

We are committed to embedding environmental protection concepts and practices into all our operations to minimize the impact on the environment. The operations in different places have complied with their local and environmental related laws and regulations, including but not limited to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》).

We select the Guangzhou headquarters office as the boundary for disclosing environmental KPIs because environmental consumptions of the Group's offices in Europe, the United States, South America and Asia are insignificant when compared to the Guangzhou headquarters.

5.1 Green Operation

An energy-saving and consumption conservation leading group has been formed in the Guangzhou headquarters office to effectively carry out various energy-saving and conservation measures. This leading group implements and checks the measurements, as well as providing guidance and supervision.

Energy Conservation

Air conditioning and lighting systems are material energy consumption during the operations. We adopt the following initiatives:

Air conditioning system

- Setting appropriate temperature of the system
- Avoiding to install air conditioning systems in locations that are directly exposed to sunlight
- Conducting regular cleaning and maintenance of the system to maintain the efficiency

Lighting system

- Utilizing the natural light
- Installing energy-saving lamps
- Installing motion sensors in places that are not frequently used
- Dividing the office in different lighting zones and set up independent control switches
- Building up the habit of turning off lights before leaving the office

Below are the electricity consumption and intensity of the headquarters office in Guangzhou:

Indicator	Unit	2020	2019	2018
Electricity consumption	kWh	295,190.0	329,726.0	317,740.0
Electricity consumption intensity	kWh/employee	589.2	766.8	806.4

As the Guangzhou office adopted an arrangement of work-from-home for few weeks during this Year, the electricity consumption intensity per employee experienced a 23.2% reduction.

Waste Management

We conduct the waste treatment in accordance to the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). In order to avoid harm to the environment, we separate the hazardous and non-hazardous wastes and adopt appropriate disposal methods. Non-hazardous wastes are gathered daily and passed to the cleaning company of the office building. For the hazardous waste, the Group gathers the waste and passes to third parties for further treatment.

We also strive to reduce generation and propose correct treatment of the hazardous waste. For example, we use recyclable toner/ink cartridges for our printers, we replace disposable batteries with rechargeable ones. In addition, office computers are continued to use unless they are not functioning properly. The disused computers are all sent to third party companies for recycling instead of direct disposal. Furthermore, the wasted batteries are disposed to designated recycling bins. During this Year, we discarded 101 computer-related components and followed the above process.

We also collect the non-hazardous waste data generated from the Guangzhou headquarters office with the following result. In addition, we do not produce any packaging materials during our operations.

Indicator	Unit	2020	2019	2018
Production of non-hazardous waste	tonnes	55.3	46.7	52.2
Total produced non-hazardous waste intensity	kg/employee	110.4	108.6	132.5

Employees chose to order takeaways instead of eating lunch in the restaurant during the epidemic this Year. As a result, there was an increase of using disposal lunch boxes. The total disposed non-hazardous waste per employee experienced a 1.7% increase.

Moreover, paper is our material resource consumption during the operations. We follow the 4R principles (reduce, reuse, recycle and replace) with the below initiatives to manage the paper consumption:

Reduce
- Keeping properly for the frequently used printed documents to avoid multiple printing
- Printing the necessary documents only
- Defaulting the computer settings of double-sized and toner saving

Reuse
- Using wasted paper to jot note
- Using recycling paper to print internal documents

Recycle
- Putting wasted paper materials in the recycling station near the printer
- Consolidating the collected wasted paper for further treatment

Replace
- Using the Office Automation system for paperless office
- Utilizing the electronic communication technologies for communication
- Purchasing printing paper that contains recycled materials

We consolidate the paper consumption regularly for monitoring purpose. In addition to disclosing the results in the ESG Report, timely improvement measures can also be taken. The below table shows the result of paper consumption condition:

Indicator	Size of Paper	Unit	2020	2019	2018
Paper consumption	A3	reams	8.0	10.0	20.0
	A4	reams	270.0	460.0	600.0
Paper consumption intensity		reams/employee	0.6	1.1	1.6

From the above measures and the work-from-home arrangement during the Year, paper consumption per employee experienced a 45.5% reduction as compared with the last financial year.

Water Conservation

We did not experience problems in sourcing water and water is supplied by the municipal system. We conserve water resources scientifically and rationally to prevent excessive water flowing. We promote the application of water-saving technologies within office areas to meet national water-saving standards. We arrange regular inspections and solve problems in a timely manner to prevent water wastage due to lack of maintenance.

The water consumption and intensity of the Guangzhou headquarters of the Group are as follows:

Indicator	Unit	2020	2019	2018
Water consumption	tonnes	2,601.0	2,852.0	3,820.0
Water consumption intensity	tonnes/employee	5.2	6.6	9.7

The water consumption intensity of this Year is 5.2 tonnes per employee with a 21.2% reduction as compared with last Reporting Period. We will keep the water conservation practices and strive to improve the performance in the future.

Manage the emission

The Group calculates the greenhouse gas (GHG) emissions with reference to the ISO 14064-1 standards set by the International Organization for Standardization and the "Greenhouse Gas Protocol" developed by the World Resources Institute and the World Business Council for Sustainable Development, the result is shown as below:

Summary of GHG Emissions		Unit	2020	2019	2018
Scope 1	Direct GHG emissions	tonnes of CO_2 equivalent (CO_2e)	4.9	14.5	14.2
Scope 2	Indirect GHG Emissions	tonnes of CO_2e	180.1	173.8	167.5
Scope 3	Other Indirect GHG Emissions	tonnes of CO_2e	177.5	550.1	669.4
Total GHG Emissions		tonnes of CO_2e	362.5	738.4	851.1
Total GHG emissions intensity (per employee)		tonnes of CO_2e/employee	0.7	1.7	2.2

Scope 1: The direct GHG emissions generated from sources owned and controlled by the Guangzhou headquarter office.

Scope 2: Indirect GHG emissions by electricity generation, heating and cooling or steam purchased by the Guangzhou headquarter office.

Scope 3: Emissions include indirect GHG emissions by sources that are not owned or directly controlled by the Guangzhou headquarter office but related to the Hong Kong Office's business activities.

Scope	Sources
Scope 1 — Direct GHG emissions	Fuel consumption from stationary sources and mobile sources that are controlled by the Group
Scope 2 — Indirect GHG emissions	Purchased electricity
Scope 3 — Other indirect GHG emissions	Air flights of employees' business trips, waste disposal and paper consumption

Mobvista also calculates the below emissions data from vehicles:

Type of Emissions	Unit	2020	2019
NO_x	kg	20.8	48.1
SO_x	kg	0.03	0.1
PM	kg	1.9	4.5

The vehicle that is controlled by the Group consumed 1,800.0 liters of petrol during the Reporting Period.

Measures to mitigate emission

Other than the scope 2 emissions, the use of vehicles and air travel contribute to the GHG emissions. The following mitigation measures are adopted:

Air travel	– The business air travel by employees are significantly reduced due to the outbreak of the COVID-19 – Using phone and video conferences instead of the business trips – Requiring prior approval for business trip arrangement – Choosing direct flights for the inevitable business air travel
Use of vehicles	– Encouraging employees to take public transportation – Recording the fuel consumption of vehicles for monitoring purpose – Conducting regular fleet maintenance – Ensuring not to idle the engines of vehicles – Checking and inflate air to the tires regularly – Phasing out the vehicles that consume more fuels or emit more pollutants if applicable

Forward-looking

The major business of the Group is mobile advertising and data analysis services. The company's operations mainly involve the use of the internet and technology platforms to provide services. We observe that our business operations and supply chain are less affected by acute impacts due to climate change. Notwithstanding that, the Group identifies the following potential risks on climate change:

– Forcing to close the offices and/or destroying the data centers due to extreme weather; and

– Declining overall market production because of natural disasters brought by climate change, in which will affect the stability of the economy and financial markets that directly affect the operations of the Group.

6 Caring the Community

Mobvista strives to interact with local communities and build a positive corporate image. We encourage our employees to donate and take part in social activities on a voluntary basis. We hope to organize social activities that can integrate our talents to show care and help people in need in the future.

Appendix: Content Index of the Guide

Indicator			Related Chapter
A. Environmental			
A1 Emissions	General Disclosure	Information on the policies and 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 Protecting the Environment
	A1.1	The types of emissions and respective emissions data.	5.1 Green Operation
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	5.1 Green Operation
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	5.1 Green Operation
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	5.1 Green Operation
	A1.5	Description of measures to mitigate emissions and results achieved.	5.1 Green Operation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1 Green Operation
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Green Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	5.1 Green Operation
	A2.2	Water consumption in total and intensity.	5.1 Green Operation
	A2.3	Description of energy use efficiency initiatives and results achieved.	5.1 Green Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.1 Green Operation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's business
A3 The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.1 Green Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Green Operation

Indicator			Related Chapter
B. Social			
B1 Employment	General Disclosure	Information on the policies and 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 Valuing Employees 4.1 Employment Standards
	B1.1	Total workforce by gender, employment type, age group and geographical region.	4 Valuing Employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Employment Standards
B2 Health and Safety	General Disclosure	Information on the policies and 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.	4.4 Health and Safe Workplace
	B2.1	Number and rate of work-related fatalities.	4.4 Health and Safe Workplace
	B2.2	Lost days due to work injury.	4.4 Health and Safe Workplace
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4 Health and Safe Workplace
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3 Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	4.3 Training and Development
B4 Labour Standards	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4 Valuing Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Labour Standards

Indicator			Related Chapter
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Cooperating with Suppliers
	B5.1	Number of suppliers by geographical region.	3.4 Cooperating with Suppliers
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.4 Cooperating with Suppliers
B6 Product Responsibility	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	3.2 Quality and Responsibility of Services
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	It is not applicable to the Group's business.
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Quality and Responsibility of Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Quality and Responsibility of Services
	B6.4	Description of quality assurance process and recall procedures.	3.2 Quality and Responsibility of Services
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.1 Data Protection and Privacy
B7 Anti-corruption	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.3 Probity in Business
	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.	3.3 Probity in Business
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	3.3 Probity in Business
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Caring the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Will disclose in the future
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Will disclose in the future

To the shareholders of Mobvista Inc.
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Mobvista Inc. ("the Company") and its subsidiaries ("the Group") set out on pages 90 to 160, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") 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 Hong Kong Institute of Certified Public Accountants ("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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Revenue recognition

Refer to note 3(a) to the consolidated financial statements and the accounting policies on page 111.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue, which comprises primarily income from provision of mobile advertising services during the year ended 31 December 2020. Revenue is recognised when the related services are delivered based on the specific terms of the contract. The Group uses a number of different information technology ("IT") systems to track specified actions as specified in related customer contracts. The calculation of the mobile advertising services charges is automatically performed by the technology platform based on pre-defined key parameters, including unit price and volume. These IT systems are complex and process large volumes of data during the year. Records of mobile advertising services charges are generated, in an aggregated amount of each category, and are manually input into the accounting system on a monthly basis. We identified revenue recognition as a key audit matter because the reliance on complex IT systems with the subsequent manual input into the accounting system increases the risk of error in recording revenue.	Our audit procedures to assess the recognition of revenue included the following: • inspecting Group's contracts with customers (on a sample basis) to understand the terms of service delivery and acceptance and assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; • with the assistance of our internal IT specialists, identifying and evaluating the key relevant IT systems and the design, implementation and operating effectiveness of key internal controls, with particular emphasis on the capturing and recording of specified action; • with the assistance of our internal IT specialists, assessing the calculation logic of the pre-defined formulae built into the technology platform and the related parameters (including unit price and transaction volume) used in the calculation of mobile advertising service charges; • comparing the details of the monthly manual journal entries relating to the input into the accounting system of aggregate mobile advertising services revenue with the reports generated by the IT systems; • comparing cash receipts from customers during the year and after the financial year end with invoices issued to customers during the year, on a sample basis; and • inspecting underlying documentation for other manual journal entries relating to revenue which were considered to be material or met other specific risk-based criteria.

Assessment of potential impairment of goodwill

Refer to note 12 to the consolidated financial statements and the accounting policies on page 100,107-108.

The Key Audit Matter	How the matter was addressed in our audit
The carrying values of the Group's goodwill as at 31 December 2020 amounted to US$28,998,000 of which US$19,981,000 and US$9,017,000 relate to the acquisitions of businesses from nativeX, LLC ("nativeX") and Game analytics ApS ("GA") respectively. The goodwill recognised from the acquisitions of businesses have been allocated to the nativeX cash-generating unit ("CGU") and the GA CGU respectively. Management performs impairment assessments of goodwill annually. Management engaged an external valuer to assess the recoverable amount of the relevant CGUs using the value in use method by preparing discounted cash flow forecasts derived from the most recent financial forecast approved by the management. The preparation of discounted cash flow forecasts involves the exercise of significant judgement, particularly in estimating the revenue growth rates and the discount rates applied. We identified assessing potential impairment of goodwill as a key audit matter because the impairment assessments prepared by management are complex and contain certain judgmental assumptions applied which could be subject to management bias in their selection.	Our audit procedures to assess the potential impairment of goodwill included the following: • evaluating management's impairment model, including the identification of and the allocation of goodwill to each CGU with reference to the requirements of the prevailing accounting standards; • evaluating the competence, experience, capability and objectivity of the external valuer engaged by management to perform the valuation of the relevant CGUs; • challenging the key estimation and assumptions adopted in the discounted cash flow forecasts, including revenue growth rate, by referring to industry and other available third-party information, the recent financial performance of each CGU subject to impairment assessment and the financial budget which was approved by the management; • comparing the actual results for the current year with management's estimates in their cash flow forecasts for the previous year in order to assess the historical accuracy of the management's forecasting process; • involving our internal valuation specialists to assist us in evaluating the valuation methodologies adopted by the external valuer in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards, and assessing whether the discount rates applied in the discounted cash flow forecasts were within the range adopted by other companies in the same industry;

Assessment of potential impairment of goodwill (continued)

Refer to note 12 to the consolidated financial statements and the accounting policies on page 100,107-108.

The Key Audit Matter	How the matter was addressed in our audit
	• obtaining from management sensitivity analysis of the revenue growth rate and the discount rate adopted in the discounted cash flow forecast and assessing the impact of changes in the key assumptions on the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and • considering the disclosures in the financial statements in respect of management's impairment assessments of goodwill allocated to each CGU with reference to the requirements of the prevailing accounting standards.

Expected credit loss allowance of trade receivables

Refer to note 15 to the consolidated financial statements and the accounting policies on page 103-106, 108.

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in note 15 to the consolidated financial statements, the Group has trade receivables amounting to approximately US$216,829,000 as at 31 December 2020. Expected credit losses ("ECL") allowance of US$5,555,000 were recognised during the year ended 31 December 2020. Trade receivables are generally due within 60 to 90 days from the date of revenue recognition. Management measures the loss allowance for lifetime ECLs of the trade receivables based on estimated loss rates for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates are based on a number of factors which include ageing of trade receivables, customers' repayment history, customers' financial position, current market conditions and forecast of future economic conditions, all of which involve a significant degree of management judgment. We identified assessing the ECL allowance for trade receivables as a key audit matter because determining the level of the loss allowance is inherently subjective and requires significant management judgment, which increases the risk of error or potential management bias.	Our audit procedures to assess the ECL allowance included the following: • assessing the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimating the credit loss allowance; • evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard; • assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices; • obtaining from management the provision matrix of trade receivables and challenging management's estimates of loss allowance, taking into consideration the ageing of the trade receivables, credit terms, recent settlement patterns, historical observed default rates, current market conditions and the forecast of future economic conditions; • identifying long overdue trade receivables by inspecting the trade receivable ageing report and challenging management's assessment of the recoverability of these balances, taking into consideration the ageing of the balances, credit terms, recent settlement patterns, identified default or disputes, the debtors' financial condition, recent communications with the debtors and the future economic forecast.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB 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.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. This report is made 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fong Kwin.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020
(Expressed in United States dollar)

	Note	2020 US$'000	2019 US$'000
Revenue	3	**516,148**	500,257
Cost of sales		**(434,008)**	(381,494)
Gross profit		**82,140**	118,763
Selling and marketing expenses		**(16,957)**	(9,988)
Research and development expenses		**(31,874)**	(35,241)
General and administrative expenses		**(44,342)**	(51,230)
Other net income	4	**5,820**	2,872
(Loss)/profit from operations		**(5,213)**	25,176
Finance costs	5(a)	**(1,897)**	(1,718)
(Loss)/profit before taxation	5	**(7,110)**	23,458
Income tax	6	**1,904**	(1,389)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(5,206)**	22,069
(Loss)/earnings per share	9		
Basic (United States dollar cents)		**(0.35)**	1.50
Diluted (United States dollar cents)		**(0.34)**	1.47

The notes on pages 97 to 160 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(h).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020
(Expressed in United States dollar)

	2020 US$'000	2019 US$'000
(Loss)/profit for the year	**(5,206)**	22,069
Other comprehensive (loss)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(1,842)**	503
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company	**(7,048)**	22,572

The notes on pages 97 to 160 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2020
(Expressed in United States dollar)

	Note	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets			
Property, plant and equipment	10	**10,888**	8,836
Intangible assets	11	**43,324**	14,682
Goodwill	12	**28,998**	28,998
Deferred tax assets	20(b)	**15,111**	10,102
Other financial assets	14	**3,065**	1,433
Deposits and prepayments	15	**676**	3,302
		102,062	67,353
Current assets			
Trade and other receivables	15	**296,523**	317,651
Restricted cash	16(a)	**4,887**	5,021
Cash and cash equivalents	16(b)	**39,311**	67,348
Other financial assets	14	**54,274**	53,796
Current tax recoverable	20(a)	**549**	316
		395,544	444,132
Current liabilities			
Trade and other payables	17	**149,863**	172,871
Current tax payable	20(a)	**9,670**	6,380
Bank loans	18	**56,441**	55,471
Lease liabilities	19	**4,600**	4,276
		220,574	238,998
Net current assets		**174,970**	205,134
Total assets less current liabilities		**277,032**	272,487
Non-current liabilities			
Deferred tax liabilities	20(b)	**2,101**	1,167
Lease liabilities	19	**6,972**	5,137
Other non-current liabilities		**157**	143
		9,230	6,447
NET ASSETS		**267,802**	266,040

At 31 December 2020
(Expressed in United States dollar)

	Note	31 December 2020 US$'000	31 December 2019 US$'000
CAPITAL AND RESERVES			
Share capital	23	**15,341**	15,341
Reserves		**252,461**	250,699
TOTAL EQUITY		**267,802**	266,040

The consolidated financial statements on pages 90 to 160 were approved and authorized for issue by the Board of Directors on 31 March 2021 and were signed on its behalf by:

Duan Wei	**Cao Xiaohuan**
Director	*Director*

The notes on pages 97 to 160 form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2020
(Expressed in United States dollar)

	Note	Share capital US$'000 (note 23)	Share premium US$'000 (note 24(b))	Capital reserve US$'000 (note 24(a))	Statutory reserve US$'000 (note 24(c))	Exchange reserve US$'000 (note 24(d))	Reserve for treasury shares US$'000 (note 24(f))	Share-based payments reserve US$'000 (note 24(e))	Retained profits US$'000	Total equity US$'000
As at 1 January 2019		15,188	139,078	36	1,177	556	(720)	17,248	59,101	231,664
Changes in equity for the year ended 31 December 2019:										
Profit for the year		–	–	–	–	–	–	–	22,069	22,069
Other comprehensive income		–	–	–	–	503	–	–	–	503
Total comprehensive income		–	–	–	–	503	–	–	22,069	22,572
Vested RSUs		–	5,862	–	–	–	119	(5,981)	–	–
Share-based compensation	24(e)	–	–	–	–	–	–	19,891	–	19,891
Issuance of ordinary share in IPO over-allotment	23(b)(v)	153	7,446	–	–	–	–	–	–	7,599
Appropriation to statutory reserves	24(c)	–	–	–	476	–	–	–	(476)	–
Dividends declared	24(h)	–	(15,686)	–	–	–	–	–	–	(15,686)
Balance at 31 December 2019		15,341	136,700	36	1,653	1,059	(601)	31,158	80,694	266,040

For the year ended 31 December 2020
(Expressed in United States dollar)

	Note	Share capital US$'000 (note 23)	Share premium US$'000 (note 24(b))	Capital reserve US$'000 (note 24(a))	Statutory reserve US$'000 (note 24(c))	Exchange reserve US$'000 note 24(d)	Reserve for treasury shares US$'000 (note 24(f))	Share-based payments reserve US$'000 note 24(e)	Retained profits US$'000	Total equity US$'000
As at 1 January 2020		15,341	136,700	36	1,653	1,059	(601)	31,158	80,694	266,040
Changes in equity for the year ended 31 December 2020:										
Loss for the year		–	–	–	–	–	–	–	(5,206)	(5,206)
Other comprehensive loss		–	–	–	–	(1,842)	–	–	–	(1,842)
Total comprehensive loss		–	–	–	–	(1,842)	–	–	(5,206)	(7,048)
Vested RSUs		–	18,122	–	–	–	372	(18,494)	–	–
Share-based compensation	24(e)	–	–	–	–	–	–	13,194	–	13,194
Share purchased for RSUs	24(f)	–	–	–	–	–	(4,384)	–	–	(4,384)
Balance at 31 December 2020		15,341	154,822	36	1,653	(783)	(4,613)	25,858	75,488	267,802

The notes on pages 97 to 160 form part of these financial statement.

Consolidated Cash Flow Statement

For the year ended 31 December 2020
(Expressed in United States dollar)

	Note	31 December 2020 US$'000	31 December 2019 US$'000
Operating activities			
Cash generated from/(used in) operations	16(c)	**14,656**	(1,081)
Tax refund/(paid)			
— PRC income tax refund		**1,809**	—
— Overseas tax paid		**(902)**	(2,039)
Net cash generated from/(used in) operating activities		**15,563**	(3,120)
Investing activities			
Investment in other financial assets		**(8,492)**	(19,707)
Proceeds from disposal of other financial assets		**12,339**	19,500
Payment for the purchase of property, plant and equipment		**(240)**	(462)
Proceeds from disposal of property, plant and equipment		**28**	—
Payment for intangible assets and development costs		**(35,436)**	(11,677)
Acquisition of subsidiaries		**—**	(167)
Interest received		**2,182**	240
Net cash used in investing activities		**(29,619)**	(12,273)
Financing activities			
Proceeds from bank loans	16(d)	**217,509**	140,396
Repayment of bank loans	16(d)	**(217,056)**	(101,622)
Listing expense paid		**(4,946)**	(7,157)
Dividend paid to equity shareholders of the Company	24(h)	**—**	(15,686)
Capital element of lease rentals paid	16(d)	**(4,084)**	(4,740)
Interest element of lease rentals paid	16(d)	**(364)**	(545)
Proceeds from sub-lease		**453**	471
Interest paid and other borrowing cost paid	16(d)	**(1,558)**	(1,096)
Purchase of own shares		**(4,384)**	—
Issuance of ordinary share in IPO over-allotment		**—**	7,599
Change in restricted and pledged deposits		**134**	(267)
Net cash (used in)/generated from financing activities		**(14,296)**	17,353
Net (decrease)/increase in cash and cash equivalents		**(28,352)**	1,960
Cash and cash equivalents at the beginning of the year		**67,348**	64,865
Effect of foreign exchange rate changes		**315**	523
Cash and cash equivalents at the end of the year	16(b)	**39,311**	67,348

The notes on pages 97 to 160 form part of these financial statements.

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The financial statements are presented in United States dollar ("US$"), rounded to the nearest thousand. The functional currency of the Company is Hong Kong dollars. The measurement basis used in the preparation of the financial statements is the historical cost basis except the investments in debt and equity securities are stated at fair value as explained in note 1(e).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of IFRSs that have significant effects on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 Significant accounting policies (Continued)

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interest

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale.

1 Significant accounting policies (Continued)

(e) Investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 25(e). These investments are subsequently accounted for as follows, depending on their classification:

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(q)(iv)).

— Fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such election is made, the amount accumulated in other comprehensive of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(q)(iv).

1 Significant accounting policies (Continued)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)):

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(h)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Office equipment, furniture and fittings	3 years
Leasehold improvements	Shorter of the remain term of the lease or 3 years

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Goodwill and intangible assets

(i) Goodwill

Goodwill represents the excess of

a) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

b) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When b) is greater than a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(i)).

1 Significant accounting policies (Continued)

(g) Goodwill and intangible assets (Continued)

(ii) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	1–3 years
Royalties	2–10 years
Trademark	7 years
Developed Technology	3–3.5 years

Management determined the trademark to have a useful life of 7 years based on (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by a third party valuer with reference to the useful lives adopted by comparable companies in the market. Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

1 Significant accounting policies (Continued)

(h) Lease assets

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. Depreciation is calculated to write off the cost of items of right-of-use asset, using the straight-line method over their lease terms. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

1 Significant accounting policies (Continued)

(h) Lease assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the condition set out in paragraph 46B of IFRS 16, *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of the contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables and loans to related parties) and lease receivables.

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and derivative financial assets, are not subject to the ECL assessment.

1 Significant accounting policies (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1 Significant accounting policies (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is three years past due. 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 since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

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

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1 Significant accounting policies (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 1(q)(iv) 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 the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 Significant accounting policies (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment including right-of-use assets;

— intangible assets;

— goodwill; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

1 Significant accounting policies (Continued)

(i) Credit losses and impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(i)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 Significant accounting policies (Continued)

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions (including lock up period) upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the capital reserve).

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 Significant accounting policies (Continued)

(o) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

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

1 Significant accounting policies (Continued)

(p) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised when control over service is transferred to the customer.

The following is a description of principal activities from which the Group generates its revenue.

(i) Revenue from mobile advertising services

Mobile advertising services revenues primarily include revenues from provisions of mobile advertising services by the Group. The Group utilizes a combination of pricing models and revenue is recognised when the related services are delivered based on the specific terms of the contract, which are commonly based on:

a) specified actions (i.e. cost per action ("CPA") or other preferences agreed with advertisers), or

b) agreed rebates to be earned from certain publishers.

Specified actions

Revenue is recognised on a CPA basis once agreed actions (download, activation, registration and etc.) are performed. While none of the factors individually are considered presumptive or determinative, because the Group is the primary obligor and are responsible for (1) identifying and contracting with third-party advertisers which the Group views as customers; (2) identifying mobile publishers to provide mobile spaces where the Group views the mobile publishers as suppliers; (3) establishing the selling prices of CPA pricing model; (4) performing all billing and collection activities, including retaining credit risk; and (5) bearing sole responsibility for fulfilment of the advertising, the Group acts as the principal of these arrangements and therefore recognised revenue earned and costs incurred related to these transactions on a gross basis.

1 Significant accounting policies (Continued)

(q) Revenue recognition (Continued)

(i) Revenue from mobile advertising services (Continued)

Agreed rebates to be earned from certain publishers

In the arrangement with certain publishers, the Group acts as a sales agent for these publishers by signing up accounts and prepaying data usage fees for clients at the platforms of these publishers. In return, the Group earns incentives from these publishers based on contractually stipulated amounts once certain spending thresholds are achieved. The Group considers these particular publishers as customers and records such incentives as net revenues. Incentives from these publishers are calculated on a quarterly or an annual basis in accordance with the terms as agreed in arrangements.

(ii) Revenue from data analytics services

Data analytics services revenues primarily include (1) revenues from subscriptions of the Group's data analytics platform; and (2) provisions of customized data analytical services and data pipeline services.

The Group provides certain subscription packages to users which entitle paying subscribers access right to an online, interactive benchmarks explorer tool that is owned, operated and maintained by one of the Group's subsidiaries, and contains data and insights collected or generated by that subsidiary of the Group in accordance with any applicable privacy and data protection law within certain time periods. The subscriptions service is provided on a subscription basis, and subscription fee is charged to customers. Revenue generated from subscription fees is recognized over the subscription period on a straight-line basis.

The revenue from provisions of customized data analytical services and data pipeline services are recognised at the point in time when the relevant services are rendered.

(iii) Revenue from cloud related products and services

Cloud related products and services revenues include (1) managed cloud services where the Group offers direct connection to major cloud platform with accounts opening and management services, and where required, the resale of public cloud services; and (2) provision of license right could related software or mobile applications developed by the Group, and where required, installation and consultation services related to the software.

The Group provides services, resale of public cloud services and provision of license right to its software and mobile applications separately, which is a single performance obligation for each contract. Revenue is recognised at a point in time when such services, software and mobile applications are delivered to or downloaded by the users as designated in the contract.

Revenue is generally recognised on a gross basis as the Group is primarily responsible for fulfilling the contract, assumes inventory risk and has discretion in establishing the price when selling to the customer. To the extent the Group does not meet the criteria for recognizing revenue on a gross basis, the Company records the revenue on a net basis.

1 Significant accounting policies (Continued)

(q) Revenue recognition (Continued)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(i)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vi) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payments is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(r) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transactions dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into United States dollar at the average exchange rates for the period which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into United States dollar at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(s) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

1 Significant accounting policies (Continued)

(t) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 Significant accounting policies (Continued)

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Principal versus agent considerations — revenue from provision of mobile advertising services

In determining whether the Group is acting as a principal or as an agent in the provision of mobile advertising services requires judgements and considerations of all relevant facts and circumstances. The Group is a principal in a transaction if the Group obtains control of services provided before they are transferred to customers. If control is unclear, when the Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from services provided.

(b) Impairment of trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

2 Accounting judgements and estimates (Continued)

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value.

(d) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the actual current and deferred income tax in the period in which such determination is made.

In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised upon the likely timing and the level of future taxable profits of the individual entities together with the tax planning strategies.

3 Revenue and Segment Reporting

(a) Revenue

The principal services of the Group are the provisions of mobile advertising related services, data analytics related services and cloud related products and services. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

The disaggregation of revenue from contracts with customers by service lines is as follows:

	2020 **US$'000**	2019 US$'000
Revenue from mobile advertising related services	**515,457**	500,257
Revenue from data analytics services	**560**	—
Revenue from cloud related products and services	**131**	—
	516,148	500,257

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(c) respectively.

The Group's customer base is diversified. During the year ended 31 December 2020, no single customer contributed to 10% or more of the Group's revenue (2019: Nil). Details of concentrations of credit risk arising from these customers are set out in note 25(a).

3 Revenue and Segment Reporting (Continued)

(a) Revenue (Continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$190,000 (2019: Nil).This amount represents revenue expected to be recognised in the future from expiring of the subscription periods to the Group's data analytics platform. The Group will recognise the expected revenue in future as the expiring of subscription periods, which is expected to occur over the next 1 to 12 months (2019: Nil).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both by service lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Mobile marketing business: this segment provides its customers globally with mobile advertising services through a similar Software-as-a-Service ("SaaS") programmatic advertising platform, top media and affiliate ad-serving platform.

- Data analytics business: this segment provides its customers globally with mobile application data analytics service through a SaaS platform of the Group.

- Cloud business: this segment provides its customers with Cloud-native technology services, which include deployment and optimizing services of cloud infrastructures and implementation service of cloud computing engine and big data computing framework.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker ("CODM") monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The CODM assesses the performance of the operating segments mainly based on segment revenue and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenue, which are the revenue derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of sales. This is the measure reported to the Group's most senior executive management.

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below:

	Mobile marketing business		Data analytics business		Cloud business		Total	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Disaggregated by timing of revenue recognition								
Point in time	515,457	500,257	424	–	131	–	516,012	500,257
Over time	–	–	136	–	–	–	136	–
Reportable segment revenue	515,457	500,257	560	–	131	–	516,148	500,257
Reportable segment costs	(433,978)	(381,494)	(13)	–	(17)	–	(434,008)	(381,494)
Gross profit	81,479	118,763	547	–	114	–	82,140	118,763

The Group's CODM makes decision according to gross profit of each segment. Therefore, only above segment results are presented.

(ii) Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to CODM of the Group on making decision for resources allocation and performance assessment.

3 Revenue and Segment Reporting (Continued)

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location of the customers' headquarters.

	Revenue from external customers	
	2020	2019
	US$'000	US$'000
China (note (i))	**171,591**	291,137
Americas (note (ii))	**126,216**	67,755
Asia Pacific	**68,963**	52,535
Rest of Asia (note (iii))	**8,398**	10,603
EMEA (note (iv))	**136,267**	72,737
Others	**4,713**	5,490
	516,148	500,257

Notes:

(i) Includes Mainland China, the Hong Kong Special Administrative Region of PRC, the Macau Special Administrative Region of the PRC, and Chinese Taiwan.

(ii) Primarily includes United States, Canada, Mexico, Brazil, Argentina and Chile.

(iii) Primarily includes Central and South Asia.

(iv) Primarily includes United Kingdom, Switzerland, Germany, Saudi Arabia, Jordan, Egypt and Nigeria.

4 Other net income

	2020	2019
	US$'000	US$'000
Interest income on financial assets measured at amortised cost	**2,429**	2,472
Net fair value (loss)/gain on financial assets at fair value through profit or loss	**(991)**	1,009
Net foreign exchange gain/(loss)	**3,369**	(1,091)
Government grants (note)	**619**	438
Net gain/(loss) on disposal of property, plant and equipment	**18**	(17)
Others	**376**	61
	5,820	2,872

Note: Government grant represented unconditional cash subsidies received by certain PRC subsidiaries from local government for the Group's achievement during the year ended 31 December 2020 and 2019. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

(Expressed in United States dollars unless otherwise indicated)

5 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Note	2020 US$'000	2019 US$'000
(a) Finance costs			
Interests on bank loans		**1,533**	1,173
Interests on lease liabilities		**364**	545
		1,897	1,718
(b) Staff costs			
Contributions to defined contribution retirement plans		**221**	2,574
Share-based compensation expenses		**13,194**	19,891
Salaries, wages and other benefits		**36,768**	38,748
		50,183	61,213
(c) Other items			
Depreciation charge	10	**4,562**	4,579
— property, plant and equipment		**440**	329
— right-of-use assets		**4,122**	4,250
Amortisation of intangible assets	11	**8,010**	2,983
Impairment losses			
— trade receivables	25(a)	**5,555**	12,261
Auditors' remuneration		**580**	437

6 Income tax in the consolidated statements of profit or loss

(a) Income tax in the consolidated statements of profit or loss represents:

	2020 **US$'000**	2019 US$'000
Current tax	**2,150**	3,498
Deferred tax	**(4,054)**	(2,109)
	(1,904)	1,389

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the BVI and Seychelles, the Group is not subject to any income tax in the Cayman Islands, the BVI and Seychelles.

(ii) The provision for Hong Kong Profit Tax for 2020 is taken into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2019-20 subject to a maximum reduction of HK$nil for each business (2019: a maximum reduction of HK$20,000 was granted for the year of assessment 2018-19 and was taken into account in calculating the provision for 2019).

(iii) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore.

(iv) USCore, Inc. and GT Inc, subsidiaries in the United States, are subject to federal income tax rate of 21% in the United States for the year ended 31 December 2020 and 31 December 2019, according to the U.S. Tax Cuts and Jobs Acts effective on 1 January 2018. In addition, USCore, Inc. is subject to taxation in various states of the United States. nativeX, LLC, a wholly-owned subsidiary of USCore, Inc., is treated as a disregarded entity for income tax purpose and its income or loss are included in the income tax calculation of USCore, Inc..

(v) The Enterprise Income Tax ("EIT") rate applicable to the subsidiaries registered in the PRC is 25% for the year.

(vi) Guangzhou Huiliang Information Technology Company Limited, a subsidiary in the PRC, is accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% commencing from 2017 to 2020.

(vii) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2017 onwards, PRC subsidiaries of the Group engaging in research and development activities are entitled to claim 175% for the three years ended 31 December 2020 of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for each year ("Super Deduction"). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

(viii) The PRC EIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a Hong Kong subsidiary of the Group is entitled to a reduced withholding tax rate of 5% if it is the "beneficial owner" and holds more than 25% of the equity interest of its PRC enterprise directly.

(Expressed in United States dollars unless otherwise indicated)

6 Income tax in the consolidated statements of profit or loss (Continued)

(b) Reconciliation between income tax (credit)/expense and accounting (loss)/profit at applicable tax rates:

	2020 US$'000	2019 US$'000
(Loss)/profit before taxation	(7,110)	23,458
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	(1,966)	3,069
Tax effect of non-deductible expenses	278	57
Tax effect of non-taxable income	(299)	(88)
Super Deduction of research and development expenses	(634)	(1,044)
Under/(over)-provision in prior years	360	(298)
Tax concession	(162)	(608)
Tax effect of un-recognised tax loss in current year	525	301
Others	(6)	—
Actual tax (credit)/expense	(1,904)	1,389

7 Directors' emoluments

Directors' emoluments are disclosed as follows:

	Year ended 31 December 2020						
Directors	Directors fees US$'000	Salaries, allowances and other benefits in kind US$'000	Retirement scheme contributions US$'000	Discretionary bonuses US$'000	Sub-Total US$'000	Share-based payments US$'000	Total US$'000
Executive directors							
Duan Wei	–	11	1	–	12	–	12
Cao Xiaohuan	–	96	3	–	99	–	99
Fang Zikai	–	120	2	–	122	494	616
Independent non-executive directors							
Ying Lei	–	20	–	–	20	–	20
Hu Jie	–	20	–	–	20	–	20
Sun Hongbin (note ii)	–	13	–	–	13	–	13
Wang Jianxin (note iii)	–	7	–	–	7	–	7
	–	287	6	–	293	494	787

7 Directors' emoluments (Continued)

	Year ended 31 December 2019						
Directors	Directors fees US$'000	Salaries, allowances and other benefits in kind US$'000	Retirement scheme contributions US$'000	Discretionary bonuses US$'000	Sub-Total US$'000	Share-based payments US$'000	Total US$'000
Executive directors							
Duan Wei	–	68	6	–	74	–	74
Cao Xiaohuan	–	96	7	–	103	–	103
Xi Yuan (note i)	–	42	4	–	46	666	712
Fang Zikai	–	91	8	50	149	1,030	1,179
Independent non-executive directors							
Ying Lei	–	20	–	–	20	–	20
Wang Jianxin (note iii)	–	20	–	–	20	–	20
Hu Jie	–	20	–	–	20	–	20
	–	357	25	50	432	1,696	2,128

Notes:

i. Mr. Xi Yuan resigned from his director position on 26 July 2019, while maintained his other position with the Group.

ii. Mr. Sun Hongbin was appointed as an independent non-executive director on 7 July 2020.

iii. Mr. Wang Jianxin resigned from his position as an independent non-executive director on 7 July 2020.

All the executive directors are key management personnel of the Group during the year and their remuneration disclosed above include those for services rendered by them as key management personnel. During the year, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8 Individual with highest emoluments

Of the five individuals with the highest emoluments, none of them are the directors for the year ended 31 December 2020 (2019: two), whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2020 US$'000	2019 US$'000
Salaries and other emoluments	1,306	563
Discretionary bonuses	68	81
Share-based compensation	2,807	2,237
Retirement scheme contributions	24	22
	4,205	2,903

The emoluments of the above individuals with the highest emoluments for the year ended 31 December 2020, respectively are within the following band:

	2020	2019
HK$4,500,001 to HK$5,000,000	1	—
HK$5,000,001 to HK$5,500,000	1	—
HK$5,500,001 to HK$6,000,000	1	1
HK$6,500,001 to HK$7,000,000	1	—
HK$7,000,001 to HK$7,500,000	—	1
HK$9,500,001 to HK$10,000,000	1	—
HK$10,000,001 to HK$10,500,000	—	1

(Expressed in United States dollars unless otherwise indicated)

9 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US$5,206,000 (2019: profit of US$22,069,000) and the weighted average of 1,505,258,184 shares (2019: 1,471,466,607 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020	2019
At 1 January (note)	**1,474,115,242**	1,446,866,842
Effect of vested RSUs (note 24(f))	**31,306,084**	9,598,918
Effect of share purchase for RSUs (note 24(f))	**(163,142)**	—
Effect of issuance of over-allotment shares (note 23(b)(v))	**—**	15,000,847
Weighted average number of ordinary shares at 31 December	**1,505,258,184**	1,471,466,607

Note:

The number of ordinary shares as at 1 January 2020 represents 1,534,204,000 (2019: 1,518,867,000) outstanding ordinary shares as of the date netting of 60,088,758 (2019: 72,000,158) treasure shares held by RSU trustees as at 1 January 2020.

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US$5,206,000 (2019: profit of US$22,069,000) and the weighted average number of shares of 1,536,857,074 shares (2019: 1,496,241,136 shares) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme (see note 22).

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares at 31 December	**1,505,258,184**	1,471,466,607
Effect of unvested shares under the Company's share award scheme	**31,598,890**	24,774,529
Weighted average number of ordinary shares (diluted) at 31 December	**1,536,857,074**	1,496,241,136

(Expressed in United States dollars unless otherwise indicated)

10 Property, plant and equipment

(a) Reconciliation of carrying amount

	Note	Office equipment, furniture and fittings US$'000	Leasehold improvements US$'000	Right of use assets US$'000	Total US$'000
Cost:					
At 1 January 2019		1,267	966	12,818	15,051
Additions		305	9	148	462
Disposals		(172)	—	—	(172)
Adjustment		—	—	(475)	(475)
Exchange difference		(10)	(15)	(18)	(43)
At 31 December 2019 and 1 January 2020		1,390	960	12,473	14,823
Additions		240	—	6,243	6,483
Disposals		(72)	(4)	(458)	(534)
Exchange difference		88	61	—	149
At 31 December 2020		1,646	1,017	18,258	20,921
Accumulated depreciation:					
At 1 January 2019		(623)	(954)	—	(1,577)
Charge for the year		(323)	(6)	(4,250)	(4,579)
Written back on disposals		155	—	—	155
Exchange difference		(1)	15	—	14
At 31 December 2019 and 1 January 2020		(792)	(945)	(4,250)	(5,987)
Charge for the year		(432)	(8)	(4,122)	(4,562)
Written back on disposals		62	4	458	524
Exchange difference		53	(61)	—	(8)
At 31 December 2020		(1,109)	(1,010)	(7,914)	(10,033)
Net book value:					
At 31 December 2020		537	7	10,344	10,888
At 31 December 2019		598	15	8,223	8,836

10 Property, plant and equipment (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 31 Dec 2020 US$'000	At 31 Dec 2019 US$'000
Other properties leased for own use, carried at depreciated cost	10,344	8,223

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 3 years. Lease payments are usually increased every 1 year to reflect market rentals.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 US$'000	2019 US$'000
Depreciation charge of other properties leased for own use	4,122	4,250
Interest on lease liabilities (note 5(a))	364	545
Expense relating to short-term leases and leases of low-value assets	443	476
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	–	1

During the year, all additions to right-of-use assets were related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 16(e) and 19 respectively.

(Expressed in United States dollars unless otherwise indicated)

11 Intangible assets

	Royalties US$'000	Software US$'000	Trademark US$'000	Developed Technology US$'000	Total US$'000
Cost:					
At 1 January 2019	1,174	384	1,157	9,246	11,961
Additions	—	48	—	11,629	11,677
Exchange difference	—	(3)	—	—	(3)
At 31 December 2019 and 1 January 2020	1,174	429	1,157	20,875	23,635
Additions	14,212	1	—	21,223	35,436
Exchange difference	722	14	—	550	1,286
At 31 December 2020	16,108	444	1,157	42,648	60,357
Accumulated amortisation:					
At 1 January 2019	(1,174)	(161)	(467)	(4,170)	(5,972)
Charge for the year	—	(47)	(165)	(2,771)	(2,983)
Exchange difference	—	2	—	—	2
At 31 December 2019 and 1 January 2020	(1,174)	(206)	(632)	(6,941)	(8,953)
Charge for the year	(166)	(37)	(225)	(7,582)	(8,010)
Exchange difference	(5)	(11)	(3)	(51)	(70)
At 31 December 2020	(1,345)	(254)	(860)	(14,574)	(17,033)
Net book value:					
At 31 December 2020	14,763	190	297	28,074	43,324
At 31 December 2019	—	223	525	13,934	14,682

The amortisation charge for the year is included in "Research and development expenses" and "General and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

12 Goodwill

	2020 US$'000	2019 US$'000
Goodwill in connection with the acquisition of:		
— nativeX, LLC (i)	**19,981**	19,981
— Game analytics ApS (ii)	**9,017**	9,017
	28,998	28,998
Carrying amount:		
At 31 December	**28,998**	28,998

(i) Goodwill in connection with the acquisition of nativeX, LLC

In connection with the Group's acquisition of nativeX, LLC, the Group recognised goodwill of US$19,981,000. For the purpose of impairment testing, goodwill has been allocated to the Group's cash-generating units (CGU) identified according to country of operation.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projection based on financial forecast approved by management covering a five-year period. The key assumptions used in the estimation of the recoverable amount are pre-tax discount rate and budgeted revenue growth rate (average of financial forecasts period) set out below. The expected revenue growth rate is following the business plan approved by the Group. Pre-tax discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

	2020	2019
In percent		
Pre-tax discount rate	**33.6%**	33.6%
Terminal value growth rate	**2.5%**	2.5%
Budgeted revenue growth rate (average of financial forecasts period)	**10.6%**	12.8%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$13,282,000 as at 31 December 2020 (2019: US$17,857,000).

12 Goodwill (Continued)

(i) Goodwill in connection with the acquisition of nativeX, LLC (Continued)

The Company performs the sensitivity analysis based on the assumption that pre-tax discount rate and revenue growth rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

	2020 US$'000	2019 US$'000
Pre-tax discount rate increase by 5%	**5,724**	10,331
Budgeted revenue growth rate decrease by 5%	**9,363**	12,360

As at 31 December 2020, if the pre-tax discount rate rose to 43.7% (2019: 49.2%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 3.3% (2019: 1.9%), the recoverable amount of the CGU would be approximately equal to its carrying amount.

Reasonable possible changes in key assumptions would not lead to impairment as at 31 December 2020 and 2019, respectively.

(ii) Goodwill in connection with the acquisition of Game analytics ApS

In connection with the Group's acquisition of Game analytics ApS, the Group recognised goodwill of US$9,017,000. For the purpose of impairment testing, goodwill has been allocated to the Group's CGU identified according to country of operation.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projection based on financial forecast approved by management covering a five-year period. The key assumptions used in the estimation of the recoverable amount are pre-tax discount rate and budgeted revenue growth rate (average of financial forecasts period) set out below. The expected revenue growth rate is following the business plan approved by the Group. Pre-tax discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

12 Goodwill (Continued)

(ii) Goodwill in connection with the acquisition of Game analytics ApS (Continued)

	2020	2019
In percent		
Pre-tax discount rate	**18.9%**	18.9%
Terminal value growth rate	**3.0%**	3.0%
Budgeted revenue growth rate (average of financial forecasts period)	**5.6%**	9.1%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$4,474,000 as at 31 December 2020 (2019: US$4,134,000).

The Company performs the sensitivity analysis based on the assumption that pre-tax discount rate and budgeted revenue growth rate (average of financial forecasts period) has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

	2020 US$'000	2019 US$'000
Pre-Tax discount rate increase by 5%	**295**	37
Budgeted revenue growth rate decrease by 5%	**867**	64

As at 31 December 2020, if the pre-tax discount rate rose to 24.5% (2019: 24.0%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 0.2% (2019: 5.0%), the recoverable amount of the CGU would be approximately equal to its carrying amount.

Reasonable possible changes in key assumptions would not lead to impairment as at 31 December 2020 and 2019, respectively.

(Expressed in United States dollars unless otherwise indicated)

13 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of share held is ordinary unless otherwise stated.

Company name	Place of incorporation and business/date of incorporation	issued and paid-up capital/registered capital	Proportion of ownership interest		Principal activities
			Direct	Indirect	
Mobvista International Technology Limited ("MIT HK")	Hong Kong 15 December 2014	Hong Kong Dollar ("HK$") 10,000	–	100%	Mobile advertising services
Advertter Technology Company Limited	Seychelles 24 June 2015	US$100	–	100%	Mobile advertising services
Flash Banner Technology Company Limited	Seychelles 24 June 2015	US$100	–	100%	Mobile advertising services
Mintegral Limited (formerly known as Pointer Ad Technology Company Limited)	Seychelles 24 June 2015	US$100	–	100%	Mobile advertising services
Adlogic Technology Pte. Ltd.	Singapore 14 October 2015	Singapore Dollar 50,000	–	100%	Mobile advertising services
Mintegral International Limited (formerly known as Dime Freak Technology Limited)	Hong Kong 24 May 2013	HK$10,000	–	100%	Mobile advertising services
Mobvista-Japan Co., Ltd.	Japan 22 September 2017	Japanese Yen 1,000,000	–	100%	Mobile advertising services
Guangzhou Huiliang Information Technology Company Limited (i) (廣州匯量信息科技有限公司)	PRC 2 April 2015	US$1,000,000	–	100%	Technology and mobile advertising services
Eurocore B.V.	Netherlands 28 July 2016	Euro 1	–	100%	Investment holding
USCore, Inc	United States of America ("US") 9 December 2015	US$1	–	100%	Investment holding
Game Analytics ApS	Denmark 20 October 2011	Euro 74,067	–	100%	Mobile advertising analysis solutions
nativeX, LLC	US 9 June 2010	–	–	100%	Mobile advertising services
Game Analytics Ltd.	England and Wales 11 September 2014	British Pound 1	–	100%	Mobile advertising analysis solutions
Nativex Servicos De Tecnologia LTDA	Brazil 21 January 2020	–	–	100%	Mobile advertising services

Note:

(i) The subsidiary is wholly foreign-owned enterprise in the PRC.

14 Other financial assets

	2020 US$'000	2019 US$'000
Financial assets at fair value through profit or loss ("FVPL")		
— current portion	**54,274**	53,796
— non-current portion	**3,065**	1,433
Total	**57,339**	55,229

Notes:

Financial assets at FVPL at 31 December 2020 mainly included:

(i) An investment in a limited partnership in PRC with principal amount of US$1,532,000 in August 2019. The Group does not have significant influence on the daily operation of the limited partnership. The investment has been entirely classified to financial asset at FVPL in accordance with IFRS 9. As at 31 December 2020, the fair value of the financial asset at FVPL is not materially different from the principal amount of US$1,532,000.

(ii) An investment in a limited company in PRC with principal amount of US$1,533,000 in June 2020. The Group does not have significant influence on the daily operation of the limited company. The investment has been entirely classified to financial asset at FVPL in accordance with IFRS 9. As at 31 December 2020, the fair value of the financial asset at FVPL is not materially different from the principal amount of US$1,533,000.

(iii) An Investment in a wealth management product with principal amount of US$50,500,000 issued by a financial institution in Hong Kong as at 31 December 2020. The wealth management product will mature in December 2021 with guaranteed principals and no fixed interest rate attached to it. The Group has an option to withdraw the principal partially since the first anniversary when agreed with the financial institution. The wealth management product and the embedded put option have been entirely classified to financial assets at FVPL in accordance with IFRS 9. As at 31 December 2020, the fair value of the investment in a wealth management product is not materially different from the principal amount of US$50,500,000.

(iv) An Investment in a wealth management product with principal amount of US$2,759,000 issued by a financial institution in Mainland China as at 31 December 2020. The wealth management product is open for purchase and redemption on each working day with unguaranteed principals and no fixed interest rate attached to it. The wealth management product has been entirely classified to financial assets at FVPL in accordance with IFRS 9. As at 31 December 2020, the fair value of the investment in a wealth management product is not materially different from the principal amount of US$2,759,000.

15 Trade and other receivables

	2020 US$'000	2019 US$'000
Trade receivables	**216,829**	245,743
Less: Allowance for doubtful debts	**(17,744)**	(26,330)
	199,085	219,413
Deposits and prepayments	**10,368**	12,308
Other receivables (note (i))	**87,746**	89,232
	297,199	320,953
Less: Non-current deposits and prepayments (note (ii))	**(676)**	(3,302)
	296,523	317,651

All of the trade and other receivables included in current assets are expected to be recovered or recognised as expense within one year.

Notes:

(i) As at 31 December 2020, other receivables of the Group included investments in wealth management products of US$74,640,000 (2019: US$78,640,000) issued by financial institutions in the PRC and Hong Kong, which were maturing within one year, with guaranteed principals and fixed returns per annum.

(ii) As at 31 December 2019, the Group held a loan receivable from a third party, which has a principal amount of US$1,700,000 maturing within two year and bears an interest at 3% per annum, which was repaid by the third party during the year ended 31 December 2020.

(a) Ageing analysis

As at 31 December 2020, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2020 US$'000	2019 US$'000
Within 3 months	**97,833**	128,800
3 to 6 months	**47,801**	59,700
6 to 12 months	**47,702**	29,019
Over 12 months	**5,749**	1,894
	199,085	219,413

Trade receivables are due within 60–90 days from the date of revenue recognition. Further details on the Group's credit policy are set out in note 25(a).

16 Cash and bank balances

(a) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

	2020 US$'000	2019 US$'000
Deposits pledged for bank borrowings	**4,498**	4,165
Other deposits in banks	**389**	856
	4,887	5,021

(b) Cash and cash equivalents

	2020 US$'000	2019 US$'000
Cash at bank and on hand	**39,311**	67,348

As at 31 December 2020, cash and cash equivalents placed with banks in Mainland China amounted to US$2,824,000 (2019: US$33,369,000). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(c) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	**2020 US$'000**	2019 US$'000
(Loss)/profit before taxation		**(7,110)**	23,458
Adjustments for:			
Depreciation	5(c)	**4,562**	4,579
Amortisation	5(c)	**8,010**	2,983
Interest expenses	5(a)	**1,897**	1,718
Interest income	4	**(2,429)**	(2,472)
Net (gain)/loss on disposal of property, plant and equipment	4	**(18)**	17
Investment loss/(gain) from financial assets at fair value through profit or loss	4	**991**	(1,009)
Equity-settled share-based payment expenses	5(b)	**13,194**	19,891
Impairment loss recognised	5(c)	**5,555**	12,261
Unrealised exchange gain		**(3,266)**	—
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**13,468**	(90,824)
(Increase)/(decrease) in trade and other payables		**(20,198)**	28,317
Cash generated from/(used in) operations		**14,656**	(1,081)

16 Cash and bank balances (Continued)

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans US$'000	Interest payable US$'000	Amounts due to related parties US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2019	16,697	10	—	14,467	31,174
Changes from financing cash flows:					
Proceeds from bank loans	140,396	—	—	—	140,396
Repayment of bank loans	(101,622)	—	—	—	(101,622)
Capital element of lease rentals paid	—	—	—	(4,740)	(4,740)
Interest element of lease rentals paid	—	—	—	(545)	(545)
Interest paid and other borrowing cost paid	—	(1,096)	—	—	(1,096)
Total changes from financing cash flows	38,774	(1,096)	—	(5,285)	32,393
Exchange adjustment	—	(16)	—	—	(16)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	—	161	161
Decrease in lease liabilities from adjusting existing lease contract during the year	—	—	—	(475)	(475)
Interest expenses (note 5(a))	—	1,173	—	545	1,718
Listing expenses paid	—	—	193	—	193
Total other changes	—	1,173	193	231	1,597
At 31 December 2019	55,471	71	193	9,413	65,148

16 Cash and bank balances (Continued)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans US$'000	Interest payable US$'000	Amounts due to related parties US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2020	55,471	71	193	9,413	65,148
Changes from financing cash flows:					
Proceeds from bank loans	217,509	–	–	–	217,509
Repayment of bank loans	(217,056)	–	–	–	(217,056)
Capital element of lease rentals paid	–	–	–	(4,084)	(4,084)
Interest element of lease rentals paid	–	–	–	(364)	(364)
Interest paid and other borrowing cost paid	–	(1,558)	–	–	(1,558)
Total changes from financing cash flows	453	(1,558)	–	(4,448)	(5,553)
Exchange adjustment	517	–	–	–	517
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	6,243	6,243
Interest expenses (note 5(a))	–	1,533	–	364	1,897
Total other changes	–	1,533	–	6,607	8,140
At 31 December 2020	56,441	46	193	11,572	68,252

(e) Total cash outflow for leases

Amounts included in the consolidated statement of cash flow for leases comprise the following:

	2020 US$'000	2019 US$'000
Within operating cash flows	443	479
Within financing cash flows	4,448	5,285
	4,891	5,764

These amounts all relate to lease rentals paid.

(Expressed in United States dollars unless otherwise indicated)

17 Trade and other payables

	2020 US$'000	2019 US$'000
Trade payables (note (a))	**122,975**	144,722
Amounts due to related parties (note 27(b))	**193**	193
Other payables	**7,627**	10,687
Receipt in advance	**11,198**	8,601
Staff costs payables	**6,285**	6,358
Value added tax ("VAT") and other tax payables	**1,585**	2,310
	149,863	172,871

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As at 31 December 2020 and 2019, the amounts due to related parties were non-trade related, unsecured and interest-free.

(a) An ageing analysis of the trade payables based on the invoice date is as follows:

	2020 US$'000	2019 US$'000
Within 1 month	**26,745**	38,081
1 to 2 months	**24,753**	36,420
2 to 3 months	**9,657**	29,473
Over 3 months	**61,820**	40,748
	122,975	144,722

18 Bank loans

As at 31 December 2020 and 2019, the bank loans were repayable as follows:

	2020 US$'000	2019 US$'000
Within 1 year or on demand	**56,441**	55,471

18 Bank loans (Continued)

As at 31 December 2020 and 2019, the bank loans were secured as follows:

	2020 US$'000	2019 US$'000
Unsecured (note (a))	**25,956**	7,473
Secured (note (b)/(c))	**30,485**	47,998
	56,441	55,471

Notes:

(a) At 31 December 2020, unsecured banking facilities of the Group amounted to US$46,016,000 (2019: US$10,321,000), of which US$42,261,000 (2019: US$9,604,000) were guaranteed by Mobvista Inc. The facilities were utilised to the extent of US$25,956,000 (2019: US$7,473,000).

(b) At 31 December 2020, secured banking facilities of the Group amounted to US$51,000,000 (2019: US$51,000,000), which were secured by restricted cash of US$4,149,000 (2019: US$4,403,000). The secured banking facilities of the Group were also guaranteed by Mobvista Inc. The facilities were utilised to the extent of US$30,485,000 (2019: US$47,998,000).

(c) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b). As at 31 December 2020, none of the covenants relating to drawn down facilities had been breached (2019: nil).

19 Lease liabilities

At 31 December 2020 and 2019, the lease liabilities were repayable as follows:

	31 December 2020 US$'000	31 December 2019 US$'000
Within 1 year	**4,600**	4,276
After 1 year but within 5 years	**6,972**	5,137
	11,572	9,413

20 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	2020 US$'000	2019 US$'000
Current tax payable	**9,670**	6,380
Current tax recoverable	**(549)**	(316)
	9,121	6,064

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from	Tax loss US$'000	Share-based compensation US$'000	Provision for impairment US$'000	Depreciation and amortisation US$'000	Goodwill US$'000	Total US$'000
At 1 January 2019	2,440	2,702	2,519	88	(915)	6,834
(Charged)/credited to profit or loss	(1,669)	2,197	1,835	(2)	(252)	2,109
Exchange difference	14	(22)	–	–	–	(8)
At 31 December 2019	785	4,877	4,354	86	(1,167)	8,935
(Charged)/credited to profit or loss	6,144	395	(1,545)	(648)	(292)	4,054
Exchange difference	36	(15)	–	–	–	21
At 31 December 2020	6,965	5,257	2,809	(562)	(1,459)	13,010

(ii) Reconciliation to the consolidated statements of financial position

	2020 US$'000	2019 US$'000
Net deferred tax asset recognised in the consolidated statements of financial position	**15,111**	10,102
Net deferred tax liabilities recognised in the consolidated statements of financial position	**(2,101)**	(1,167)
	13,010	8,935

20 Income tax in the consolidated statements of financial position (Continued)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of US$1,920,000 as at 31 December 2020 (2019: US$1,350,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The tax losses as at 31 December 2020 will expire at least 5 years under current tax legislation.

(d) Deferred tax liabilities not recognised:

The Group is subject to 5% withholding tax on dividends receivable from its PRC subsidiaries in respect of their profits generated since 1 January 2008. As at 31 December 2020, deferred tax liabilities in respect of temporary differences relating to such undistributed profits of US$2,773,000 (2019: US$519,000) were not recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that those profits will not be distributed in the foreseeable future.

21 Employee retirement benefits

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the applicable rate of the eligible employees' salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant government authorities in various areas other than Mainland China and Hong Kong. The Group's liability in respect of these plans is limited to the contributions payable at the end of each reporting period. Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

22 Share-based payment

(a) Share-based compensation scheme of Guangzhou Mobvista

The Group's ultimate controlling party, Guangzhou Mobvista, operates a share-based compensation scheme (the "Guangzhou Mobvista Scheme") under which the restricted stock units of Guangzhou Mobvista ("Guangzhou Mobvista RSUs") will be granted to qualified employees of Guangzhou Mobvista and its subsidiaries. The Guangzhou Mobvista RSUs granted would vest on specific dates, on condition that employees remain in service without any performance requirements. Once the vesting conditions underlying the respective Guangzhou Mobvista RSUs are met, the Guangzhou Mobvista RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

During 2014 and 2015, Guangzhou Mobvista had granted such RSUs to certain directors and employees of the Group under the Scheme, which vest after one year to four years from the date of grant. There is no Guangzhou Mobvista RSUs granted to the Group's directors and employees for the years ended 31 December 2020 and 31 December 2019.

Share-based compensation expense relating to awards granted to employees is based on the grant date fair value of the RSUs and is recognised on a straight-line basis over the entire vesting period. The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares of the Company on the date of grant. The grant date fair value was determined with the assistance of an independent third party valuation firm, and discounted cash flow method was used to determine fair value of the underlying shares. RSUs were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. No dividends have been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the RSUs.

(b) Share-based compensation scheme of the Group

The Company has adopted a share incentive scheme on 27 September 2018 and amended on 19 November 2018, and issued 60,604,700 shares (after adjusted for capitalisation issue (note 23(b)) of the Company for the purposes of incentivise employee, directors, senior management and officers for their contribution to the Group and attract and retain skilled and experienced personnel for the future growth of the Group for providing them with the opportunity to own equity interests in the Company (the "2018 Scheme").

Two trusts have been set up to assist the Board of Directors with the administration and vesting of RSUs granted pursuant to the 2018 Share Incentive Plan (the "RSU trustees").

On 31 January 2020, share based incentive with cash settlement option (the "2020 Scheme") was granted to certain employees of a subsidiary. Employees fulfilled service conditions will be entitled to receive US$1,980,000 in cash, as well as a number of shares of the Company equivalent to US$1,980,000 determined by the closing market price of the shares on the vesting date. During the year ended 31 December 2020, US$2,851,000 were paid to employees in cash and 1,996,200 shares of the Company with identical market value were vested under 2020 Scheme, which were credited from treasury shares.

(Expressed in United States dollars unless otherwise indicated)

22 Share-based payment (Continued)

(b) Share-based compensation scheme of the Group (Continued)

On 7 December 2020, the Company amended the 2018 scheme to increase the maximum number of the underlying shares that may be granted in aggregate from 72,000,158 Shares to 95,000,158 Shares. One of the RSU Trustees has purchased 7,993,000 shares by approximately US$4,384,000 from the market to hold on trust, for the purpose of satisfying the amended 2018 Schemes (note 24 (f)).

During the year ended 31 December 2020, the Group granted 39,672,632 (2019: 6,021,700) RSUs to certain employees and consultants of the Group. Each RSUs is settled by transfer of one ordinary share of the Company from the RSU trustees to the grantee upon its vesting.

Pursuant to the RSUs agreements under 2018 Share Incentive Plan, subject to grantee's continued service to the Group through the applicable vesting date, the RSUs shall become vested after 2 months to 49 months from the date of grant.

Movements in the number of RSUs granted to the Group's directors and employees and the respective weighted-average grant date fair value are as follows:

	2020		2019	
	Number of RSUs	Weighted average grant date fair value per RSU US$	Number of RSUs	Weighted average grant date fair value per RSU US$
Outstanding as of 1 January	52,394,800	0.49	60,604,700	0.50
Granted during the year	39,672,632	0.57	6,021,700	0.44
Forfeited during the year	(9,477,750)	0.52	(2,320,200)	0.51
Vested during the year	(37,315,508)	0.50	(11,911,400)	0.50
Outstanding as of 31 December	45,274,174	0.52	52,394,800	0.49

Share-based compensation expense relating to awards granted to employees is based on the grant date fair value of the RSUs and is recognised on a straight-line basis over the entire vesting period. The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares of the Company on the date of grant. Prior to the listing of the Company's shares, the grant date fair value was determined with the assistance of an independent third-party valuation firm, and discounted cash flow method was used to determine fair value of the underlying shares. After listing, the grant date fair value was determined by the non-adjusted closing price on the Stock Exchange, on a basis that vesting is achieved through the non-market performance condition only. RSUs were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. No dividends have been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the RSUs.

(Expressed in United States dollars unless otherwise indicated)

23 Share capital

(a) Authorised

	2020		2019	
	Number of shares	**Nominal value of shares US$'000**	Number of shares	Nominal value of shares US$'000
At 1 January	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Additions	**—**	**—**	—	—
At 31 December	**10,000,000,000**	**100,000**	10,000,000,000	100,000

The Company was incorporated in the Cayman Islands with an authorised share capital of US$50,000 divided into 5,000,000 shares of US$0.01 each and issued one share, credited as fully paid.

Pursuant to written resolutions consented by the board of directors of the Company on 30 October 2018, the Company's authorised share capital was increased to US$100,000,000 by the creation of an additional 9,995,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(b) Issued and fully paid

		Ordinary shares	
	Note	**Number of ordinary shares**	**Nominal value of fully paid ordinary shares US$'000**
As at 1 January 2019		1,518,867,000	15,188
Issuance of ordinary share in IPO over-allotment	v	15,337,000	153
As at 31 December 2019, 1 January 2020 and 31 December 2020		1,534,204,000	15,341

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23 Share capital (Continued)

(b) Issued and fully paid (Continued)

(i) In connection with the Reorganisation, on 13 April 2018, Seamless established Worldwide BVI as its wholly-owned subsidiary in the BVI, and then transferred to Worldwide BVI the entire share capital of each of Mintegral Limited, Flash Banner Technology Company Limited, Advertter Technology Company Limited, Mintegral International Limited, Westcore Technology Limited, Adlogic Technology Pte. Ltd. and Mobvista International Technology Limited (together the "Transferred Entities"), in consideration for 60,217,492 shares of the Worldwide BVI.

On 8 August 2018, the Company issued 1,000,000 shares with par value of US$0.01 to Seamless in exchange for the entire share capital of Worldwide BVI. Upon the completion of the Reorganisation, the Company becomes the holding company of the Group.

Consequently, the combined share capital of US$39,000 of the Transferred Entities is deducted from the share capital, and the difference of US$29,000 between the consideration and the share capital of the transferred entities was recorded as a capital reserve.

(ii) On 12 October 2018, the Company issued 63,830 ordinary shares with a par value of US$0.01 each to the RSU trustees.

(iii) Upon completion of the IPO, the Company issues 318,867,000 new shares at a price of HK$4.00 per share. The total gross proceeds received by the Company in connection with IPO were approximately US$163,056,000 (equivalent to HK$1,275,468,000), of which US$3,188,000 were credited to the Company's share capital account. The remaining proceeds of US$159,867,000, less the listing costs directly attributable to the issue of the shares of US$9,520,000, amounted to US$150,347,000 were credited to the Company's share premium account.

(iv) On 12 December 2018, 1,198,936,169 ordinary shares of US$0.01 each were issued at par value to the shareholders of the Company by way of capitalisation of US$11,989,000 from the Company's share premium account.

(v) On 4 January 2019, over-allotment option in relation to initial public offering in Hong Kong Stock Exchange of the Group was partially exercised and an aggregate of 15,337,000 shares were issued at a price of HK$4.00 (equivalent to approximately US$0.5) per share accordingly. The total gross proceeds received by the Company in connection with over-allotment were approximately US$7,599,000 (equivalent to HK$59,503,000), of which US$153,000 were credited to the Company's share capital account. The remaining proceeds of US$7,446,000 were credited to the Company's share premium account.

24 Reserves and dividends

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital US$'000 (note 23)	Capital redemption reserve US$'000 (note 24(a))	Share premium US$'000 (note 24(b))	Reserve for treasury shares US$'000 (note 24(f))	Share-based payments reserve US$'000 (note 24(e))	(Accumulated loss)/retained profits US$'000	Total equity US$'000
At 1 January 2019	15,188	60,207	139,078	(720)	5,596	(12,852)	206,497
Profit for the year	–	–	–	–	–	17,969	17,969
Total comprehensive income	–	–	–	–	–	17,969	17,969
Vested RSUs	–	–	5,862	119	(5,981)	–	–
Share-based payments	–	–	–	–	19,891	–	19,891
Issuance of ordinary share in IPO over-allotment	153	–	7,446	–	–	–	7,599
Dividends declared	–	–	(15,686)	–	–	–	(15,686)
At 31 December 2019 and 1 January 2020	15,341	60,207	136,700	(601)	19,506	5,117	236,270
Profit for the year	–	–	–	–	–	382	382
Total comprehensive income	–	–	–	–	–	382	382
Vested RSUs	–	–	18,122	372	(18,494)	–	–
Share-based payments	–	–	–	–	13,194	–	13,194
Share purchased for RSUs	–	–	–	(4,384)	–	–	(4,384)
At 31 December 2020	15,341	60,207	154,822	(4,613)	14,206	5,499	245,462

(a) Capital reserve

The capital reserve represents the difference between the increase of registered capital and total capital injection and other reserve arising from Reorganisation.

(b) Share premium

Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(Expressed in United States dollars unless otherwise indicated)

24 Reserves and dividends (Continued)

(c) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the Mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(d) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 1(r).

(e) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs granted to the directors, employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(n)(ii).

(f) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees. On 12 October 2018, the Company issued 63,830 ordinary shares with a par value of US$0.01 each to the RSU trustees.

Movements in the number of shares held by the RSU trustees for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
Outstanding as of 1 January	**60,088,758**	72,000,158
Purchased from the market during the year	**7,993,000**	—
Vested during the year	**(37,315,508)**	(11,911,400)
Outstanding as of 31 December	**30,766,250**	60,088,758

24 Reserves and dividends (Continued)

(g) Distributability of reserves

At 31 December 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$174,527,000 (2019: US$161,323,000).

(h) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividends payable to equity shareholders of the Company attributed to the year are as follows:

	2020 US$'000	2019 US$'000
Final dividend declared and paid of HK$nil per ordinary share (2019: HK$nil per ordinary share)	–	–
Special dividend declared and paid of HK$nil per ordinary share (2019: HK$0.08 per ordinary share)	–	15,686
	–	15,686

There is no final dividend proposed after the end of the reporting period.

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2020 and 2019 was 46% and 48%, respectively.

24 Reserves and dividends (Continued)

The Group's debt to asset ratio at 31 December 2020 and 2019 was as follows:

	31 December 2020 US$'000	31 December 2019 US$'000
Current liabilities:		
Trade and other payables	**149,863**	172,871
Current tax payable	**9,670**	6,380
Bank loans	**56,441**	55,471
Lease Liabilities	**4,600**	4,276
Non-current liabilities:		
Deferred tax liabilities	**2,101**	1,167
Lease liabilities	**6,972**	5,137
Other non-current liabilities	**157**	143
Total debt	**229,804**	245,445
Total Asset	**497,606**	511,485
Debt to asset ratio	**46%**	48%

25 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash and trade and other receivables. The carrying amount of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable financial institution outside of Mainland China. There has been no recent history of default in relation to these financial institutions.

The Group does not provide any other guarantees which would expose the Group to credit risk.

25 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

The Group's trade and other receivables primarily comprise of amounts receivable from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 2% (2019: 2%) and 6% (2019: 9%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	2020		
	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	0.28%	53,626	(152)
Less than 3 months past due	0.69%	44,667	(308)
3 to 12 months past due	2.88%	98,337	(2,834)
13 to 24 months past due	68.24%	15,376	(10,493)
25 to 36 months past due	82.04%	4,823	(3,957)
Over 36 months past due	100.00%	–	–
		216,829	(17,744)

25 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

	2019		
	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	1.41%	57,900	(814)
Less than 3 months past due	1.03%	95,610	(987)
3 to 12 months past due	10.37%	72,175	(7,485)
13 to 24 months past due	57.90%	5,546	(3,211)
25 to 36 months past due	70.80%	2,346	(1,661)
Over 36 months past due	100.00%	12,166	(12,172)
		245,743	(26,330)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the allowance account in respect of trade receivables during the year is as follows:

	2020 US$'000	2019 US$'000
Balance at 1 January	**26,330**	14,453
Impairment loss recognised	**5,555**	12,261
Uncollectable amounts written off	**(14,141)**	(384)
At the end of the year	**17,744**	26,330

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(Expressed in United States dollars unless otherwise indicated)

25 Financial risk management and fair values (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of 2020 and 2019 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2020 Contractual undiscounted cash outflow			
	Within 1 year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total US$'000	Carrying amount US$'000
Trade and other payables (excluding receipt in advance)	**138,665**	**—**	**138,665**	**138,665**
Lease liabilities	**4,674**	**7,677**	**12,351**	**11,572**
Bank loans	**56,827**	**—**	**56,827**	**56,441**
	200,166	**7,677**	**207,843**	**206,678**

	At 31 December 2019 Contractual undiscounted cash outflow			
	Within 1 year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total US$'000	Carrying amount US$'000
Trade and other payables (excluding receipt in advance)	164,270	—	164,270	164,270
Lease liabilities	4,586	5,525	10,111	9,413
Bank loans	55,744	—	55,744	55,471
	224,600	5,525	230,125	229,154

25 Financial risk management and fair values (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from variable rates bank loans, which expose the Group to cash flow interest rate risk.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period:

Variable rate borrowings	**2020** **US$'000**	2019 US$'000
Bank loans (US$'000)	**56,441**	55,471
Effective interest rate	**4.00–4.79%**	3.14%–4.79%

(ii) Sensitivity analysis

As at 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation for the period by approximately US$456,000 (2019: US$457,000) mainly as a result of higher/lower finance costs on bank loans. The impact on the Group's profit after taxation is estimated as an annualised impact on interest expense of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency (i.e. a currency other than the functional currency of the operations to which the transactions relate).

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in US$, translated using the spot rates at the reporting period end date.

Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	At 31 December 2020		
	RMB **US$'000**	**HKD** **US$'000**	**Total** **US$'000**
Trade and other receivables	**46,451**	**5,724**	**52,175**
Cash and cash equivalents	**2,912**	**2,643**	**5,555**
Trade and other payables	**(23,361)**	**(1,077)**	**(24,438)**
Net exposure to currency risk	**26,002**	**7,290**	**33,292**

25 Financial risk management and fair values (Continued)

(d) Currency risk (Continued)

(i) *Exposure to currency risk* (Continued)

	At 31 December 2019		
	RMB US$'000	HKD US$'000	Total US$'000
Trade and other receivables	28,052	138	28,190
Cash and cash equivalents	13,294	912	14,206
Trade and other payables	(7,354)	(185)	(7,539)
Net exposure to currency risk	33,992	865	34,857

(ii) *Sensitivity analysis*

A 5% strengthening of US$ against the following currencies at the reporting date would increase/(decrease) (loss)/profit after taxation by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

	2020	2019
RMB	**1,105**	1,445
HKD	**304**	36

A 5% weakening of US$ against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

25 Financial risk management and fair values (Continued)

(e) Fair value

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets and liabilities that are measured at fair value at the reporting dates:

31 December 2020

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial asset at FVPL	**1,015**	**5,824**	**50,500**	**57,339**

31 December 2019

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial asset at FVPL	3,296	1,433	50,500	55,229

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(Expressed in United States dollars unless otherwise indicated)

25 Financial risk management and fair values (Continued)

(e) Fair value (Continued)

(i) Financial assets measured at fair value (Continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant Unobservable inputs	Range	Weighted average
As at 31 December 2020				
Financial asset at FVPL — wealth management product	discounted cash flow	bond yield rate	2020: 4%–9% (2019: 4%–8%)	2020: 6.5% (2019: 6%)

The fair value of wealth management product is determined using the discounted cash flow and the significant unobservable input used in the fair value measurement is the bond yield rate. The fair value measurement is positively correlated to the bond yield rate. As at 31 December 2020, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 10% would have increased/decreased the Group's profit by US$328,000.

(ii) Fair value of financial assets and liabilities carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 because of the short-term maturities of all these financial instruments.

26 Commitments

The Group was committed at 31 December 2020 to enter into new leases of 2 years that are not yet commenced, the lease payments under which amounted to US$6,674,000 per annum (2019: Nil).

27 Material related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

During the year, the directors are of the view that the following are related parties of the Group:

Name of party	Relationships
Seamless	Controlling shareholder
Guangzhou Mobvista	Ultimate controlling party
Guangzhou Ruisou	Entity controlled by the ultimate controlling party
Guangzhou Huichun Industrial Investment Co., Ltd. (“Guangzhou Huichun”)	Indirectly wholly-owned by Mr. Cao, one of the executive directors of the Company

(a) Transactions with related parties

	2020 US$’000	2019 US$’000
Recurring:		
Lease of offices premised by:		
— Guangzhou Ruisou	**2,495**	2,600
— Guangzhou Huichun	**179**	186
— Duanshi Investment	**178**	186
Non-recurring:		
Listing expense paid by Guangzhou Mobvista	**—**	30
Listing expense paid by behalf by Seamless	**—**	163

27 Material related party transactions (Continued)

(b) Balances with related parties

As at 31 December 2019 and 2020, the Group had the following balances with related parties:

	2020 US$'000	2019 US$'000
Lease Liabilities		
— Guangzhou Ruisou	**7,986**	4,596
— Guangzhou Huichun	**484**	330
— Duanshi Investment	**567**	330
	9,037	5,256
Other payables		
— Guangzhou Mobvista	**30**	30
— Seamless	**163**	163
	193	193

(c) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2020 US$'000	2019 US$'000
Short-term employee benefits	**1,589**	950
Discretionary bonus	**84**	—
Share-based compensation expenses	**3,667**	3,822
Contributions to retirement benefit scheme	**18**	49
	5,358	4,821

Total remuneration is included in "staff costs" (see note 5(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The recurring transactions with related parties in respect of note 27(a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in paragraph headed "Continuing Connected Transactions" of the Directors' Report.

28 Company-level statement of financial position

	Note	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets			
Investment in subsidiaries		**93,303**	80,109
		93,303	80,109
Current assets			
Other receivables		**108,201**	112,998
Other financial assets		**50,500**	50,500
Cash and cash equivalents		**1,584**	5,083
		160,285	168,581
Current liability			
Other payables		**8,126**	12,420
		8,126	12,420
Net current assets		**152,159**	156,161
Total assets less current liability		**245,462**	236,270
CAPITAL AND RESERVES			
Share capital	23	**15,341**	15,341
Reserves	24	**230,121**	220,929
TOTAL EQUITY		**245,462**	236,270

29 Non-adjusting events after the reporting period

On 3 January 2021, the Company entered into an investment agreement with an investor, pursuant to which the Investor has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the bonds with the convertible rights in the principal amount of US$30,000,000. The final maturity date is the date falling 60 months from the bonds issue date and the interest rate is 3.5% per annum calculated on a compounded basis. The investor has the right, exercisable during the period from bonds issue date to the maturity date to convert the whole or part of the outstanding principal amount of the bonds into certain number of conversion shares. The conversion price will be determined based on arm's length negotiations between the Company and the investor with reference to the prevailing market prices of the shares as quoted on the Stock Exchange.

(Expressed in United States dollars unless otherwise indicated)

30 Immediate and ultimate controlling party

As at the date of this report, the directors consider the immediate controlling party of the Company to be Seamless, which is incorporated in BVI, and the ultimate controlling party of the Company to be Guangzhou Mobvista.

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2020

Up to date of issue of the financial statements, the IASB has issued a number of amendments and new standards, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018–2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

"AI"	artificial intelligence
"AGM"	annual general meeting
"Articles" or "Articles of Association"	the articles of association of our Company as amended from time to time
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code" or "Corporate Governance Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China", "PRC" or "Mainland China"	the Peoples Republic of China, which for the purpose of this annual report only, excludes Hong Kong, Macau and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company", "our Company", "the Company" or "Mobvista"	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
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Seamless, Guangzhou Mobvista and Mr. Duan
"Director(s)"	the director(s) of our Company or any one of them
"Duanshi Investment"	Duanshi Industrial Investment (Guangzhou) Co., Ltd., a company established in the PRC on 21 July 2017 and indirectly wholly-owned by Mr. Duan
"DAU"	daily active user, in the context of DAUs of SDK, representing the number of unique mobile devices on which the codes of the app(s) integrating the SDK called the function in the SDK and resulted in an exchange of data between the app and the SDK platform on that day (multiple calls from the same device are only counted as one DAU)
"Employee RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by our Board on 27 September 2018 and amended on 19 November 2018
"Fengli Trust"	China Industrial International Trust Limited Fengli Investment Single Fund Trust (Period 1)
"FVPL"	fair value through profit or loss
"GDPR"	the General Data Protection Regulation

"Guangzhou Mobvista"	Mobvista Co., Ltd.* (廣州匯量網絡科技股份有限公司), a company established in the PRC as a joint stock limited company on 15 July 2015 through conversion from a limited liability company (i.e. Guangzhou Huitao), the shares of which were delisted from the National Equities Exchange and Quotations of the PRC on 8 June 2020
"Group", "our Group", or "the Group"	the Company and its subsidiaries from time to time
"Game Analytics"	Game Analytics ApS, a Denmark-based company that operates a SaaS game data analytics platform for game developers
"Guangzhou Huichun"	Guangzhou Huichun Industrial Investment Co., Ltd., a company established in the PRC with limited liabilities on 19 July 2017 and indirectly wholly-owned by Mr. Cao
"Guangzhou Huimao"	Guangzhou Huimao Investment Management Center (Limited Partnership) a partnership established in the PRC on 13 May 2015 and controlled by Mr. Duan
"Guangzhou Huiqian"	Guangzhou Huiqian Investment Management Centre (Limited Partnership) a partnership established in the PRC on 23 November 2015 and controlled by Mr. Cao
"Guangzhou Huisui"	Guangzhou Huisui Investment Management Co., Ltd., a company established in the PRC with limited liabilities on 8 May 2015 and is owned by Mr. Duan as to 95%
"Guangzhou Ruisou"	Guangzhou Ruisou Information Technology Co., Ltd., a company established in the PRC with limited liability on 7 November 2013 and a direct wholly-owned subsidiary of Guangzhou Mobvista within the Retained Guangzhou Mobvista Group
"Hong Kong"	the Hong Kong Special Administrative Region of the Peoples Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Branch Share Registrar"	Computershare Hong Kong Investor Services Limited
"IFRS"	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
"Latest Practicable Date"	22 April 2021, the latest date prior to the printing of this annual report for ascertaining certain information in this annual report
"Listing"	the listing of the Shares on the Main Board

"Listing Date"	12 December 2018, the date on which the Company was listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Management RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by our Board on 19 November 2018
"Mobvista Technology"	Mobvista (Guangzhou) Technology Limited, a company established in the PRC with limited liability on 2 April 2015 and an indirect wholly-owned subsidiary of our Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. Cao"	Mr. CAO Xiaohuan, one of our co-founders, an executive Director and the president of our Company
"Mr. Duan"	Mr. DUAN Wei, our chairman, one of our co-founders, an executive Director and the chief executive officer of our Company
"Mr. Fang"	Mr. FANG Zikai, an executive Director and the chief product officer of our Company
"Nomination Committee"	the nomination committee of the Company
"programmatic advertising"	the automatic buying and selling of ad inventories and automatic ad delivery through SDK or API
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the period from 1 January 2020 to 31 December 2020
"RMB"	Renminbi yuan, the lawful currency of China
"RSU"	a restricted share unit award granted to a participant under the RSU Scheme
"RSU Schemes"	the Employee RSU Scheme and the Management RSU Scheme
"Seamless"	Seamless Technology Limited, a business company incorporated in the BVI with limited liability on 24 November 2014 and wholly-owned by Guangzhou Mobvista

"SDK"	software development kit, a set of software development tools that allows the creation of applications for a certain software package
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.01 each
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the Share Option Scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on 30 October 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"We", "us" or "our"	our Company or our Group, as the context may require
"%"	per cent