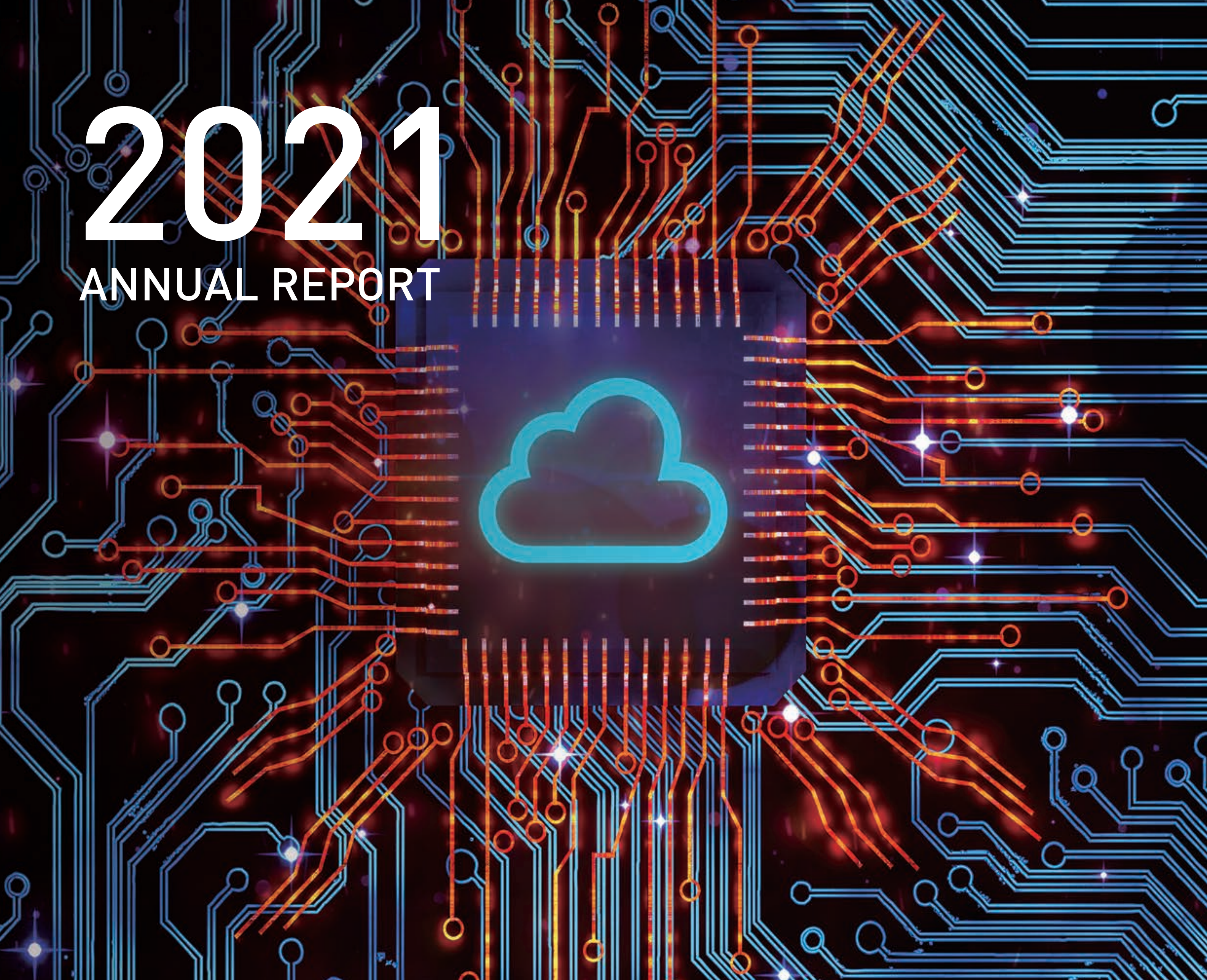
2021 ANNUAL REPORT



Mobvista

匯量科技有限公司

Mobvista Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1860

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. DUAN Wei (Chairman)
Mr. CAO Xiaohuan *(Chief Executive Officer)*
Mr. FANG Zikai
Mr. SONG Xiaofei

Non-executive Director

Mr. WONG Tak-Wai

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

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Cayman Islands

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Hong Kong

STOCK CODE

01860

COMPANY'S WEBSITE

www.mobvista.com

	For the Year Ended 31 December				
	2021	2020	2019	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**755,412**	516,148	500,257	434,727	312,956
Gross profit	**121,922**	82,140	118,763	97,901	82,859
Net (Loss)/Profit for the year	**(24,764)**	(5,206)	22,069	21,854	27,320
Non-IFRS measures Adjusted EBITDA (1)	**23,533**	21,544	51,620	43,190	35,729
Non-IFRS measures Adjusted Net (Loss)/Profit (2)	**(3,945)**	8,979	40,951	35,269	30,550

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 share-based compensation expenses and investment loss from financial assets at fair value through profit or loss.

(2) We define adjusted net (loss)/profit as (loss)/profit for the year adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and loss from change in fair value of derivative financial liabilities.

	As at 31 December				
	2021	2020	2019	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets	**264,326**	102,062	67,353	115,698	108,839
Current assets	**482,642**	395,544	444,132	290,473	210,813
Current liabilities	**349,531**	220,574	238,998	173,592	195,808
Non-current liabilities	**38,079**	9,230	6,447	915	33,477
Total equity attributable to equity shareholders of the Company	**336,804**	267,802	266,040	231,664	90,367
Non-controlling interests	**22,554**	—	—	—	—

FINANCIAL HIGHLIGHTS

	For the Year Ended 31 December		
	2021	2020	YoY
	US$'000	US$'000	Change
Revenue	**755,412**	516,148	46.4%
Net Revenue[(1)]	**148,692**	101,941	45.9%
Gross profit	**121,922**	82,140	48.4%
Loss for the year	**(24,764)**	(5,206)	375.7%
Non-IFRS measures			
Adjusted EBITDA [(2)]	**23,533**	21,544	9.2%
Non-IFRS measures			
Adjusted net (loss)/profit [(3)]	**(3,945)**	8,979	-144.0%

Notes:

(1) The net revenue is not an IFRS measure. We define net revenue as revenue adjusted by deducting cost distributed to the traffic publishers.

(2) We define adjusted EBITDA as EBITDA (which is loss from operations plus depreciation and amortization expenses) for the year adjusted by adding back share-based compensation expenses and investment loss from financial assets at fair value through profit or loss.

(3) We define adjusted net (loss)/profit as loss for the year adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and loss from change in fair value of derivative financial liabilities.

To our shareholders,

It has been three years since Mobvista listed in Hong Kong. Our programmatic advertising platform Mintegral has made incredible progress since then: revenue of the platform in 2021 reached US$575 million, with a three-year CAGR of 96.55%. According to The Performance Index: Edition 14 released by the Israeli mobile attribution platform AppsFlyer on March 22nd, Mintegral's performance in the second half of 2021 for the first time ranked in the top four on both iOS and Android in the global all-category retention power ranking. This is a significant recognition of the quality of our platform's users. The platform was listed in more than 690 rankings covering multiple categories, and ranked first in 12 of the rankings in Greater China. In 2022, Mintegral will continue towards its goal of US$1 billion in revenue and maintain its leading position among third-party Chinese advertising platforms going global.

Since its establishment in 2013, Mobvista has focused on serving the market of "China to Global", but in 2021 we observed a different landscape from the previous 8 years. With the disappearance of China's traffic bonus, a large number of developers who originally focused on the domestic market began to leverage the resources accumulated over the years to enter the international market, and going overseas which was once a consideration has become table stakes. At the same time, as more and more Chinese brands succeeded in being known and loved by overseas users, Chinese developers have become more confident in operating a long-term product with international influence, whether in gaming, social, e-commerce, or the utilities category. We believe that in 2022 a trend of Chinese brands going overseas will be unveiled, which is an irreversible long-term change in the structural growth of Chinese enterprises. Mobvista's vision is "Be the Bridge", we hope to build a bridge between the East and West markets to make global growth simple. 2022 is a new starting point for us on the journey to go overseas, and the market size has grown significantly which will ensure our team is fully motivated.

After 9 years of development, Mobvista has achieved a qualitative leap in its products and core capabilities. Nowadays, our solution can provide an overseas toolkit that includes a full range of functions such as user acquisition, monetization, analytics, creativity, and screening high-quality users around the world through our programmatic advertising platform to optimize return on investment. In fact, Mintegral's retained enterprise customers[1] this year increased their revenue contribution by 84.9% year-on-year. We have served customers in more than 100 countries and regions, and the localization experience accumulated from this can greatly reduce the trial-and-error cost of new customers. The continuous investment in algorithmic engines and dynamic creatives have also formed an effective moat and enhanced the trust of customers in us. The retention rate of enterprise customers[2] held strong at 91.5%, and the company generated net cash flow from operating activities of US$42.48 million throughout the year.

If the corporate fundamentals and industry performance have improved over last year, why is the stock price languishing after a few volatile swings? Benjamin Graham described the stock market as a "voting machine" in the short run and a "weighing meter" in the long run. Obviously, there were many changes in the macro environment in 2021, which made the market experience a hot first half of the year and a much cooler second half. Although we have used the operating data of the first two quarters to confirm that we have overcome the negative impact of last year's public opinion events, the market still needs more time to weigh and measure whether our rapid growth is sustainable and is more focused on operating expenses and shareholder returns in an uncertain environment.

(1) Customers that contributed more than US$100,000 in revenue of the Mintegral platform in the past trailing 12 months.

(2) The ratio of customers who contributed more than US$100,000 in revenue of the Mintegral platform in the trailing 12 months ended 31 December 2020 are still active in the trailing 12 months ended 31 December 2021.

Our cloud server costs, marketing, and R&D expenses have all increased significantly this year. Excluding the impact of asset acquisitions, the increase in operating expenses is mainly due to a few factors: Mintegral doubled the number of ad requests processed per day, we have funded additional promotions to support the expansion of Greater China and new categories, and lastly have increased our investment into growing our team of data science and cloud architects. These investments have brought considerable revenue growth this year and boosted the market power of Mobvista, but it is still difficult to deliver shareholder returns in the short term.

Although it will take time, we will have sufficient data to prove that Mobvista is a unique asset at this watershed moment of Chinese companies going overseas: we have a comprehensive global platform, industry-leading technology, a diversified team with deep international experience, technology and team, a large-scale moat, and the advantage of knowing China better than our overseas competitors. We have set an exciting annual revenue target for 2022, but also made it clear that to improve profitability, the team must use limited resources to charge toward the high growth revenue target and generate stable operating cash flow. Thank you to our customers and shareholders who have always trusted us, and we look forward to telling you about our progress next year!

Regards,

Cao Xiaohuan
Co-founder and Chief Executive Officer

I. Company Overview

1. Company profile

We are a technology service company based on the global mobile internet ecosystem, committed to providing customers with marketing technology services and cloud computing technology services needed for business expansion, so that they can focus on the development and iteration of mobile applications.

Through our SaaS tooling matrix, mobile application developers can easily, quickly and efficiently implement full spectrum marketing activities, and optimize big data computing efficiency and cloud computing resource cost, thereby improving their marketing effectiveness and working efficiency.

2. Business Modules

Currently, our SaaS tooling matrix includes two major categories: marketing technology software tools and cloud computing tools.

Among them, marketing technology software tools mainly include advertising technology platforms (Mintegral and Nativex) serving advertising transactions, data analytics tools (GameAnalytics), etc.; cloud computing tools mainly include SaaS tools (SpotMax) that help customers optimize cloud computing resource cost.

2.1. Marketing technology business

2.1.1. Advertising technology business

At present, our advertising technology business is mainly divided into the Mintegral platform and Nativex business. Among these, the Mintegral platform is our core platform.

Our customers are primarily mobile application developers.

1) Mintegral platform

The Mintegral platform is a programmatic advertising technology platform that integrates a large number of fragmented mobile programmatic traffic. Through an integrated and large-scale programmatic advertising technology platform, it provides customers with user growth and traffic monetization services that reach all channels and global mobile devices.

Technology Application

The platform uses a cloud-native architecture, and the allocation of traffic and budget is driven and optimized by AI algorithms. At present, we maintain a large-scale computing cluster with more than 5,000 core central processing units ("**CPUs**") on the cloud, and perform offline algorithm model training and online inference estimation 7x24 hours.

At each advertisement request, the Group's self-developed MindAlpha intelligent inference engine will be used in real time to estimate the advertisement candidate sequence, select and push the most suitable advertisement to the requesting terminal. The whole process does not exceed 10 milliseconds. Since Mintegral platform upgraded its deep neural network DNN model and dynamic creativity optimization algorithm at the end of the second quarter in 2020, MindAlpha has processed more than 10PB of data per day, used more than 10 billion model feature parameters, and used more than 10 trillion online inferences.

At present, the Mintegral platform has the full-stack capability of every node in the programmatic advertising transaction link, processing over 200 billion daily advertising requests, and continuously self-training and iterating as the data accumulates.

Furthermore, in order to solve the problems of "how to meet the requirements of real-time prediction and personalized recommendation with ultra-low latency" and "how to meet the requirements of ultra-large-scale computing and analysis in a very cost-effective way", we abstracted between the application and the cloud a layer of elastic resource management service, SpotMax, which helps the Mintegral platform build an efficient cloud-native architecture. In the face of deep learning algorithms that further increase the algorithm complexity of the Mintegral platform, we saved 65% of the unit processing cost through our optimized scheduling of the Spot instance.

The cooperation of SpotMax and big data computing engine EnginePlus makes Mintegral a global technology-leading advertising technology platform.

Customer Distribution

From the perspective of customer region distribution, Mintegral's customers are located in Europe, Middle East and Africa ("**EMEA**"), China, Asia-Pacific (including Australia, New Zealand and other major Asian countries excluding China), Americas and other regions, distributed in 107 countries and regions around the world;

From the perspective of the number of customers, during the Reporting Period, China had the largest number of customers, accounting for 47.31% of the total, followed by the main Asia-Pacific region, accounting for 25.45% of the total, while the number of customers in major regions of EMEA, major regions of the Americas and other regions accounted for 17.24%, 5.19% and 4.81% of the total number of customers respectively;

From the perspective of cumulative impressions, during the Reporting Period, the cumulative impressions brought by the Mintegral platform to customers in the main regions of EMEA accounted for the highest proportion, accounting for 31.77% of the total; secondly, the cumulative impressions brought to customers in the main Asia-Pacific region accounted for 28.19% of the total; besides, the cumulative impression brought to customers in China, main Americas, and other regions accounted for 27.05%, 7.78% and 5.21% respectively;

From the perspective of customer types, during the Reporting Period, Mintegral's main customers were casual game customers, whose revenue accounted for 65.6% of the Mintegral platform's revenue. In addition, the Group is actively expanding customers of hardcore games, e-commerce and other categories.

Traffic Distribution

From a traffic region distribution perspective, the traffic reached by the Mintegral platform is spread across EMEA, China, Asia-Pacific (including Australia, New Zealand and other major Asian countries excluding China), the Americas and other regions, distributed in 247 countries and regions around the world, and primarily distributed outside of China in overseas regions;

From the perspective of the cumulative number of devices reached, during the Reporting Period, 93.95% were from overseas regions outside of China and 6.05% were from China; from the perspective of accumulated impressions, 91.35% were from overseas regions outside of China, and 8.65% were from China;

From the perspective of traffic types, during the Reporting Period, Mintegral's main traffic was casual game vertical traffic, and it also had vertical traffic in categories such as utility, social and content, and lifestyle.

Business model

From the perspective of revenue, we charge customers performance-based advertising fees, that is, fees based on marketing and promotion performance. Generally, the performance is evaluated based on the number of users we acquire for each customer (the number of mobile applications downloaded or installed by users).

From a cost perspective, we purchase advertising inventory from traffic publishers to display customer advertisements, and the fee is usually settled with traffic publishers by the number of impressions (i.e., cost per mile ("**CPM**") settlement method). Before the purchased advertising inventory actually displays the customer's advertisement, we do not control the inventory, nor do we have the substantive ability to directly use it. We do not assume inventory risk of advertising.

Our costs also include cloud computing resources costs, namely, server costs.

From the perspective of gross profit, our gross profit depends on the effectiveness of advertising conversion, that is, although we do not assume inventory risk of advertising, we assume the risk of effectively converting ad impressions to users for our customers. Therefore, the strength of the algorithm and the platform expansion strategy will have an impact on the platform's gross profit.

For example, when the platform adopts an expansion strategy in a certain category, in order to accelerate the platform's scaled expansion, the platform will purchase traffic within the range of the conversion rate that is required during the development period (generally, lower than the conversion rate in the mature period), in order to improve the aggregation of traffic and the efficiency of the advertising algorithm. Therefore, during this period in the specific category, the gross profit is relatively low, and may have an impact on the overall gross profit of the platform. After reaching a certain scale in this segment, the platform will gradually increase the requirements of the conversion rate of purchasing advertising inventory, so that the gross profit of the specific category and the overall gross profit of the platform will return to the stable range of the mature period.

Non-advertising agency/intermediary

In Mintegral's business, we are not an advertising agency, and we are neither involved in obtaining media publishers' revenue rebates from the sale of advertising inventory of the third party nor obtaining incentives from media publishers based on the sales amount. Therefore, we are not able to provide our customers with rebates or discounts.

Settlement method

Generally, we fulfill our obligations in accordance with the annual framework agreement signed with the customer, and settle based on the actual advertising performance of the platform. In many cases, the actual settlement amount may exceed the initial budget amount agreed in the contract. Therefore, the platform revenue recognized in a given period is an important indicator of customer's satisfaction and platform advertising performance.

In addition, we generally issue invoices to customers based on the actual advertising performance in the month following the fulfillment of our obligations, and customers pay within 30–45 days after sight. Some customers with good credit may be given a term of up to 60 days after the receipt of the invoice.

Research and development ("**R&D**") team

Our R&D team is composed of related personnel specializing in data science, algorithms, engineering architecture and cloud computing. The team members mainly graduated with doctorate and master's degrees from Cornell University, Illinois Institute of Technology, Tsinghua University, Peking University, Zhejiang University, Huazhong University of Science and Technology, BeiHang University, Xi'an Jiaotong University, Sun Yat-sen University, Beijing University of Posts and Telecommunications, with rich experience in related fields.

At present, we have established a top R&D team in the industry, led by data scientists, AI algorithm experts, engineering architects, and cloud computing experts with work experience from Amazon, Alibaba, Baidu and other leading technology companies. In addition, our R&D personnel are mainly located in the Beijing office.

Marketing

We use a variety of methods to establish contact with potential customers, such as content marketing, email marketing, offline events, etc. At the same time, we participate in or sponsor regional, national and global exhibitions, including ChinaJoy, etc., in order to attract customers and potential customers, promote our business and increase brand awareness. Our sales team cooperates with the marketing department to actively expand potential customers found in the marketing campaign and attract them.

In marketing, we focus on enhancing the attractiveness to customers through the value provided, rather than exploring new customers or maintaining a good relationship with customers through operational sales. Therefore, the size of our sales team is relatively small.

Scale-up and leveraged management model

Our business model aligns our growth of revenue with increases in business growth for our customers. The platform's traffic scale, customer scale, and endogenous algorithm capabilities continue to grow together.

With the expansion of aggregated scale of fragmented traffic sources, and the machine learning algorithms that self-iterate and improve continuously, the Mintegral platform continues to improve the efficiency of distribution and monetization, helping customers achieve user growth and optimize the economic effectiveness of customers' marketing investment. As customers continuously generate greater revenue through our platform, they further cooperate with the platform, maintaining customer stickiness (customer retention) and increase the amount of budget spent on the platform (reflected by average revenue per customer ("**ARPU**") or dollar-based net expansion rate).

At the same time, as the total revenue and the revenue of a single customer increases, the customer's lifetime value ("**LTV**") increases, and the platform's R&D and sales expenses diminish marginally, creating strong operating leverage for the platform. In the long run, when the platform reaches a certain scale, the rapid growth of platform revenue and operating leverage will continuously improve the profitability of the platform.

Competitive landscape

Mintegral is part of a fragmented mobile application ecosystem, which is composed of companies of different sizes and business positioning, including both large companies and private companies. Mintegral primarily competes with advertising technology platforms or advertising networks, such as Google AdMob, Pangle (Pangle ad network of ByteDance), Facebook Audience Network, Unity Software, AppLovin, IronSource, Digital Turbine, Vungle and others.

At present, the entire market is developing rapidly and there are many participants. However, the scale and technical advantages of the more mature platforms are strengthened and demonstrated, and at the same time, the integration and the completeness of their advertising technology solutions can provide customers with increasing value. A trend of integration has begun to appear in the industry.

Competitive/cooperative relationship with top media publishers

From the perspective of advertising, customers may advertise through medium and long-tail traffic that the advertising network platforms of top media aggregate (not top media publisher's traffic). In order to increase the return on investment ("**ROI**") of their budgets, they usually choose several advertising networks or ad technology platforms for advertising, and allocate budgets based on actual advertising performance. Third-party independent advertising technology platforms rely on their vertical and regional advantages and specific traffic segments to attract customers through high-quality advertising performance, which may have a competitive relationship with the advertising network platforms of the top media that aggregate medium and long-tail traffic (not top media publisher's traffic).

From a traffic perspective, customers usually pay attention to the actual advertising performance of different media traffic sources and the ROI of the investment budget, rather than the media traffic itself. The Mintegral platform not only aggregates medium and long-tail traffic. Currently, it also further participates in real-time bidding for programmatic top media traffic sources. It does not have a strong competitive relationship with top media traffic sources, but has a certain cooperative relationship.

Competitive advantages

From a traffic perspective, the Mintegral platform has specific vertical advantages and aggregated traffic resource advantages. The developers of vertical categories are both our advertisers and traffic suppliers. The advertisers and traffic naturally form an accurate match, and the platform has completed the coverage of most of the top developers in vertical categories. On the one hand, this helps the platform to establish differentiated competitiveness for vertical categories, allowing us to have a more detailed and thorough understanding of the customer needs and ecology of vertical categories; on the other hand, this structural matching advantage enables us to help developers efficiently complete customer acquisition and monetization, thus forming our competitive barriers.

From an algorithm perspective, we have laid out the user interest modeling algorithm under de-IDFA conditions very early. Different from the technology commonly used in the industry that completely relies on identifier for advertisers ("**IDFA**") to obtain long-term interest portraits of users, we focus on the behavioral interest modeling technology that does not violate users' privacy. In the characterization of users, we have innovated along two dimensions: first, stronger real-time user interest modeling based on contextual information acquisition, in order to obtain users' timely interest preferences. From our and the industry's practice, the more real-time, the more effective; second, richer clustering modeling of user interests. As the behavior data of any single user is extremely sparse, this brings great trouble to the characterization of user interest. We have built the hyperscale graph model technology covering billions of users, which is able to cluster together users with similar interest patterns in the data and extract common, more robust and denser clusters of interest. This not only helps protect the privacy of a single user, but also greatly enhances the learning ability of the machine learning model. In addition to the interest modeling technology, we have further added dynamic creative optimization technology to the algorithm, which can achieve the creative display which meets the needs of different people according to the user's behavior preference, which greatly improves the user's interactive behavior. In addition, we are trying to introduce reinforcement learning technology into the real-time bidding process of advertisements, so that the bidding agent can perceive the changes more intelligently in the bidding market, and help us adjust the bidding strategy more dynamically, so as to make the conversion relationship between revenue and profit more controllable. Therefore, the Mintegral platform has strong algorithmic advantages.

From the perspective of cost, in addition to the large-scale use of machine learning technology for the algorithm, Mintegral has further upgraded the use of cloud servers intelligently. Recently, we are actively deploying personalized computing power technology, that is, using machine learning technology to model the traffic value in the entire computing process, forming a differentiated classification, different traffic matching different algorithm strategies, different strategies matching different computing power. For example, we use a more complex model and more expensive but more powerful graphics processing units ("**GPUs**") for high-value traffic, while using a degenerate model that can run on low-spec CPUs for low-value traffic. This maximizes the cost-effectiveness of each computing power, thereby helping us achieve joint optimization of revenue, cost, and profit.

From the perspective of positioning, the Mintegral platform, as an independent third-party advertising technology platform, has strengths in openness and transparency, and therefore can better protect the interests of both advertisers and traffic publishers;

From the perspective of the customer relationship, the Group adheres to the strategy of neutrality and tool matrix, does not have first-party content business, and therefore does not compete with our customers.

2) Nativex

Nativex is a comprehensive marketing business. It has a programmatic marketing software platform business linked to top media sources, top media agency, and a non-programmatic advertising business.

i. A marketing software platform that aggregates top media publishers

By providing a self-service marketing software platform, the platform enables our customers to independently plan, manage, monitor, and analyze marketing activities, conduct data-driven mobile advertising more efficiently, and obtain clear and real-time data analysis. This empowers our customers to optimize their marketing activity.

In addition, the platform integrates and will further integrate access to other complementary marketing services, such as our customer data platform (CDP), data management platform (DMP), advertising creativity intelligent analysis platform, advertising performance monitoring platform, advertising anti-fraud tools, etc., thereby further simplifying and optimizing customer marketing activities.

At present, the platform has aggregated a lot of top media platforms, such as Google, Meta, Apple Search Ads, Snapchat, Tencent social advertising, ByteDance Ocean Engine, etc. In the future, other top media platforms will be further aggregated.

Business model

Regarding the business income generated by customers from advertising and marketing activities through this platform, our obligation is to provide customers with the right to use our marketing software. Therefore, we recognize revenue through a certain percentage based on the ad spend the customer manages through the platform.

During the Reporting Period, the platform is still in the preliminary preparation stage, and its contribution to revenue is relatively small.

ii. Non-programmatic advertising business

Non-programmatic marketing business includes top media agency business, and traditional non-programmatic advertising business.

Among them, traditional non-programmatic advertising business provides customers with non-programmatic advertising services across various non-programmatic mobile media channels and adopts flexible solutions to meet the different needs of different customers.

During the Reporting Period, the Group took the initiative to reduce the top media agency business, and decided to withdraw from this business in November 2021 to further focus on the Group's strategies. As of the date of this annual result announcement, we have completed the divestiture of the top media agency business. Only traditional non-programmatic advertising businesses with stable profits and good cash flow are included in the non-programmatic advertising business.

2.1.2. Other marketing business

2.1.2.1. GameAnalytics

GameAnalytics ("**GA**") is our SaaS based in-app data statistical analysis tool. At present, the platform is one of the world's largest casual and hyper-casual game data statistical analysis platforms.

GA can provide game developers with in-depth analysis and insights about their products, enabling them to understand business operations in real time, track key in-app performance indicators, and improve user engagement.

Based on the collection of proprietary data in related game fields and the industry insights provided, we launched the industry data analysis premium solution GameIntel, which aims to provide developers with more detailed data analysis and industry comparison information, so that they can gain real-time insights into the competitiveness of their games, understand the potential market status, and glean opportunities into their segment of the gaming market.

Target customers

The main customers of this product are game developers and top media publishers with game advertising needs.

Business model

From the perspective of revenue, the product charges monthly subscription fees based on automation features and data analysis dimensions. Subscription fees range from US$350 to US$3,000 per month. From a cost perspective, we are responsible for ensuring the accessibility and stability of the platform, as well as paying server costs to external cloud server vendors.

Development strategy and process

At present, GA is still at the stage of product development and iteration. During the Reporting Period, accelerated market expansion and cross-selling products with other business customers of the Group are not the main strategies.

2.1.2.2. Reyun Data

Beijing Reyun Technology Co., Ltd ("**Reyun Data**") is a third-party platform that focuses on the monitoring of mobile advertising delivery and data analysis. It takes mobile advertising monitoring as the entry point and further focuses on data collection and mining, so as to help customers conduct advertising data analysis, material intelligent analysis etc., to optimize customer marketing activities.

Business model

The main products of Reyun Data are SaaS products, that is, cloud hosting softwares. The two charging methods mainly include pay-by-use and subscription.

Among them, the mobile performance monitoring tool and user management tool will charge customers according to the usage. They usually sign a usage agreement in advance and use the service according to the usage agreed in the agreement. In addition, because customers have flexibility in usage, in many cases they can exceed their contracted usage or beyond the original contract term. If customers wish to increase their usage, they will usually upgrade their protocol to a higher level.

The material intelligence analysis tool is charged on an annual subscription basis. During the term of the contract, as time goes by, Reyun Data will gradually recognize revenue on a pro-rata basis. The goods or services transfers to the customer are not conditioned on anything other than time.

2.2. Cloud computing technology business

2.2.1. Cloud computing resource cost optimization tool

SpotMax is a SaaS tool for cloud computing resource cost optimization. Utilizing the flexibility and features of the public cloud, the system can help customers, that is, public cloud computing resource purchasers, greatly optimize the purchase cost of cloud computing resources while ensuring the stability of their business systems. Generally, we can help customers save 60–70% of elastic cloud computing resource costs.

Development background

SpotMax was developed under the circumstances of high computing power demand and high cost of cloud computing resources in the Group's advertising technology business. It helped Mintegral build an efficient cloud-native architecture and achieved 65% savings in unit processing costs through optimized scheduling of Spot instances. The complexity and scale of the Group's advertising technology scenarios provide a large number of real-time business scenarios for the training of the SpotMax model, speeding up its iteration and strengthening its adaptability.

Operation mechanism

Generally, there are three methods for elastic cloud computing resources: on-demand instances, reserved instances and Spot instances. Among them, Spot instances are by far the cheapest instance type among elastic cloud computing resources, and the price of Spot instance is generally 10–20% of the price of an on-demand instance. However, when companies use Spot instances, they must be prepared to deal with interruptions, especially during peak cloud resource usage periods when the demand for instances increases sharply because Spot instances may be interrupted. Therefore, at present, most companies have a relatively limited proportion of Spot instances use.

SpotMax is a basic service based on cloud and cloud native best practices. Through statistics of historical data of past interruptions and real-time analysis of the current supply and demand of cloud computing resources in the market, it predicts unstable Spot instances, replaces Spot instances in advance, and ensures continuous availability of workloads thereby solving the system chaos and service interruption that may be caused by companies purchasing Spot instances.

Target customers

This platform's customers mainly include internet businesses that require more elastic cloud computing resources, and other businesses that want to optimize procurement costs and efficiency in the process of deployment on the cloud or using cloud computing resources. Generally, the platform has no specific usage restrictions on customers' scenarios.

Business model

We charge fees based on the number of cloud computing resources (i.e. virtual CPU "**vCPU**") managed by customers through the platform. Because customers have a certain degree of flexibility in the consumption of cloud computing resources, we usually recognize revenue based on the number of computing resources managed, rather than the traditional way of software subscription. In addition, the software is non-customized software and can be applied to many scenarios.

Cooperation/competitive relationship with cloud vendors

The core value of SpotMax lies in the use of cloud resources rather than cloud, that is, the product itself does not directly provide corresponding cloud services, but it performs more efficient operation and maintenance optimization SaaS services based on the services provided by cloud vendors and other infrastructure as a service ("**IaaS**") vendors. Therefore, we have a non-competitive relationship with cloud vendors.

Furthermore, SpotMax can effectively assist IaaS vendors (cloud vendors), to sell their Spot instances (their idle servers) more efficiently, thereby increasing revenue for cloud vendors.

Non cloud vendor sales agency

Our obligation to fulfill is to provide customers with the right to use the software so that customers can optimize and manage the cloud computing resources purchased from cloud vendors. Before the cloud computing resources are transferred to our customers, we do not control the cloud computing resources, because we do not have the substantive ability to directly use the cloud computing resources, and we have not obtained any substantial remaining benefits from the cloud computing resources. We are not directly responsible for the sales of cloud computing resources, and there is no inventory risk of cloud computing resources, so we are not a sales agency for cloud vendors.

Operating model

The business will benefit from strong network effects. With the expansion of customers and since more and more customers manage their cloud computing resource purchases through this platform, the value of our platform will continue to increase. The operation and maintenance cost of the platform is relatively low, and as the scale of the platform expands, a strong operating leverage effect will be generated.

Competitive advantages

Compared with cloud vendors, our biggest advantage is neutrality. Considering data security, multi-cloud deployment is currently the choice of many enterprises. Under multi-cloud deployment mode, third-party independent platforms can provide effective services in cross-cloud mode, that is, neutrality, which is an important competitive advantage of SpotMax.

Compared with general technology companies, our large-scale and highly iterative advertising technology business provides scenarios for the training of the platform model to ensure the real-time effectiveness of the platform.

Promotion strategy and process

At present, the business is still at the early stage of commercialization. We sell through our direct sales team and the cloud store of our partner cloud vendors, and focus on the expansion of benchmark customers in various fields. In the future, we hope to serve companies in all kinds of scenarios in many industries around the world.

3. Integrated business model

Our core is the advertising technology platform, which helps mobile application developers attract more mobile users and monetize their traffic to achieve their business growth.

Using this scenario as an entry point, we continue to expand marketing technology (“**MarTech**”) products through understanding the needs of customers through their full-stack marketing activities to effectively establish cross-selling and up-selling of products, thereby increasing customer stickiness and increasing ARPU.

In addition, our powerful cloud computing central platforms (such as cloud computing resource optimization platform SpotMax and big data computing engine EnginePlus) support the development of our MarTech business, and has become the second growth curve of the Group’s business development through productization and commercialization.

In the long run, the strategic flywheel formed by the construction of the SaaS tool matrix will promote the growth of our business and strengthen our competitive advantage. As more and more mobile application developers use our SaaS tools to analyze, promote, and monetize their mobile applications, we have further expanded the scale of the platform. In addition, as we deepen our understanding of the needs of mobile application developers, we continue to iterate and develop new products to further improve the tool matrix. The continuous acceleration of the flywheel consistently strengthens our platform effect, and the allocation ratio (“**take-rate**”) of customers’ marketing budget and cloud operation and maintenance budget continues to increase, thereby promoting the sustainable growth of the Group’s revenue.

II. Industry Overview

According to Statista's data, the mobile application market has become a highly fragmented market; as of December 2021, there are more than 2.61 million applications in the Google Play Store and as of the end of the first quarter of 2021, 2.23 million applications in the Apple App Store. As of the end of the first quarter of 2021, the two app stores have more than 800 thousand games available for mobile internet users to choose from.

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

1. Mobile Internet MarTech Industry

According to the report *MarTech in 2021/2022* jointly issued by MarTech Alliance and Moore Kingston Smith in October 2021, the global marketing technology market size in 2021 is estimated to be US$344.8 billion.

1.1. The development of the data-driven MarTech industry has become a trend. The complexity of online marketing has increased the demand for data-driven MarTech products. The fragmented ecosystem and the continuous increase of data and analysis dimensions involved have created a situation where MarTech tools can quickly realize cost-effective decision-making and reach relevant users. Customers can then optimize advertising strategies based on the feedback of successive impressions, thereby achieving even more effective advertising over time;

1.2. The development of the mobile internet ecosystem drives the development of the MarTech industry and promotes the continuous improvement of marketing budgets. With the advancement of the digitalization trend of the mobile internet, business and media continue to shift to the mobile internet side. At the same time, with the outbreak of COVID-19, users use the mobile internet more frequently and are forming long-term usage behaviors. This change requires the marketing budget to follow users and further accelerates the shift to the mobile internet. We believe that with the development of mobile internet commerce and user scale, customers will transfer more marketing expenditures to mobile digital media, which will lead to an increase in the budget of related marketing services and promote the continuous improvement of the overall digital marketing budget.

1.3. The value chain of the global marketing technology industry has changed. The marketing technology industry chain includes six parts: narrowly defined marketing technology/advertising technology, marketing data analysis, media agency procurement, content generation, traditional creative conception and adaptation. The proportion of each part in the industry's profit pool has changed as follows:

1.3.1 The proportion of advertising technology tools has risen sharply. With the increasing complexity of the advertising technology industry/narrowly defined MarTech industry, the development of artificial intelligence technology and the pressure to measure return on investment have promoted the development of the industry and its proportion in the overall industry profit pool has continued to increase;

1.3.2 Marketing analysis tools are essential to ensure the effective allocation of marketing budget expenditures, and their proportion has increased. Especially when cookies or similar device identifiers disappear, marketing analysis tools play an important role in the effective allocation of marketing budget expenditures. Related mobile marketing effectiveness monitoring tools and follow-up user group behavior tracking and cohort analysis reports can help customers effectively test and optimize marketing plans, so their share in the industry's profit pool has increased;

1.3.3 The proportion of media agency procurement has gradually declined. With the growth of programmatic traffic purchasing and the growth of localized marketing platforms, the market share of advertising agencies is gradually declining, and profit margins are under pressure;

1.3.4 The proportion of programmatic content generation has increased. With the growth of users' digital touch points and the strengthening of the personalized needs of online users, and the surge of demand for modular digital content originality and automated post-production, the proportion of programmatic content generation has increased;

1.3.5 The proportion of traditional content generation industry has declined. Changes in marketing channels and marketing models have led to the decrease of market dependence on traditional content generation intermediaries.

1.4. The personalized needs of online users and the decentralization trend of the mobile internet industry have further strengthened the fragmentation trend and competition within the mobile internet ecosystem. With mobile internet commerce booming and the strengthening of users' personalized needs, the diversification and decentralization of the mobile internet ecosystem will become the norm. In addition, the trend of differentiation of the mobile internet space in various countries and regions continues, which further intensifies the trend of ecosystem fragmentation and competition. Therefore, the cross-regional and cross-scenario traffic aggregation and analysis capabilities of the marketing platform are key factors in providing value to customers.

1.5. Performance advertisements continue to be favored by advertisers, and the 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 due to its characteristics of traceability, accountability, and measurable 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 is experiencing accelerated growth.

1.6. Mobile game purchases have become one of the largest and fastest-growing sectors, and the demand for data analysis continues to grow. According to the data published by Sensor Tower, mobile games account for 39% of global app downloads and 72% of total Apple App Store user consumption. With the rapid development and iteration of the mobile game market, the mobile game purchasing budget 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 and hyper-casual games in the mobile game field, such developers need to focus more on the development and iteration of games, as well as the improvement of the gaming experience. Based on this, the demand for clear, multi-dimensional statistical analysis products that incorporate comprehensive industry data is also growing rapidly, so that game developers can focus on game development and increase user engagement in their games.

2. Cloud Computing Industry

Digital transformation is becoming the norm for enterprise development, and public cloud empowers enterprises in digital transformation with its scalability and feasibility advantages.

2.1. The proliferation of connected devices, applications, and social media has led to explosive growth in the amount of network data. Cloud computing and data storage and processing are becoming key requirements for enterprises. According to IDC's March 2021 report *Global Data Forecast 2021–2025*, the total amount of global data in 2021 is 79ZB, and it is expected to reach 181ZB in 2025, with a compound growth rate of 23%. The growth of these data means that the demand for cloud computing and data storage will grow rapidly.

2.2. Under the wave of digitalization, global public cloud spending has increased rapidly. According to Gartner statistics, global public cloud service end-user expenditures increased by 23.1% from 2020 to US$332.3 billion in 2021. By 2022, this figure may reach US$397.5 billion, with a compound annual growth rate of 21% since 2020.

However, unoptimized use of cloud resources and purchase methods lead to high cost of cloud systems, hindering enterprises' adoption of public clouds. According to Flexera's *State of the Cloud Report 2021*, surveyed companies estimate that 30% of their cloud spending is wasted, and 61% of them are planning to reduce cloud computing costs.

2.3. For data security considerations, multi-cloud deployment is currently the choice of many enterprises. According to Flexera's *State of the Cloud Report 2021*, 92% of enterprises adopt a multi-cloud strategy and 82% use a hybrid cloud.

In the long run, the advancement of cloud computing resource optimization technology will become a key point driving the faster development of the public cloud computing market.

III. Financial performance

— During the Reporting Period, the Group's revenue has increased by 46.4% on a YoY basis to US$755.4 million (corresponding period in 2020: US$516.1 million);

— During the Reporting Period, the Group accelerated its transformation to a programmatic business centered around the Mintegral platform, reducing and gradually withdrawing from top media agency business, leading to a decrease in Nativex business revenue by 15.3% on a YoY basis to US$177.6 million (corresponding period in 2020: US$209.6 million);

— During the Reporting Period, the Group's Mintegral platform business recovered and grew strongly, achieving business revenue US$575.1 million, an increase of 88.0% on a YoY basis (corresponding period of 2020: US$305.8 million);

— During the Reporting Period, the Group actively promoted the restoration of business relationships with Mintegral's customers and traffic-side publishers, consolidated the financial results of Reyun Data into the consolidated financial statements of the Group and focused on expanding new vertical categories of Mintegral's advertising business, laying the foundation for the long-term rapid growth of the platform's transaction scale, resulting in an increase in sales expenses of 178.0% to US$47.1 million during the Reporting Period (corresponding period of 2020: US$17.0 million);

— During the Reporting Period, non-IFRS measures adjusted EBITDA was profit of US$23.5 million (corresponding period in 2020: profit of US$21.5 million); in the first half of 2021, non-IFRS measures adjusted EBITDA was profit of US$2.2 million; in the second half of 2021, non-IFRS measures adjusted EBITDA was profit of US$21.3 million.

IV. Business Review

1. Accelerate the transformation towards programmatic business with Mintegral as the core, and the top media agency business of Nativex continues to be reduced, which occupies operating capital and has limited profit growth potential.

At present, the mobile advertising industry continues to transform from non-programmatic to programmatic, and the trend of decentralization and fragmentation of the mobile internet ecosystem is becoming more and more obvious. Therefore, the Group's advertising technology business is accelerating the transformation to a programmatic business centered around Mintegral.

At the same time, for the top media agency business of Nativex, due to its limited development potential space and the occupation of the platform's operating capital, it cannot form a good synergy with the Company's strategic core business. During the Reporting Period, the Group took the initiative to adopt the retrenchment strategy and gradually reduce related resource input. In November 2021, the Group signed a business restructuring agreement and decided to sell the top media agency business to the connected companies of the controlling shareholder. Details of the relevant transaction are set out in the section headed "Management Analysis and Discussion". At present, the top media agency business restructuring transaction has been completed. After the divestiture of the top media agency business, Nativex will focus more on the marketing software platform business that aggregates top medias, and the traditional non-programmed advertising business with stable profits and better cash flow.

During the Reporting Period, Mintegral's business revenue increased by 88.0% on a YoY basis to US$575.1 million, and its proportion of advertising technology business revenue increased from 59.3% in 2020 to 76.4%; Nativex's business revenue fell by 15.3% on a YoY basis to US$177.6 million.

2. Mintegral's business has recovered strongly, and customers and traffic continue to grow

2.1. Mintegral's business is growing strongly, and the platform effect is continuously strengthened

During the Reporting Period, the Group actively promoted the restoration and development of business partnerships with Mintegral's customers and traffic-side publishers, and continued to attract new customers and traffic publishers. The platform effect continued to strengthen and business growth was strong. The platform is expected to achieve a transaction scale of US$200 million in the first quarter of 2022.

2.2. *While continuously optimizing the algorithm, Mintegral strengthened the control of the computing power cost*

With the continuous enhancement of the competitiveness of the Mintegral algorithm and the continuous expansion of its business scale, the corresponding computing power cost is also increasing. In addition to the large-scale use of machine learning technology for the algorithm, Mintegral has further upgraded the use of cloud servers intelligently. Recently, we are actively deploying personalized computing power technology, that is, using machine learning technology to model the traffic value in the entire computing process, forming a differentiated classification, different traffic matching different algorithm strategies, different strategies matching different computing power. For example, we use a more complex model and more expensive but more powerful GPUs for high-value traffic, while using a degenerate model that can run on low-spec CPUs for low-value traffic. This maximizes the cost-effectiveness of each computing power, thereby helping us achieve joint optimization of revenue, cost, and profit.

2.3. *The IDFA authority change was officially implemented, and Mintegral's business proved to be resilient*

iOS 14.5 has been officially released in late April 2021. As of 31 December 2021, 48.1% of iOS system devices cannot track IDFA, which has an increase of 19.8 pct[(1)] from the 28.3% of devices that cannot track IDFA in April 2021.

Different from the technology commonly used in the industry that completely relies on IDFA to obtain long-term interest portraits of users, we focus on the behavioral interest modeling technology that does not violate users' privacy, and further add dynamic creative optimization technology to the algorithm to achieve the creative display which meets the needs of different people according to the user's behavior preference, which makes us less affected by IDFA.

From the revenue perspective, the quarterly transaction scale of the Mintegral platform continued to grow, maintaining a good growth trend. Therefore, we believe that this policy has neither exerted nor will have a substantial impact on our business.

(1) Increased percentage of iOS system devices that we cannot track IDFA = the percentage of iOS system devices that we cannot track IDFA in December (48.1%)-the percentage of iOS system devices that we cannot track IDFA in April (28.3%)

2.4. *Mintegral maintains high customer retention, and both customers and traffic are growing rapidly*

Our customers of designated scale (see definition below) have contributed significantly to the growth of our business. The revenue growth of each customer of designated scale has improved average revenue per customer and business visibility, strengthened our operating leverage, and effectively improved our reputation in the industry.

In order to measure the increase of customers' revenue scale and our ability to attract scaled enterprises, we calculated the number of customers who contributed more than US$100,000 in revenue in the past 12 months as of the end of the Reporting Period (31 December 2021) which was 267 in total and contributed 97.7% of the total revenue of the Mintegral platform; in addition, the retention rate of the customers who contributed more than US$100,000 in the past 12 months as of the end of the previous reporting period (31 December 2020), was 91.5% in the current period, the dollar-based net expansion rate was 184.9%.

At the end of the Reporting Period, the Mintegral platform cooperated with 5,854 traffic publishers, gaining 715 new traffic publishers, an increase of 14.1%, compared with that of the end of 2020; at the same time, the number of mobile traffic publishers that we are still cooperating with is 57,745, increasing by 18,098 since the end of 2020, an increase of 45.6%.

3. Acquisition of Reyun Data, expanding from advertising technology business to a full-spectrum marketing technology business

3.1. *Expansion from a single advertising technology to a full-spectrum marketing technology*

From the beginning of our establishment, we have focused on effectively expanding the user base and increasing revenue for our customers through the advertising technology platforms Nativex and Mintegral. In the process of empowering developers to grow and monetize, through the accumulation of a large amount of data, we gradually gained insight into the needs and pain points of developers. Therefore, our management team has discovered a bigger market opportunity: developing full-stack MarTech products, using data, analysis and other tools to help customers relate their customer profitability to user growth, user data analytics and user management, and creating a sustainable growth cycle, so that they can further reinvest in user growth after their revenue increases, effectively improving their ultimate profitability.

All along, we were committed to building a complete marketing technology tool matrix so that customers can complete the entire pre, mid and post-marketing process including marketing planning, business growth, traffic monetization, user analysis, creative and content management, advertising traffic monitoring and attribution etc.

3.2. Acquisition of Reyun Data and accelerated team integration to further improve the establishment of the Group's SaaS tool matrix.

In April 2021, the Group announced that it intended to acquire all the shares of Reyun Data, an industry-leading mobile advertising performance monitoring and data analysis platform.

In the second half of 2021, the acquisition of approximately 52.13% of the equity held by the founder team of Reyun Data and approximately 2.33% of the equity held by some financial investors was completed, and Reyun Data became an indirect non-wholly-owned subsidiary of the Group.

The Group will continue to push forward the acquisition of the remaining shares of Reyun Data. With the acquisition of Reyun Data, the Group will further improve the matrix of marketing technology tools, and deploy other marketing technology businesses such as mobile advertising performance monitoring and user data management tools.

Note: During the Reporting Period, the Group also acquired another SaaS company (HIO) together with the acquisition of Reyun Data and the total consideration is approximately RMB713,038,445.36.

4. The data statistical analysis business continues to expand, and the synergies with the advertising technology business continue to strengthen.

During the Reporting Period, GA achieved revenue of US$886 thousand as a whole.

In terms of platform coverage, the number of game developer partners of GA is 179,000, with an increase of 33.6% compared to the first half of 2021. The number of monthly active users (MAU) covered reached 2.3 billion. The wide coverage and high granularity of GA's data makes its data analytics service deeply trusted by game developers.

In terms of synergies, the synergies between the GA and Mintegral platforms continue, and the Group's tool matrix model is further strengthened.

During the Reporting Period, among GA customers, there were 1,319 game developers with MAU greater than 100,000, of which 82 were Mintegral customers, contributing 33.2% of the Mintegral platform's revenue.

In addition, as of the end of the Reporting Period, among the customers who spent more than US$100,000 on the Mintegral platform for the trailing twelve months, 42 used GA services, that is, 15.7% of customers who spent more than US$100,000 for the trailing twelve months as of the end of the Reporting Period using GA services.

5. From a data privacy and security perspective, the Company has obtained multiple relevant certifications, and business compliance governance and risk management systems continue to operate.

Currently, global regulatory agencies have increasingly strict requirements for data privacy and security governance. For advertising technology companies, data privacy and security 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 Group's long-term strategy for data and privacy protections, during the Reporting Period, the Group passed a number of third-party evaluations and certifications related to data and privacy and security. Related assessments and certifications include:

In January 2021, the Group passed the internationally recognized authoritative certification of ISO/IEC 27001, the most authoritative, strict and widely used information security management system certification standard. Passing the certification indicates that the Company has built a high-level information security management system in terms of organization and management, physical and environmental security, information system acquisition, development and maintenance, and information security incident management, and in the actual operation process, has ensured user information security and high stability and sustainable development of the operating system. ISO 27001 certification is of great value to advertising platforms. Advertisers, agencies, publishers and end users can obtain the highest level of protection in the advertising technology supply chain, reflecting the Group's commitment to high-level information security.

In March 2021, Mintegral and Nativex obtained a privacy protection certification from ePrivacy, a well-known European privacy protection certification institution, and were awarded the ePrivacyseal certificate within the European Union. ePrivacy is one of the world's most credible data security and privacy protection certification institutions, focusing on digital products and mobile fields, and has broad global influence. ePrivacyseal certification covers GDPR regulatory requirements, and the certification scope is wide and detailed. The certification is mainly based on both law and technology aspects. It strictly reviews the product privacy protection system, product design, system security, process system, etc., and evaluates whether it complies with GDPR regulations and whether it can protect user privacy. Through ePrivacyseal certification, Mintegral and Nativex have built a moat for user data privacy, which is conducive to enhancing market competitiveness and continuously enhancing customer trust.

A third party public accounting firm was engaged by the Group on 20 March 2020 to perform the Service Organization Control 2 (the "**SOC2**") review on, amongst others, programmatic advertising platform, cloud-based service applications and data analytics platform to user entities in accordance with the International Standard Assurance Engagement 3000 (the "**ISAE 3000**"). The SOC2 Type 1 ("**Type 1**") review was completed on 26 August 2020. Furthermore, the SOC2 Type 2 ("**Type 2**") review was completed and the Group obtained the SOC2 Type 2 report issued by the third party public accounting firm on 24 August 2021.

The ISAE3000 stipulates that the internal control system of a service organization is a policy and program designed, implemented and recorded by the management to provide the service described in such service organization control report to the user entities. The ISAE3000 applies to, and the SOC2 review will report on, controls at a service organization relevant to security, availability, processing integrity, confidentiality, or privacy performed under the ISAE3000 or local equivalent. The SOC2 Type 1 review assesses the design of controls at a specific point in time. The SOC2 Type 2 review assesses how effective those controls are over time by observing operations for a period of time, on the base of SOC2 Type 1 review.

In September and October 2021, GA and Mintegral, respectively, passed the annual review of the Children's Online Privacy Protection Act certification of the kidSAFE Seal Program and renewed their membership in 2020, to ensure the services provided by GA and Mintegral are effective in safeguarding children's online privacy. GA and Mintegral have held this certification since 2019 and maintain a strong reputation for privacy and security in the industry.

In December 2021, Mintegral and Nativex received certification from TrustArc, an authoritative privacy and security certification body in the U.S., certifying that the handling of customers' and end users' personal data by Mintegral and Nativex complies with the California Consumer Privacy Act requirements, further proving that the services provided by Mintegral and Nativex can provide comprehensive privacy protection for customers and end device users.

In addition, we pay close attention to the formulation, introduction and implementation of China's Personal Information Protection Law (《個人信息保護法》), Data Security Law (《數據安全法》) and other laws and regulations, and their related supporting legal documents. We have taken a series of measures dedicated to strengthening information security and respecting personal privacy, and updated our privacy policy, in order to ensure that our products and services are processing personal information of customers located in the PRC in accordance with the relevant requirements. We also continue to pay attention to laws and regulations related to data protection promulgated overseas. As at the Latest Practicable Date, we are not aware of any circumstances that have a significant impact on the Group's business.

V. Business Growth Strategy

1. Expand the customer base

We will expand different customer categories, such as hardcore games, e-commerce, etc., and continue to attract more currently well-developed vertical customers through investment in the reputation of our brand, thereby further expanding our customer base.

2. Increase the revenue of customers on a single platform

2.1 Strengthen the competitiveness at the Android system level and further increase the revenue from the Android system

During the Reporting Period, the proportion of Android and iOS devices reached by the Mintegral platform was 7:3, but the proportion of revenue was about 1:1. The revenue share of Android system increased significantly compared with the previous reporting period. From the perspective of average daily impressions per device, during the Reporting Period, the average daily impressions per device(1) of the iOS system was 1.6 times the average daily impressions of a single device of the Android system. And as of the end of the Reporting Period, the daily average number of impressions per device(1) in the iOS system was 0.93 times the average number of impressions per device in the Android system. The number of per device impressions of the Android system has increased significantly, and the platform's competitiveness at the Android system level has been continuously enhanced. As the Mintegral platform continues to strengthen the Group's competitiveness at the Android system level, performance advertising revenue from the Android system will continue to increase.

2.2 Drive domestic and overseas development, and strengthen the competitiveness of the platform in China

During the Reporting Period, about 94% of the traffic reached by the Mintegral platform was distributed overseas, and only 6% of the traffic was distributed in mainland China and China's Hong Kong, Macau, and Taiwan regions. With the completion of the acquisition of Reyun Data, the Group will further strengthen its domestic traffic expansion and technological competitiveness, and realize the dual-drive development of "domestic + overseas".

(1) The multiple of the daily average number of impressions for a single device = the daily average number of impressions for a single device in the iOS system/the average number of impressions per day for a single device in the Android system.

3. Take advantage of customer relationships to cross-sell our solution tools

Customers can start using our tools at any stage in the product lifecycle, and over time they will typically expand to use other tools. For example, at the beginning, customers use our Mintegral platform to acquire users. As users increase, they will further increase their revenue by selling their advertising inventory to display ads to users through us, and further spend revenue to grow their user base and at the same time use our advertising creative analysis tool to optimize its advertising and to enhance the attractiveness to users in advertising aimed at user growth. In addition, they will monitor their advertising status through mobile performance monitoring tools, and optimize their marketing budget allocation based on attribution analysis.

At the same time, these customers often have large cloud computing needs. They can further use our tools related to cloud computing to optimize the operations and maintenance of their infrastructure and the processing and calculation of big data.

Through our diversified tools, customers can focus on business development and iteration to the greatest extent, which can accelerate business expansion and reduce costs. Taking advantage of customer relationships to cross-sell our tools will also become a major driver of our growth.

VI. Long-term Development Strategy and Outlook

In the great wave of global digital transformation, technological innovation requires practical environment. With the deepening of the understanding of the service ecology, and practice based on a large number of business scenarios, the Group will gradually grow from an innovator of technology to an exporter of technology. From a long-term perspective, our specific long-term development strategies and measures include:

1. Adhere to the long-term strategy of building a SaaS tool ecosystem

1) Independent research and development + strategic acquisition, continue to build a SaaS tool ecosystem

Relying on deep insights and understanding of the needs of business and technology at different lifecycle stages of mobile applications, the Group continues to develop independently, has launched and integrated data analysis tools, marketing clouds, advertising creative analysis tools, cloud technology, and other products or services to continuously improve our SaaS tool ecosystem, to strengthen and expand our long-term cooperative relationship with customers with integrated tools.

In addition, as part of our growth strategy, we will strengthen our customer resources and tool capabilities by acquiring companies, and integrating businesses, teams, and technologies thereby accelerating the formation of our SaaS tool matrix.

2) *The advertising technology business continues to transform into a programmatic advertising business centered around Mintegral*

The Group continues to persevere with respect to transforming to a programmatic advertising technology business centered around Mintegral, and maintain the traditional non-programmatic advertising business with good cash flow and stable profits.

3) *Accelerate the expansion of the Mintegral platform scale and the expansion of new markets/new vertical categories*

Through the expansion and layout of casual games, the Company's barriers formed by first-mover advantage have been proven. With the deepening of the understanding of vertical categories, the long-term accumulation of deep learning technology and the accumulation of data, the company can continue to refine operations, optimize execution, and refine the eCPM of each traffic flow, etc., so as to better speculate bidding in the asymmetric game ecology of the market and to solve the biggest optimization problem facing the real-time bidding market — maximizing profit while maximizing revenue.

At present, the Mintegral platform is still at the stage of actively expanding its scale. The Group hopes to actively seize market share and establish a first-mover advantage through the development of new markets/new vertical categories.

2. Adhere to the central technology platform strategy

From the end of 2017, the Group has been preparing to build a central technology platform. At present, we have abstracted two layers of central technology platform: one layer is SpotMax, which manages the infrastructure layer of cloud computing; the other one is the data intelligence layer EnginePlus, which manages data and algorithms, and contains StarLake, a real-time data lake framework that can be used in a variety of business scenarios. It also contains the intelligent inference engine MindAlpha; the two layers of central technology platform is sufficiently abstract, can be decoupled from specific business scenarios and functional units, and have sufficient business development adaptability.

From a practical point of view, in the Group's multi-service development process, the continuous evolution of the technical architecture naturally promotes the formation of the Company's existing central technology platform. This strategy not only meets the flexibility of future business development and the agility of the business team, but also enables the Group to integrate resources and talents, improve and optimize operational efficiency, reduce repetitive investment in the construction and maintenance of repeated functions, and reduce integration and collaboration costs to get through the interaction between systems.

The Group will adhere to the central technology platform strategy for a long time. While boosting business growth, it will further promote the output of innovative technologies, so as to better improve the SaaS tool ecosystem and meet customers' full lifecycle needs.

3. Be the Bridge

From the beginning of its establishment when the Group helped Chinese apps go overseas, to later opening up overseas local markets, and further connecting the East and West markets, we have always adhered to the "Be the Bridge" strategy and have continued to give the strategy new meaning and expand the boundaries of the strategy.

At present, we help to connect the markets of the East and the West, the budget side and the traffic side, the creative side and the data side, and even cloud computing resources of different vendors, and will further empower customers, so that customers can choose, operate and output independently, promoting the development of their own business.

We believe that under the circumstances and trend of decentralization, the Group's neutrality and adherence to the "Be the Bridge" strategy will enable every customer to have and retain the ownership and control of digital assets, in line with today's global data privacy trend and the general trend of security protection.

4. Adhere to the globalization strategy

We will adhere to the globalization strategy. The Group has continuously strengthened its brand image in the Asia-Pacific region and strengthened its cooperative relationship with customers and potential customers. In addition, we are also implementing localization strategies in EMEA and the Americas in order to actively expand our market.

5. Adhere to data privacy and security protections

Our platform collects and analyzes the behavioral data of mobile internet users, but we do not identify specific individuals through the collected data, nor do we associate data and information with specific individuals. In addition, we always insist on actively practicing data and privacy protections and believe that this measure will benefit the Group in the long run.

Revenue

1. Revenue by Type of Services

Our integrated business model combines the Group's SaaS tool product matrix with the full-spectrum needs of customers in marketing activities. Customers can start using our tools at any stage in the product lifecycle, and over time they will typically expand to use other tools in our matrix.

For the year ended 31 December 2021, we recorded revenue of US$755.4 million (corresponding period in 2020: US$516.1 million), 46.4% higher on a YoY basis. Our revenue comes from marketing technology business and cloud computing business. Among them, marketing technology business references both our advertising technology business and other marketing technology business.

1.1 Revenue Model

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

1) Marketing technology business

i. Advertising technology business

Our advertising technology business revenue typically comes from mobile internet customers, especially mobile App developers. They use our platform to promote their business. Typically, we charge a fee based on the performance of the promotion, that is, the number of performance of promotion delivered multiples the agreed upon amount per install or download delivered.

ii. Other marketing technology business

Our other marketing technology business includes data analysis tools, attribution tools, material analysis tools, etc., and is usually not included in the customer agreement of our advertising technology business, and customers purchase related services according to their own needs. Generally, for analytics services, we charge our customers software subscription fees based on different products and functions;

2) Cloud computing technology business

i. SpotMax cloud resource cost optimization business

Our SpotMax business revenue is usually charged based on the number of cloud computing resources (i.e. virtual CPU (vCPU)) managed by the customer through the platform, and the platform usage is determined by the customer based on their own business conditions.

1.2 Principles of Revenue Recognition

1) Marketing technology business

i. Advertising technology business

Generally, we charge customers based on the performance of the services provided to them, and are responsible for fulfilling the obligation of advertising performance delivery. Therefore, our advertising technology business revenue recognition principle is generally the gross method (except for Nativex's marketing software platform);

ii. Other marketing technology business

Our other marketing technology business is usually subscription-based or pay-per-use software business. During the contract period, revenue is generally recognized on a pro rata/usage basis;

2) Cloud computing technology business

i. SpotMax cloud resource cost optimization business

Our SpotMax business is a consumption-based business model, and we will recognize revenue based on the number of cloud computing resources managed by the customer through the platform.

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

	For the year ended 31 December				
	2021		2020		
	US$'000	% of Total Revenue	US$'000	% of Total Revenue	YoY Change
Marketing technology business revenue					
– Advertising technology business revenue	752,673	99.6%	515,457	99.9%	46.0%
– Other marketing technology business revenue	2,424	0.3%	560	0.1%	332.9%
Cloud computing technology business revenue					
– SpotMax business revenue	315	0.1%	131	0.0%	140.5%
Total	755,412	100.0%	516,148	100.0%	46.4%

2. Advertising technology business net revenue

The following table sets forth the net revenue from the advertising technology business during the period indicated:

	2021	2021 2021H2 US$'000	2021H1	2020	2020 2020H2 US$'000	2020H1
Advertising technology business revenue	752,673	445,386	307,287	515,457	248,710	266,747
– Advertising technology business net revenue[1]	146,212	90,984	55,228	101,250	30,681	70,569

Note:

(1) Net revenue is defined as revenue adjusted by deducting cost distributed to the traffic publishers.

For the twelve months ended 31 December 2021, the Group recorded advertising technology business revenue of US$752.7 million and advertising technology business net revenue of US$146.2 million.

During the Reporting Period, the advertising technology business recorded net revenue of US$55.2 million and US$91.0 million in the first and second half of the year, increasing by 80.0% and 64.7% respectively on a half-year-on-half-year basis.

3. Revenue from Advertising Technology by Software Platform Business Department

The following table sets forth a breakdown of revenue from advertising technology business by the business department for the years indicated:

	For the year ended 31 December				
	2021		2020		
	US$'000	% of Advertising Technology Business Revenue	US$'000	% of Advertising Technology Business Revenue	YoY Change
Mintegral business revenue	575,059	76.4%	305,817	59.3%	88.0%
Nativex business revenue	177,614	23.6%	209,640	40.7%	-15.3%
Total advertising technology business revenue	752,673	100.0%	515,457	100.0%	46.0%

For the year ended 31 December 2021, we recorded advertising technology business revenue of US$752.7 million (corresponding period in 2020: US$515.5 million), 46.0% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from the Mintegral platform was US$575.1 million, accounting for 76.4% of the advertising technology business revenue. Revenue from the Nativex platform was US$177.6 million, accounting for 23.6% of the advertising technology business revenue.

During the Reporting Period, the Group has accelerated the transformation to the programmatic advertising technology business with Mintegral as the core, and has further reduced Nativex's top media agency business, which led to a decrease of 15.3% in the Nativex platform revenue on a YoY basis to US$177.6 million (corresponding period in 2020: US$209.6 million).

At the same time, benefiting from the Group's transformation strategy, Mintegral's 2021 scale-priority development strategy, and various factors such as the strengthened scale effect and platform effect of the Mintegral platform, and the recovery after the shock of special events in the second half year of 2020, the Mintegral platform's revenue achieved an increase of 88.0% on a YoY basis to US$575.1 million (corresponding period in 2020: US$305.8 million).

We believe that the top media agency business has low efficiency in the use of operating capital and has limited business growth potential, which is different from the Company's strategic business direction. Therefore, the Group officially decided to withdraw from this business in November 2021. In addition, the traditional non-programmatic advertising business in Nativex has a good cash flow and is a stable source of profit for the Group. The Group will continue to develop this business stably. Further, the industry in which our programmatic business centers around and which Mintegral lies in, has grown rapidly with a relatively large addressable market. Also, our technology and business foundation in the related industry is solid, and the business model is able to drive rapid growth of the business and maintain healthy cash flow. Thus, the Group will continue to persevere and accelerate strategic transformation.

3.1 Main Operation and Financial Data of Mintegral

3.1.1. Main financial data

During the Reporting Period, the Mintegral platform recorded revenue of US$575.1 million, a YoY increase of 88.0% compared to 2020 (corresponding period in 2020: US$305.8 million), an increase of 56.0% comparing the second half of 2021 to the first half of 2021 (the first half of 2021: US$224.7 million). Among them, the first, second, third and fourth quarter of 2021 recorded revenue of US$96.3 million, US$128.4 million, US$160.0 million and US$190.4 million with an increase of 80.2%, 33.3%, 24.7% and 19.0% from the last period, respectively.

During the Reporting Period, the Group actively promoted the restoration of business partnerships with Mintegral's customers and traffic-side publishers, and continued to attract new customers and traffic publishers. The platform effect continued to strengthen.

In addition, in order to further occupy the market, establish first-mover advantages and barriers of vertical categories, and strengthen the economic effect of improving algorithm efficiency, the Group regards the growth of platform scale and the expansion of multiple vertical categories as short-term strategic goals. During the Reporting Period, the results of this strategic objective have gradually emerged.

	Mintegral Platform Business Revenue (US$'000)	**Chain Growth Rate (%)**	**YoY Growth Rate (%)**
2021H2	350,380	56.0%	119.3%
2021Q4	190,379	19.0%	149.2%
2021Q3	160,001	24.7%	91.9%
2021H1	224,679	53.9%	40.6%
2021Q2	128,358	33.3%	53.9%
2021Q1	96,321	80.2%	26.1%

1) The situation of customers whose Mintegral platform revenue contribution exceeded US$100,000[1]

We define customers as the subject that generates revenue in a specific period of time.

We have counted the number of scaled enterprise customers that contributed more than US$100,000 in revenue[1] in the past 12 months. These scaled enterprise customers generally contribute most of the revenue of the Mintegral platform. They have strong stability and platform stickiness, which promotes the expansion of the platform scale and improves the economic leverage of the platform.

As of the year ended 31 December 2020 and 2021, there were 204 and 267 scaled enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US$100,000[1].

	31 December 2021[2]	30 September 2021[2]	30 June 2021[2]	31 March 2021[2]	31 December 2020[2]
The number of customers whose revenue contribution exceeded US$100,000[1]	267	242	232	219	204
Total revenue of customers whose revenue contribution exceeded US$100,000[1] (US$'000)	561,838.5	428,906.7	354,372.6	306,135.2	284,644.5
Average revenue contribution of customers whose revenue contribution exceeded US$100,000[1] (US$'000)	2,104.3	1,772.3	1,527.5	1,397.9	1,395.3
Proportion of Mintegral platform revenue of the customers that contributed more than US$100,000[1]	97.7%	97.9%	95.6%	94.0%	93.1%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US$100,000[1]	50.8%	26.5%	23.3%	N/A	N/A

Notes:

(1) In the table and above, more than US$100,000 means US$100,000 or more and includes US$100,000.

(2) A date indicated in the table refers to the trailing twelve months ended on the indicated date.

2) Retention of customers whose Mintegral platform revenue contribution exceeded US$100,000[(1)]

Our customer retention rate is calculated by comparing the data of two consecutive twelve-month statistical periods to show how many customers in the previous statistical period are still active customers in the current period. In addition, the number of our customers may be adjusted based on acquisitions, mergers, spin-offs and other market activities.

Compared to the twelve months ended 31 December 2020, the retention rate of customers with revenue contributions of more than US$100,000[(1)] for the twelve months ended 31 December 2021 was 91.5%, and the dollar-based net expansion rate[(2)] is 184.9%. The details are as follows:

	The retention of the customers with revenue contribution of more than US$100,000	**Overall retention[(5)]**
The number of retained customers for the current period[(3)] with revenue contribution of more than US$100,000	181	249
The number of customers for the base period[(4)] with revenue contribution of more than US$100,000	204	272
Customer retention rate with revenue contribution of more than US$100,000	88.7%	91.5%
Dollar-based net expansion rate[(2)]	175.2%	184.9%

Notes:

(1) In the table and above, more than US$100,000 means US$100,000 or more, and includes US$100,000.

(2) Dollar-based net expansion rate: (Average revenue contribution of current retained customers in the current period/Average revenue contribution of the current retained customers in the base period) * 100%.

(3) Current period: twelve months ended 31 December 2021.

(4) Base period: twelve months ended 31 December 2020.

(5) Includes customers with revenue contribution of more than US$100,000 during the base period, and customers with revenue contribution of more than US$100,000 during the current period but less than US$100,000 during the base period.

3) Customers whose Mintegral platform revenue contribution exceeded US$100,000[(1)], divided by revenue scale

We have calculated the number and revenue contribution of scaled enterprise customers whose revenue contribution was between US$100,000 and US$1 million (that is, US$1 million > revenue contribution ≥ US$100,000), between US$1 million and US$10 million (that is, US$10 million > revenue contribution ≥ US$1 million), and US$10 million or more (that is, revenue contribution ≥ US$10 million) in the past 12 months. According to the scale of revenue contribution, we define them as small-sized enterprise customers, medium-sized enterprise customers and large-sized enterprise customers. In addition, we define customers whose revenue contribution is less than US$100,000 (i.e., US$100,000 > revenue contribution > US$0) as micro-sized enterprise customers.

For the year ended 31 December 2021, the number of customers including small-sized enterprise customers (US$1 million > revenue contribution ≥ US$100,000), medium-sized enterprise customers (US$10 million > revenue contribution ≥ US$1 million) and large-sized enterprise customers (revenue contribution ≥ US$10 million) and their revenue contribution are as follows:

	Small-sized enterprise customer	**Medium-sized enterprise customer**	**Large-sized enterprise customer**
Number of customers	185	72	10
Total customer revenue (US$'000)	70,607.2	237,280.1	253,951.2
Average revenue contribution of customers (US$'000)	381.7	3,295.6	25,395.1
Percentage of total Mintegral revenue	12.3%	41.3%	44.2%

4) Retention of customers whose Mintegral platform revenue contribution exceeded US$100,000[1], divided by revenue scale

We have calculated the retention rates of customers of different revenue scales. By comparing the two consecutive twelve-month statistical periods, we have calculated the number of enterprise customers of different revenue scales in the previous statistical period who are considered active customers during the current period. The increase in revenue contribution of the customer group over time is driven by the increase in customer retention and dollar-based net expansion rate. Through the analysis of the retention of enterprise customer groups of different revenue scales and dollar-based net expansion rate, we can understand the internal growth of the business. In addition, the number of our customers may be adjusted based on acquisitions, mergers, spin-offs and other market activities.

		Data for the 12-month period as of the year ended 2021 and the year ended 2020
Small-sized enterprise customer (US$1 million > Revenue contribution ≥ US$100,000)	Number of customers retained in the current period[2]	131
	Number of customers in the base period[3]	150
	Customer retention rate	87.3%
	Dollar-based net expansion rate[1]	271.7%
Medium-sized enterprise customer (US$10 million > Revenue contribution ≥ US$1 million)	Number of customers retained in the current period[2]	44
	Number of customers in the base period[3]	48
	Customer retention rate	91.7%
	Dollar-based net expansion rate[1]	176.3%
Large-sized enterprise customer (Revenue contribution ≥ US$10 million)	Number of customers retained in the current period[2]	6
	Number of customers in the base period[3]	6
	Customer retention rate	100.0%
	Dollar-based net expansion rate[1]	131.6%

Notes:

(1) Dollar-based net expansion rate: (Average revenue contribution of current retained customers in the current period/Average revenue contribution of the current retained customers in the base period) * 100%.

(2) Current period: twelve months ended 31 December 2021.

(3) Base period: twelve months ended 31 December 2020.

3.1.2 Main operational data

Quarter-to-quarter change	**2021Q4**	**2021Q3**	**2021Q2**	**2021Q1**
Cooperating advertisers[1] retention rate	84.6%	86.0%	86.0%	86.2%
Changes in the number of new cooperating advertisers	22.4%	25.7%	28.1%	24.3%
Cooperating traffic publishers[2] retention rate	92.0%	92.9%	92.9%	92.8%
Changes in the number of new cooperating traffic publishers	16.1%	17.2%	16.8%	18.3%
Changes in the number of new cooperating traffic apps	27.5%	24.8%	15.3%	10.3%

Notes:

(1) Cooperating advertisers: defined as advertisers who have cooperated with the platform within a certain period of time. They may generate revenue for us, and may also be our potential customers.

(2) Cooperating traffic publishers: defined as the subject of traffic publishers who sends fill requests to the platform within a certain period of time. It may be a traffic provider that we need to pay to, or it may be a traffic provider that we may pay to in the future.

At the end of the Reporting Period, the cooperating advertisers and traffic publishers are well-retained and growing constantly. The quarter-over-quarter retention rates of cooperating advertisers in 2021Q4 and 2021Q3 were 84.6% and 86.0%, respectively, and the number of new cooperating advertisers has increased by 22.4% and 25.7% respectively compared with the last period; the cooperating traffic publishers' retention rate in 2021Q4 and 2021Q3 were 92.0% and 92.9%, respectively, and the number of new cooperating traffic publishers has increased by 16.1% and 17.2% respectively compared with the last period, and the number of cooperating traffic apps has increased by 27.5% and 24.8% compared with the last period.

4. Revenue from Advertising Technology Business by Mobile App Category

The following table sets forth a breakdown of revenue from the advertising technology business by mobile App category[1] for the periods indicated:

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of advertising technology business revenue**	US$'000	% of advertising technology business revenue	**YoY Change**
Game	**477,371**	**63.4%**	306,159	59.4%	**55.9%**
E-commerce	**95,532**	**12.7%**	102,619	19.9%	**–6.9%**
Social and content	**107,011**	**14.2%**	33,552	6.5%	**218.9%**
Lifestyle	**26,096**	**3.5%**	15,360	3.0%	**69.9%**
Utility	**34,482**	**4.6%**	17,840	3.5%	**93.3%**
Others	**12,181**	**1.6%**	39,927	7.7%	**–69.5%**
Total revenue from advertising technology business	**752,673**	**100.0%**	515,457	100.0%	**46.0%**

Note:

(1) The application category division shown in the table is based on the application type that uses our applications (customers).

During the Reporting Period, the game category recorded revenue of US$477.4 million (corresponding period of 2020: US$306.2 million), with a steady increase of 55.9% YoY, accounting for 63.4% of the advertising technology business revenue. The main reasons for this increase are: 1) during the Reporting Period, the Group continued to strengthen the synergies between GA and the advertising technology business, consolidating its long-term advantages in the casual/hyper-casual game field, laying a foundation for the further development of the game category, and making Mintegral's game category revenue grow rapidly; In addition, the Group actively expanded the mid-core and hardcore game vertical category, and the revenue contribution and proportion of mid-core and hardcore game enterprise customers increased; 2) However, due to the Group's initiative to reduce the top media agency business in Nativex, the revenue of Nativex's game category has declined significantly, thus dragging down the overall game category revenue growth;

The E-commerce category recorded revenue of US$95.5 million (corresponding period of 2020: US$102.6 million), a YoY decrease of 6.9%, accounting for 12.7% of the advertising technology business revenue. The main reasons for the decline in E-commerce revenue are: 1) due to the Group's active strategic contraction of top media agency business and the impact of the epidemic, some of Nativex's E-commerce customers in the Americas have reduced their budget, resulting in a significant decline in Nativex's E-commerce revenue; 2) but at the same time, the rapid vertical development of E-commerce on the Mintegral platform has partially offset the impact of the decline in E-commerce revenue on Nativex's business revenue growth;

The social and content category has grown substantially by 218.9% to US$107.0 million (corresponding period in 2020: US$33.6 million), this increase is mainly due to the large increase of demand for overseas launches of Chinese social and content category apps, which resulted in faster growth in both Nativex and Mintegral's revenue contribution from customers in this category;

The advertising revenue of lifestyle apps has steadily increased. During the Reporting Period, revenues were recorded at US$26.1 million (corresponding period in 2020: US$15.4 million), a YoY increase of 69.9%. This increase is mainly due to: 1) as some lifestyle customers in the Asia-Pacific region have begun to actively establish cooperation with the Group, Nativex's income from lifestyle apps has increased significantly; 2) Mintegral's income from lifestyle apps in China and the EMEA region has also maintained steady growth;

During the Reporting Period, the Group continued to improve the scenario coverage, actively expanded sub-categories, refined operations of mature application services, and deepened competitive barriers while gaining market share thereby laying a foundation for long-term development.

4.1 Revenue from Mintegral business by Mobile App Category

The following table sets forth a breakdown of revenue from Mintegral by mobile App categories[1] during the indicated periods:

	For the Year Ended 31 December				
	2021		2020		
	US$'000	**% of Mintegral revenue**	US$'000	% of Mintegral revenue	**YoY Change**
Game	**444,238**	**77.3%**	223,397	73.1%	**98.9%**
E-commerce	**49,462**	**8.6%**	25,828	8.4%	**91.5%**
Social and content	**54,736**	**9.5%**	21,043	6.9%	**160.1%**
Lifestyle	**12,131**	**2.1%**	7,361	2.4%	**64.8%**
Utility	**8,457**	**1.5%**	3,112	1.0%	**171.8%**
Others	**6,035**	**1.0%**	25,076	8.2%	**–75.9%**
Total revenue from Mintegral	**575,059**	**100.0%**	305,817	100.0%	**88.0%**

Note:

(1) The application category division shown in the table is based on the application type that uses our applications (customers).

During the Reporting Period, the game category recorded revenue of US$444.2 million (corresponding period in 2020: US$223.4 million), a YoY increase of 98.9%, accounting for 77.3% of Mintegral's revenue. During the Reporting Period, the Group continued to strengthen the synergies between GA and advertising technology businesses, and continued to strengthen its long-term advantages in the field of casual/hyper-casual games, attracting many enterprise customers of casual games to cooperate with the platform, and at the same time, the casual games that have already cooperated with us continued to increase their delivery on the Mintegral platform, which has promoted the rapid growth of Mintegral's game category revenue;

The E-commerce category recorded revenue of US$49.5 million (corresponding period of 2020: US$25.8 million), a YoY increase of 91.5%, accounting for 8.6% of Mintegral's revenue. The increase in E-commerce revenue was mainly due to the rapid development of the E-commerce category of the Mintegral platform during the Reporting Period. Medium and large E-commerce corporate customers in China and the Asia-Pacific region began to strengthen their cooperation with the platform, which led to the rapid increase of revenue from E-commerce customers at the Mintegral platform;

Social and content revenue increased by 160.1% to US$54.7 million (corresponding period in 2020: US$21.0 million), this increase is mainly due to some medium to large scale enterprise customers of social and content category in China and the Asia-Pacific Region have strong demand to go overseas, which resulted in fast growth of their budget spent on Mintegral platform;

The advertising revenue of lifestyle apps has also shown growth, and during the Reporting Period, it recorded revenue of US$12.1 million (corresponding period in 2020: US$7.4 million), a YoY increase of 64.8%. This growth is mainly due to the increase in delivery budget of lifestyle business customers from China and the EMEA region on the Mintegral platform, but at the same time, due to the epidemic, many small and micro enterprise customers have reduced their display, which has slowed down the growth of this category's revenue to a certain extent;

During the Reporting Period, the Group continued to improve the scenario coverage, actively expanded sub-categories, refined operations of mature application services, and deepened competitive barriers while gaining market share thereby laying a foundation for long-term development.

5. Revenue from Advertising Technology Business by Geographic Region

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

	For the Year Ended 31 December				
	2021		2020		
	US$'000	% of Advertising Technology Business Revenue	US$'000	% of Advertising Technology Business Revenue	YoY Change
China[2]	265,749	35.3%	171,460	33.3%	55.0%
EMEA[3] and Americas[4]	328,966	43.7%	261,923	50.8%	25.6%
Asia-Pacific[5]	145,746	19.4%	77,361	15.0%	88.4%
Other regions[6]	12,212	1.6%	4,713	0.9%	159.1%
Total advertising technology business revenue	752,673	100.0%	515,457	100.0%	46.0%

Notes:

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

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

(3) Includes the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq, Turkey.

(4) Mainly includes the United States, Canada, Mexico, Brazil, Argentina, Chile, and Colombia.

(5) Mainly includes Australia, New Zealand and other Asian countries excluding China.

(6) Countries and regions other than the above countries and regions.

The division of regions in the table refers to the location of our advertisers' main business departments.

During the Reporting Period, the regional structure of advertising technology revenue was diversified. Among them, the EMEA and Americas accounted for a large proportion, China remained basically unchanged, and the rest of the world accounted for a relatively small proportion.

Among them, the EMEA and Americas are the largest source of income, with a total revenue of US$329.0 million (corresponding period of 2020: US$261.9 million), and the proportion of its contribution to advertising technology business revenue has decreased to 43.7%. The revenue growth in the EMEA and Americas is mainly due to: 1) with the gradual enhancement of the Group's technology and the scale of traffic delivered in the casual game category, the casual game enterprise customers in the EMEA region continue to increase their deliveries in the Mintegral platform, leading to the increase of the number of large enterprise customers in the EMEA region. Moreover, the increase in the average deliveries of large enterprise customers has promoted the rapid growth of revenue in the EMEA region. Besides, due to the impact of the epidemic and other special factors, several enterprise customers above the designated size controlled their advertising budget, causing Mintegral's customer revenue in the Americas to fall, offsetting some revenue growth; 2) in addition, due to the impact of the epidemic and the Group's retrenchment strategy in Nativex's business, E-commerce enterprise customers above the designated size in the Americas have controlled their budgets, some micro business have also been affected to a certain extent, which has led to a decline in the revenue of e-commerce in the Americas. At the same time, affected by domestic policies, Nativex's game customers in the Americas also reduced their deliveries in China and dragged down the overall revenue growth in the EMEA and Americas.

China is the second largest source of income, with a revenue of US$265.7 million (the same period in 2020: US$171.5 million), an increase of 55.0% on a YoY basis, accounting for 35.3% of the advertising technology business revenue. The advertising technology business revenue contribution slightly increased. The revenue growth in China was mainly due to: 1) during the Reporting Period, the large increase of demand for overseas deliveries under the Chinese social and content category, as well as the continuous increased budgets of medium and large e-commerce enterprises, have led to the rapid growth of the Nativex business revenue in China; 2) At the same time, with the expansion of different categories and the continuous enhancement of platform strength, the revenue of the Mintegral business in China has also maintained steady growth;

In addition, revenue in the Asia-Pacific region has grown significantly, with a revenue of US$145.7 million (corresponding period of 2020: US$77.4 million), a YoY increase of 88.4%, and its contribution to the advertising technology business revenue has increased slightly. The growth in revenue in the Asia-Pacific region was mainly due to: 1) during the Reporting Period, the revenue of the Nativex business from customers in the Asia-Pacific region increased rapidly, mainly due to the gradual enhancement of the platform's technical capabilities and the scale of delivery traffic in the casual game category, and the continuous increase in the number of customers and the average delivery scale of game enterprises in the Asia-Pacific region; 2) in addition, due to the Group's continuous expansion in the e-commerce field in the Asia-Pacific region, medium and large-scale e-commerce enterprise customers in Southeast Asia have been increasing their budgets for Mintegral and Nativex, driving the overall revenue growth in the Asia-Pacific region.

Cost of Sales

For the year ended 31 December 2021, our cost of sales increased by 46.0% YoY to US$633.5 million (corresponding period in 2020: US$434.0 million). The cost mainly comes from the advertising technology business, and the growth is mainly due to the cost increase caused by the growth of the advertising technology business.

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

	For the year ended 31 December				
	2021		2020		
	US$'000	% of respective business revenue	US$'000	% of respective business revenue	YoY Change
Marketing technology business cost					
Advertising technology business costs	632,955	84.1%	433,978	84.2%	45.9%
Traffic cost	606,461	80.6%	414,207	80.4%	46.4%
Server cost	26,494	3.5%	19,771	3.8%	34.0%
Other marketing technology business cost	500	20.6%	13	2.3%	3,746.2%
Other marketing technology business cost	500	20.6%	13	2.3%	3,746.2%
Cloud computing business cost	35	11.1%	17	13.0%	105.9%
Cloud computing product and service cost	35	11.1%	17	13.0%	105.9%
Total	633,490	83.9%	434,008	84.2%	46.0%

Advertising technology business costs mainly include traffic costs and server costs. The increase in server costs and traffic costs is mainly caused by the expansion of the advertising technology platform.

The increase in other marketing technology business costs is mainly due to: 1) Data analytics business revenue increases, resulting in the corresponding increase in operation and maintenance costs; 2) Reyun Data has been consolidated in December 2021.

In addition, the cost of the cloud computing technology business also increased due to the development of related businesses.

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				
	2021		2020		
	Gross profit US$'000	**Gross profit margin**	Gross profit US$'000	Gross profit margin	**YoY Change**
Marketing technology business					
Advertising technology business	**119,718**	**15.9%**	81,479	15.8%	**46.9%**
Other marketing technology business	**1,924**	**79.4%**	547	97.7%	**251.7%**
Cloud computing business	**280**	**88.9%**	114	87.0%	**145.6%**
Total	**121,922**	**16.1%**	82,140	15.9%	**48.4%**

During the Reporting Period, the Group recorded a gross profit of US$121.9 million (corresponding period in 2020: US$82.1 million), a YoY increase of 48.4%. Gross profit margin increased to 16.1% (corresponding period in 2020: 15.9%).

Among them, the gross profit of the advertising technology business increased by 46.9% to US$119.7 million on a YoY basis, with a gross profit margin of 15.9%, which is basically stable compared to the same period last year; changes in the gross profit margin of the advertising technology business are mainly caused by: 1) changes in the gross profit structure; 2) in the first quarter of the Reporting Period, Mintegral's business was affected by the short-term impact of last year. It adopted an active recovery and expansion strategy, resulting in a rapid increase in traffic costs, which resulted in a lower gross profit for the Mintegral business in the first quarter; 3) in the second quarter of the Reporting Period, the Mintegral platform maintained the platform expansion strategy, and the traffic purchase strategy was more active compared with the same period last year, so that the gross profit margin in the second quarter is slightly lower than the gross profit margin in the same period last year; 4) in the third and fourth quarter of the Reporting Period, with the rapid recovery of the Mintegral business and the rapid development of the Group's business, the gross profit of the platform remained stable and increased slightly, so that the gross profit margin for the year remained stable compared with the same period last year;

The gross profit of the other marketing technology business is US$1.9 million, and the gross profit margin is 79.4%; The main reason for the change in the gross profit margin of other marketing technology business is: Reyun Data was consolidated in December 2021, which led to changes in the business structure of other marketing technology business.

The gross profit of the cloud computing business is US$0.3 million, and the gross profit margin is 88.9%, which is basically stable.

In addition, the following table sets forth the gross profit margin of the advertising technology business based on net revenue for the period indicated:

	2021	2021 2021H2 US$'000	2021H1	2020	2020 2020H2 US$'000	2020H1
Advertising technology business net revenue[(1)]	146,212	90,984	55,228	101,250	30,681	70,569
Advertising technology business gross profit	119,718	77,729	41,989	81,479	23,387	58,092
Gross profit margin of the advertising technology business based on net revenue	81.9%	85.4%	76.0%	80.5%	76.2%	82.3%

Note:

(1) Net revenue is defined as revenue adjusted by deducting cost distributed to the traffic publishers.

During the Reporting Period, the Group recorded an advertising technology business gross profit margin based on net revenue of 81.9% (corresponding period in 2020: 80.5%), which remained basically stable. Among them, affected by the external impact on the Mintegral platform in the third quarter of 2020, the gross profit margin of the advertising technology business based on net revenue fluctuated to a certain extent in the second half of 2020 and the first half of 2021, and with the recovery of the business, the gross profit margin of the advertising technology business based on net revenue in the second half of 2021 recovered and exceeded the pre-impact level.

Selling and Marketing Expenses

For the year ended 31 December 2021, our selling and marketing expenses increased by 178.0% YoY to US$47.1 million (corresponding period in 2020: US$17.0 million). The main reasons for this increase are: 1) in 2020, due to COVID-19, the travel and publicity related expenses were relatively low; 2) actively promoting the recovery of the programmatic advertising business from the incident related to public opinions in 2020, rebuilding customer relationships, and increasing the scale of cooperation; 3) focusing on expanding new vertical categories of the programmatic advertising business, laying the foundation for the long-term rapid growth of the platform's transaction scale.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US$0.2 million.

Research and Development Expenditure

For the year ended 31 December 2021, our expensed R&D expenses increased by 115% YoY to US$68.8 million (corresponding period in 2020: US$31.9 million). The increase in expensed R&D expenditures mainly comes from: 1) upgrading R&D strength, increasing investment in data scientist, algorithm engineer and cloud architect teams, and accelerating high-end R&D talent pool; 2) comprehensively upgrading the algorithmic framework of programmatic advertising, and using higher-cost GPU computing power for system testing. In 2021, the global shortage of chips and the general rise in computing power costs have pushed up the R&D and testing costs.

In addition, if we combine capitalized R&D expenses with expensed R&D expenditures, the total R&D expenditures will be US$113.3 million, an increase of 113.4% over the same period last year.

The Group continues to firmly believe that R&D and technological upgrading are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives.

General and Administrative Expenses

For the year ended 31 December 2021, our general administrative expenses have decreased by 37.7% YoY to US$27.6 million (corresponding period in 2020: US$44.3 million). The decrease was mainly due to: 1) the Group continued to strengthen receivable management, resulting in the reversal of accounts receivable with bad debts accrued in the previous reporting period; 2) a decrease in share compensation for general and administrative personnel by US$3.3 million to US$1.9 million.

Loss from Operations

For the year ended 31 December 2021, our operating loss was US$12.4 million (corresponding period in 2020: loss of US$5.2 million). If we exclude the effects of share-based compensation, depreciation and amortization, and investment loss from financial assets at fair value through profit or loss during the Reporting Period, our operating profit will increase by 9.2% YoY to US$23.5 million (corresponding period in 2020: US$21.5 million).

After the Reporting Period, the amortization expense of intangible assets caused by the acquisition of Reyun Data will be included in profit/loss.

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 66, a significant improvement compared to the same period in 2020. This was mainly due to: 1) the Mintegral business continued to strengthen its bargaining power for customers and the trade receivables turnover days have been further decreased. Also, the proportion of Mintegral's business has continued to increase, causing the overall trade receivable turnover days continue to decrease; 2) as at 31 December 2021, the accounts receivable generated from the top media agency business are classified as assets held for sale, and as of the date of this annual report, we have completed the overall divestiture of the related business.

During the Reporting Period, the trade receivable of the Group's business in the corresponding accounting period was basically collected according to the agreed terms, and the Group's trade receivable management continued to be strengthened.

(Unit: Days)	**Total trade receivable turnover days**
2021	66 (Not consider assets held for sale)
2021	102 (Consider assets held for sale)
2020	124

Note: Considering that the relevant divested business has been classified as accounts receivable held for sale, the Company's trade accounts turnover days are 102 days.

Net Cash Flow from the Operating Activities

During the Reporting Period, as the share of Mintegral's business revenue continued to increase, the Group strategically shrank the Nativex business that occupied more operating cash flow. At the same time, management of accounts receivable continued to be strengthened and the condition of operating cash flow continued to improve. As of the end of the Reporting Period, the amount of cash flow generated by the Group's operating activities in 2021 was US$42.5 million, a year-on-year increase of 172.9% compared with the end of the previous reporting period. The net cash flow generated by operating activities increased significantly.

	For the year ended 31 December		
	2021	2020	**YoY**
	US$'000	US$'000	**Change**
Net Cash Flow from the Operating Activities	**42,479**	15,563	**172.9%**

Finance Costs

For the year ended 31 December 2021, our financial costs increased by 130.8% YoY to US$4.4 million (corresponding period in 2020: US$1.9 million).

Income Tax

For the year ended 31 December 2021, we received tax benefits of US$6.0 million (corresponding period in 2020: tax benefits of US$1.9 million), mainly due to losses during the Reporting Period.

Loss Attributable to Equity Holder of the Company

For the year ended 31 December 2021, the loss attributable to equity shareholders of the company was US$25.0 million (corresponding period in 2020: loss of US$5.2 million).

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely EBITDA, adjusted EBITDA and adjusted net (loss)/profit, 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 measures 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				
	2021		2020		
	US$'000	% of Total Revenue	US$'000	% of Total Revenue	YoY Change
Loss from operations	(12,356)	-1.6%	(5,213)	-1.0%	-137.0%
Add back:					
Depreciation and amortization	29,049	3.9%	12,572	2.4%	131.1%
EBITDA	16,693	2.2%	7,359	1.4%	126.8%
Add back:					
Share-based compensation	5,836	0.8%	13,194	2.6%	-55.8%
Investment loss from financial assets at fair value through profit or loss	1,004	0.1%	991	0.2%	1.3%
Non-IFRS measures Adjusted EBITDA[1]	23,533	3.1%	21,544	4.2%	9.2%
Loss for the year	(24,764)	-3.3%	(5,206)	-1.0%	375.7%
Add back:					
Share-based compensation	5,836	0.8%	13,194	2.6%	-55.8%
Investment loss from financial assets at fair value through profit or loss	1,004	0.1%	991	0.2%	1.3%
Loss from change in fair value of derivative financial liabilities	13,979	1.9%	—	—	—
Non-IFRS measures Adjusted net (loss)/ profit[2]	(3,945)	-0.5%	8,979	1.7%	-144.0%

Notes:

(1) We define adjusted EBITDA as EBITDA (which is loss from operations plus depreciation and amortization expenses) for the year adjusted by adding back share-based compensation expenses and investment loss from financial assets at fair value through profit or loss.

(2) We define adjusted net (loss)/profit as loss for the year adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and loss from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA profit of the Group was US$23.5 million (corresponding period in 2020: profit of US$21.5 million), which has increased by 9.2% YoY, and the adjusted net loss was US$3.9 million (corresponding period in 2020: profit of US$9.0 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands, and as of 31 December 2021 the Company's authorized share capital of US$100,000,000 was divided into 10,000,000,000 shares of US$0.01 each. As of 31 December 2021, the number of issued ordinary shares of the Company was 1,664,118,164, 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 of 31 December 2021, our total assets were US$747.0 million (as of 31 December 2020: US$497.6 million), while our total liabilities were US$387.6 million (as of 31 December 2020: US$229.8 million). The gearing ratio (total liabilities divided by total assets) has rose to 51.9% (as of 31 December 2020: 46.2%).

We operate our business internationally and the receipt of our payments and the payments we make are mainly denominated in US dollars. The Group's interest rate risk arises primarily from variable rate bank loans, and the effective interest rate of variable rate borrowings in 2021 is 1.20%–4.35% (2020: 4.00%–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 of 31 December 2021, our cash and cash equivalents amounted to US$160.3 million (31 December 2020: US$39.3 million).

Capital Expenditure

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

	For the year ended 31 December	
	2021	2020
	US$'000	US$'000
Property, plant and equipment	**564**	240
Intangible assets and development costs	**54,755**	35,436
Total	**55,319**	35,676

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 of 31 December 2021, capital expenditure has increased by 55.1% on a YoY basis to US$55.3 million (corresponding period in 2020: US$35.7 million).

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

1. The acquisition of Reyun Data

On 27 April 2021, the Company and the founders ("**Vendors B**") and the financial investors ("**Vendors A**") of Reyun Data entered into acquisition agreements, pursuant to which the Company has conditionally agreed to acquire and Vendors A and Vendors B have conditionally agreed to sell in aggregate 100% equity interest in Reyun Data.

On 17 September 2021, the Company and Vendors B entered into a supplemental agreement for the purpose of adjusting the consideration for approximately 52.13% of equity interest in Reyun Data from approximately RMB781,828,744 to approximately RMB469,097,246, which includes cash consideration of RMB140,729,172.60, and the allotment and issuance of 57,433,164 consideration shares at the issue price of HK$6.83 each by the Company. All conditions precedent to the acquisition of approximately 52.13% equity interest of Reyun Data were satisfied in November 2021.

On 29 November 2021, the Company and certain of the Vendors A who in aggregate own approximately 2.33% equity interest in Reyun Data, entered into a supplemental agreement for the purposes of adjusting the part of consideration payable to the subject Vendors A from RMB34,959,737 to RMB20,975,842.2 in aggregate.

After the Reporting Period, as at the Latest Practicable Date, the Company has entered into a supplemental agreement with certain of the Vendors A who in aggregate own approximately 9.69% equity interest in Reyun Data to adjust down the part of consideration payable to such Vendors A. The Company is still under negotiation with the remaining Vendors A to adjust and agree the remaining portion of the acquisition consideration.

For further details, please refer to the Company's announcement dated 28 April 2021, 17 September 2021, 29 November 2021 and 26 January 2022.

2. Restructuring of the top media agency business (the media planning and procurement business)

On 17 November 2021, 9 subsidiaries of the Company, as transferors, entered into a business restructuring agreement with Zhuhai Huiliang Investment Holdings Company Limited and Marketlogic Technology Limited, as transferees, Seamless and Guangzhou Huiliang Marketing Technology Company Limited ("**Guangzhou Huiliang Marketing**"), pursuant to which the transferors conditionally agreed to transfer, and the transferees conditionally agreed to receive, the entire issued share capital of Guangzhou Huiliang Marketing and certain business contracts and employment contracts relating to the media planning and procurement business of the Group, for the consideration of US$100,352,000.

The consideration was satisfied by Seamless by way of transfer of a total of 102,453,613 issued Shares to the restricted share unit schemes of the Company, which have been added to the share pools under the RSU Schemes. Upon completion of the restructuring on 3 March 2022, Guangzhou Huiliang Marketing ceased to be a subsidiary of the Company.

For further details, please refer to the Company's announcements dated 17 November 2021, 5 January 2022 and 3 March 2022, and the Company's circular dated 31 January 2022.

Save as disclosed above, 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 of 31 December 2021, none of the Group's assets were charged with any parties or financial institutions, except for the restricted cash of US$6.3 million pledged for a bank loan.

Material Investments or Future Plan for Major Investment

As of 31 December 2021, the Group did not hold any material investment and there was no specific plan for material investments or capital assets, except for the acquisition of Reyun Data set out in the section headed "Business Review".

Contingent Liabilities and Financial Guarantees

As of 31 December 2021, there is no contingent liability or financial guarantee granted to third parties of the Group, except for the contingent liabilities of US$0.3 million in relation to the acquisition of Reyun Data.

Employee and Remuneration Policies

As of 31 December 2021, after the acquisition of Reyun Data, the Group has 21 offices around the world, with 925 full-time employees (31 December 2020: 670 employees), mainly based in the headquarter in Guangzhou, China. We have 527 employees engaged in R&D activities, and R&D employees comprise 57% of our full-time employees. The number of employees employed by the Group changes from time to time based on needs, and employee salaries are determined with reference to market conditions and the performance, qualifications 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 receipts of our payments and the payments we make are mainly denominated in US dollars. We are exposed to non-US dollar currency risks 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.

Below is 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 a 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	36	Executive Director and chairman of the Board	16 April 2018
Mr. CAO Xiaohuan	36	Executive Director	16 April 2018
Mr. FANG Zikai	37	Executive Director	13 June 2018
Mr. SONG Xiaofei	35	Executive Director	31 March 2021
Mr. WONG Tak-Wai	45	Non-executive Director	19 February 2021
Mr. YING Lei	52	Independent non-executive Director	31 October 2018
Mr. HU Jie	46	Independent non-executive Director	31 October 2018
Mr. SUN Hongbin	46	Independent non-executive Director	7 July 2020

Executive Directors

Mr. DUAN Wei (段威)

Mr. Duan, aged 36, 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 36, 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 in 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 37, 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, majoring in mathematics and applied mathematics, and obtained a master's degree of arts from the University of Pittsburgh in 2009.

Mr. SONG Xiaofei（宋笑飛）
Mr. Song, aged 35, 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 45, was appointed as a non-executive Director of the Group in February 2021.

Mr. Wong is a partner and Co-Head of Private Equity of Pacific Alliance Group and served at Pacific Alliance Group for 12 years. Mr. Wong is primarily responsible for private equity investment in the Chinese market. Mr. Wong has been a non-executive director of Nayuki Holdings Limited (stock code: 02150) since December 2020. Mr. Wong has been a non-executive director of Yingde Gases Group Company Limited (a company previously listed onthe Stock Exchange (stock code: 2168)）since April 2017. Mr. Wong has also served as an independent director of Tencent Music Entertainment Group (a company listed on the New York Stock Exchange (NYSE: TME)) from July 2016 to September 2020. From 2006 to 2010, Mr. Wong served as the vice-president of the Hong Kong and Beijing Branch of TPG-Newbridge (later TPG Capital Asian Fund). Before serving in 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 52, was appointed as an independent non-executive Director of our Group in October 2018. He is responsible for providing independent advice and judgment to our 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 46, was appointed as an independent non-executive Director of our Group in October 2018. He is responsible for providing independent advice and judgment to our Board.

Mr. Hu joined Guangzhou R&F Properties Co., Ltd (stock code: 02777) since 2002, and is currently serving as its vice general manager and board secretary.

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

Mr. SUN Hongbin (孫洪斌)
Mr. Sun, aged 46, was appointed as an independent non-executive Director of our Group in July 2020. He is responsible for providing independent advice and judgment to our Board.

Mr. Sun has over 23 years of finance experience. He has been an independent non-executive director of New Century Healthcare Holding Co., Limited (新世紀醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1518), since December 2016. He has been an independent non-executive director of Cstone pharmaceuticals (基石藥業), a company listed on the Stock Exchange (stock code: 2616), since February 2019. He has been an independent non-executive director of Abbisko Cayman Limited (和譽開曼有限責任公司), a company listed on the Stock Exchange (stock code: 2256), since September 2021. He has been the chief financial officer of MicroPort Scientific Corporation (微創醫療科學有限公司), a company listed on the Stock Exchange (stock code: 0853), since September 2010 and served as its executive director from July 2010 to September 2012. Mr. Sun has served as a director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司), a company listed on the Stock Exchange (stock code: 2252, "**MedBot**") since April 2020, and as a non-executive director and the chairman of the board of MedBot from June 2021. He was the financial director of Otsuka (China) Investment Co., Ltd. (大塚(中國)投資有限公司) from January 2004 to January 2006 and then worked as its director and general manager from January 2006 to August 2010. From August 1998 to January 2004, he was an assistant manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2009 and also a chartered financial analyst in September 2009.

He received his bachelor's degree in accounting from Shanghai Jiao Tong University (上海交通大學) in China in July 1998.

SENIOR MANAGEMENT

Mr. CAI Chao (蔡超)

Mr. Cai, aged 45, is the vice president of technology and the chief engineering architect of the Company, primarily responsible for leading the development of SpotMax (a cost optimization system based on cloud computing) and constructing the core structure of the company's programmatic business. Mr. Cai joined the Group in 2017.

Mr. Cai was certified as a system architect by the Beijing Municipal Human Resources and Social Security Bureau in 2005.

Mr. Cai received his master's degree from the Institute of Computer Science, Guizhou University, majoring in computer software and theories.

Mr. WU Feng (吳峰)

Mr. Wu, aged 36, is the Vice President of Technology of the Company, primarily responsible for managing the overall engineering center team and all engineering structure research and development, testing and operation and maintenance of the Company's Mintegral product lines. Mr. Wu joined the Group in 2015.

Mr. Wu received his master's degree from Beijing University of Posts and Telecommunications in 2009, majoring in communications and information systems.

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 2021.

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 operating within the global mobile internet ecosystem, providing marketing technology services and cloud computing technology services needed for business expansion.

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 35 to 59 in this annual report and note 3 to the financial statement.

FIVE-YEAR 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 2021 are set out on pages 142 to 149 of this annual report.

DIVIDEND POLICY AND FINAL DIVIDEND

Under the Articles of Association, our Company in 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. 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. 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 2021 (for the year ended 31 December 2020: nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 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; Director's Report

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the Group's five largest customers in aggregate accounted for approximately 31.3% of the Group's total revenue. The Group's largest customer accounted for 11.2% of the Group's total revenue.

During the year ended 31 December 2021, the Group's five largest suppliers in aggregate accounted for approximately 32.7% of the Group's total purchase. The Group's largest supplier accounted for 9.5% of the Group's total purchase.

To the best of the knowledge of the Directors, none of the Directors, their close 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 2021 are set out in note 10 to the financial statements on pages 188 to 189 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2021 are set out in note 26 to the financial statements on pages 214 to 216 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 2021 are set out in note 27 to the financial statements on pages 217 to 220 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's distributable reserves were US$267,434,000.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2021, particulars of bank loans and other borrowings of the Company are set out in note 20 and 22 to the financial statements on pages 204 to 206 of this annual report.

DONATIONS

The total donations made by the Group during the year ended 31 December 2021 amounted to approximately US$25,000.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Interests of Directors and Chief Executive in Securities" and "RSU Scheme", at no time during the year ended 31 December 2021 has the Company or any of its subsidiaries enabled the Directors to acquire benefits by means of an acquisition of shares or debentures of the Company or any body corporate.

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. DUAN Wei *(Chairman)*
Mr. CAO Xiaohuan *(Chief Executive Officer)*
Mr. FANG Zikai
Mr. SONG Xiaofei

NON-EXECUTIVE DIRECTOR

Mr. WONG Tak-Wai

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.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

During the year ended 31 December 2021, Mr. WONG Tak-Wai has been appointed as an non-executive Director on 19 February 2021 and Mr. SONG Xiaofei has been appointed as an executive Director on 31 March 2021. Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 this annual report in the section headed "Profile of Directors and Senior Management" on pages 60 to 63.

DIRECTORS' SERVICE CONTRACTS

(a) Executive Directors

Mr. DUAN Wei, Mr. CAO Xiaohuan and Mr. FANG Zikai, as executive Directors, have respectively entered into a service contract with the Company on 19 June 2018 and renewed on 19 June 2021. Each service contract was for a 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 a 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 a 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 a term of three years on 31 October 2018 and renewed on 19 June 2021 (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 a term of three years on 7 July 2020 (subject always to re-election as and when required under the Articles of Association) until termination.

None of the Directors have a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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 Director and comparable market statistics.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 7 and 8 to the financial statements on pages 184 to 186 of this annual report.

Details of the senior management's emoluments in the Group are set out in the corporate governance report on page 95 of this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2021, by our Group to or on behalf of any of the Directors and senior management.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 24 to the financial statements on page 208 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

We have entered into confidentiality and non-competition agreements with our Directors. 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 2021.

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, as at the end of the year or at any time during the year ended 31 December 2021.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in relation to the directors' and officers' liability insurance is currently in force and was in force during the Listing Date to the Latest Practicable Date.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as the contract in relation to the restructuring of the top media agency business (the media planning and procurement business) set out in the section headed "Management Discussion and Analysis", 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 2021 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 2021 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 close 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 their compliance with the deed of non-competition for disclosure in this annual report during the financial year of 2021. No new business opportunity was informed by them as at 31 December 2021. The independent non-executive Directors have reviewed the implementation of the deed of non-compete 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 2021.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the year ended 31 December 2021.

INTERESTS OF DIRECTORS IN SECURITIES

As at 31 December 2021, the interests or short positions of the Directors 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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)	0.11%
	Interest in controlled corporation	1,130,336,842 (L)	67.92%
Mr. CAO Xiaohuan	Interest in controlled corporation	2,875,000 (L)	0.17%
Mr. FANG Zikai	Beneficial owner	300,000 (L)	0.02%
	Interest in controlled corporation	2,969,100 (L)	0.18%
Mr. SONG Xiaofei (2)	Interest in controlled corporation	2,192,400 (L)	0.13%

Note:

L: Long Position

(1) Guangzhou Mobvista, through its wholly-owned subsidiary Seamless, holds 1,130,336,842 Shares of the Company, representing 67.92% of the total number of issued Shares. Mr. Duan, Guangzhou Huimao, and Horgos Duanshi Pearl River Equity Investment Co., Ltd. and Guangzhou Huihong directly holds 12.94%, 17.97% and 4.20% and 5.24% stake 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. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's and Guangzhou Huihong'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 40.35% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,130,336,842 Shares of the Company which Guangzhou Mobvista is interested in. Apart from that, Mr Duan owns 1,838,000 Shares in the Company directly.

(2) Out of the 2,192,400 Shares which Mr. Song Xiaofei is interested in, 250,000 Shares are underlying Shares in respect of 250,000 unvested RSUs granted to Mr. Song.

(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	102,154,080(L)	27.41%
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, Horgos Duanshi Pearl River Equity Investment Co., Ltd. and Guangzhou Huihong directly holds 12.94%, 17.97%, 4.20% and 5.24% stake 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. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr. Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's and Guangzhou Huihong'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% stake 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 2021, 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 5% 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 the Company
Seamless (1)	Beneficial owner	1,130,336,842 (L)	67.92%
Guangzhou Mobvista (1)	Interest in controlled corporation	1,130,336,842 (L)	67.92%
Mr. DUAN Wei (2)	Interest in controlled corporation	1,130,336,842 (L)	67.92%
	Beneficial owner	1,838,000 (L)	0.11%
GIC Private Limited	Investment Manager	129,066,000 (L)	8.03%

Notes:

L: Long Position

(1) Seamless holds 1,130,336,842 Shares in the Company, representing 67.92% of the issued shares. Seamless is wholly-owned by Guangzhou Mobvista. Therefore, Guangzhou Mobvista is deemed to be interested in the 1,130,336,842 Shares held by Seamless under the SFO.

(2) Mr. Duan, Guangzhou Huimao, Horgos Duanshi Pearl River Equity Investment Co., Ltd. and Guangzhou Huihong directly holds 12.94%, 17.97%, 4.20% and 5.24% stake 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. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr. Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's and Guangzhou Huihong'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 40.35% interest in Guangzhou Mobvista, and

thus is further deemed to be interested in the 1,130,336,842 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 of 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.

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 on 7 December 2020. 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 2021, the Employee RSU Trustee had purchased 18,398,000 shares from the market to hold on trust, for the purpose of satisfying the amended RSU Scheme.

As at 31 December 2021, the Company has granted a total of 92,177,457 RSUs to participants under the Employ RSU Scheme, of which 58,417,190 RSUs had been vested and 17,703,136 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 2021, 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 2021	RSUs granted during the period from 1 January 2021 to 31 December 2021	RSUs vested during the period from 1 January 2021 to 31 December 2021	RSUs lapsed during the period from 1 January 2021 to 31 December 2021	Number of Shares Underlying RSUs outstanding at 31 December 2021
Employees and consultants [(1)]	38,975,074	1,506,825	18,519,582	5,905,186	16,057,131

Note:

(1) comprise 304 employees, 34 consultants as at 1 January 2021 and 270 employees, 54 consultants as at 31 December 2021.

(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.

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 on 7 December 2020. 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 2021, the Management RSU Trustee had purchased 4,567,000 shares from the market to hold on trust, for the purpose of satisfying the amended RSU Scheme.

As at the date of 31 December 2021, the Company has granted a total of 17,625,200 RSUs to participants under the Management RSU Scheme, of which 14,156,350 RSUs had been vested and 2,322,000 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 2021	RSUs granted during the period from 1 January 2021 to 31 December 2021	RSUs vested during the period from 1 January 2021 to 31 December 2021	RSUs lapsed during the period from 1 January 2021 to 31 December 2021	Number of Shares underlying RSUs outstanding at 31 December 2021
Director					
FANG Zikai	450,800	0	450,800	0	0
SONG Xiaofei	1,169,800	0	919,800	0	250,000
Other management	4,678,500	1,996,800	3,456,450	2,322,000	896,850
Total (1)	6,299,100	1,996,800	4,827,050	2,322,000	1,146,850

Note:

(1) Includes two directors, two senior management members (including entities wholly owned by the relevant grantees).

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 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.

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 Latest Practicable Date, the total number of Shares available for issue under the Share Option Scheme is 151,886,700 shares, representing approximately 9.2% of the shares in issue (i.e. 1,651,515,164 Shares) as at the Latest Practicable Date.

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 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 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, 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, exceeding 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 remains 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 an 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 days 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 the 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 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.

During the year ended 31 December 2021, details of movements in the share options under the Share Option Scheme are as follows:

	Options to subscribe for Shares									
Catagory and name of grandees	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2021	Exercise price per Share HK$	Date of grant	Validity period	Exercisable period[2]
Employees of the Group										
	–	5,000,000	–	–	–	5,000,000	7.24	30 July 2021[1]	10 years	from 31 August 2022 to 29 July 2031
	–	5,000,000	–	–	–	5,000,000	7.24	30 July 2021[1]	10 years	from 31 August 2023 to 29 July 2031
	–	5,000,000	–	–	–	5,000,000	7.24	30 July 2021[1]	10 years	from 31 August 2024 to 29 July 2031
	–	5,000,000	–	–	–	5,000,000	7.24	30 July 2021[1]	10 years	from 31 August 2025 to 29 July 2031
Total	–	20,000,000	–	–	–	20,000,000				

Notes:

(1) The closing price of the Shares on the date immediately preceding the date of grant is HK$7.28.

(2) The vesting period commences on the date of grant and up to the share options becoming exercisable.

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS

The related party transactions which were undertaken in the normal course of business are set out in note 31 to the consolidated financial statements.

CONNECTED TRANSACTIONS

Property Lease Agreement

Mobvista Technology, an indirect wholly-owned subsidiary of the Company, 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. Guangzhou Ruisou and Duanshi Investment are wholly-owned by Guangzhou Mobvista and Mr. Duan, respectively, while Guangzhou Huichun is indirectly wholly-owned by Mr. Cao. As a result, Each of Guangzhou Ruisou, Guangzhou Huichun, and Duanshi Investment is a connected person of the Company under the Listing Rules.

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

As at 31 December 2021, the actual rentals paid by Mobvista Technology under the Renewed Property Lease Agreements amount to approximately RMB19.4 million.

Save as disclosed above, none of the related party transactions disclosed in the consolidated financial statements constitute connected transactions or continuing connected transactions of the Company which are required to be disclosed in this annual report. 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 our receipts and payments are mainly denominated in US dollars. We are exposed to non-US dollar currency risks 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 the advertising services we provide. 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 grow, 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.

- 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 has 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. If other countries or regions adjust their policies toward China, it may adversely affect our overseas business.

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

During the Reporting Period, the Company has purchased a total of 8,055,000 Shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK$51.54 million. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share Highest (HK$)	Price paid per share Lowest (HK$)	Aggregate consideration (HK$'000)
December 2021	8,055,000	6.78	6.04	51,536.1
Total	**8,055,000**			**51,536.1**

The Board believes that the share repurchase demonstrates the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value for the Shareholders.

The Shares Repurchased were canceled on 26 January 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange 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 on 12 December 2018 by way of global offering. The total net proceeds including those from the partial exercise of the over-allotment option was approximately US$154.2 million.

As at 31 December 2021, the following table sets out the breakdown of the use of proceeds from the global offering:

Purpose of Net Proceeds	Amount Allocated US$'million	Amount Utilized US$'million	Balance US$'million
1 Big data and AI technologies and IT infrastructure	46.3	46.3	0.0
2 Improvement of services on our mobile advertising and mobile analytics platform	46.3	46.3	0.0
3 Implement our "Glocal" strategy by enhancing our local service capabilities and expanding our global footprint	15.4	15.4	0.0
4 Strategic investments and acquisitions	30.8	30.8	0.0
5 General working capital	15.4	15.4	0.0
Total of net proceeds	**154.2**	**154.2**	**0.0**

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 a 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 as of May 2021, the Company has withdrawn all the remaining Principal Amount from the Financial Institution. 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.

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. As at December 2021, all of the proceeds from the global offering has been used according to the timeline as set out in the Prospectus.

ISSUE OF CONVERTIBLE BONDS

On 3 January 2021, the Company and PAGAC III Munich Holding (Cayman) Limited (the "**Investor**") entered into a conditional investment agreement (the "**Investment Agreement**"), pursuant to which:

(1) the Investor conditionally agreed to subscribe for, and the Company agreed to issue bonds (the "**Convertible Bonds**") in the principal amount of US$30,000,000; and

(2) the Company conditionally agreed to issue 41,978,339 Shares at HK$5.5 per Share (the "**Conversion Price**") assuming all the conversion rights attaching to the bonds in the principal amount of US$30,000,000 are exercised.

The Conversion Price represents a premium of approximately 14.9% to the closing price per Share of HK$4.8 as quoted on the Stock Exchange on 31 December 2020 (being the last trading date before the date of the Investment Agreement). The reason for the issuance of the Convertible Bonds is to enhance the Company's working capital and accelerate the expansion of advertising and cloud computing business. The net proceeds, after deducting all related fees and expenses, from the issue of the Convertible Bonds are approximately US$28.0 million. Assuming conversion of the Convertible Bonds into conversion shares in full at the Conversion Price, the net price per conversion share is US$0.7 and a total of 41,978,339 new Shares of the Company with an aggregate nominal value of approximately US$419,783 will fall to be issued. None of the Convertible Bonds was converted since issuance.

On 22 January 2021, all conditions precedent as set out in the Investment Agreement were fulfilled and completion took place. The Convertible Bonds with the principal amount of US$30,000,000 were issued to the Investor. The Company used the net proceeds for global expansion of the advertising technology business and marketing of cloud computing business of the Group. The following table sets out the breakdown of the use of net proceeds as at 31 December 2021:

Use of Net Proceeds	**Amount Allocated (US$'million)**	**Amount Utilized (US$'million)**	**Balance (US$'million)**
Global expansion of advertising technology business	23.3	23.3	0.0
Marketing of cloud computing business	4.7	4.7	0.0
Total	**28.0**	**28.0**	**0.0**

For details, please refer to the announcement of the Company dated 4 January 2021. During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 4 January 2021.

PLACING EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

On 13 April 2021, the Company and Seamless entered into a placing and subscription agreement (the "**Placing and Subscription Agreement**") with CMB International Capital Limited (the "**Placing Agent**"). Pursuant to the Placing and Subscription Agreement, the Placing Agent agreed to procure one purchaser to purchase, on a best effort basis, an aggregate of 72,481,000 existing Shares (the "**Sale Shares**") at the placing price of HK$5.9 per Share (the "**Placing Price**") (the "**Placing**"); at the same time, Seamless agreed to subscribe for, and the Company agreed to issue to Seamless, an aggregate of 72,481,000 new Shares (the "**Subscription Shares**") at HK$5.9 per Share (the "**Subscription Price**") (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement (the "**Subscription**").

On 15 April 2021, the completion of the Placing took place, as a result of which (i) a total of 72,481,000 Sale Shares were successfully placed by the Placing Agent to the placee, being GIC Private Limited, at the Placing Price. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, GIC Private Limited and its ultimate beneficial owners, save for its existing interest in the Company, (a) are independent of, and not connected with, the Company and their respective associates and connected persons and (b) are independent of, and not acting in concert with Seamless, their respective associates and persons acting in concert with Seamless. A total of 72,481,000 new Subscription Shares (being the same number as the Sale Shares), were allotted and issued to Seamless at the Subscription Price on 21 April 2021.

The Subscription Price represents a discount of approximately 8.8% to the closing price of HK$6.5 per Share as quoted on the Stock Exchange on 12 April 2021, being the last trading date immediately prior to the date of the Placing and Subscription Agreement. The reason for the Subscription is to raise additional funding for the business operations, drive the development and expansion of the Cloud Business Unit and SaaS tooling matrix of the Company and strengthen the Company's financial position, and provide working capital to the Company to meet any financial obligations. The net proceeds, after deducting all related fees and expenses, from the Subscription amounted to approximately US$54.6 million. The net price per Subscription Share is US$0.8. The aggregate nominal value of the Subscription Shares is US$724,810.

The following table sets out the breakdown of the use of net proceeds from the Subscription as at 31 December 2021:

Use of Net Proceeds	Amount Allocated US$'million	Amount Utilized US$'million	Balance US$'million
The development and expansion of Cloud Business Unit	13.6	4.1	9.5
The development and expansion of SaaS tooling matrix	41.0	11.9	29.1
Total	**54.6**	**16.0**	**38.6**

During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 13 April 2021 and expects to utilise the balance of the net proceeds of approximately US$38.6 million by April 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material non-compliance with all relevant laws relating to workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmentally friendly at work by consuming 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 headed "Environmental, Social and Governance Report" in this annual report.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting ("**AGM**") will be held on Wednesday,8 June 2022. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders in April 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on 8 June 2022, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer 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, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 1 June 2022.

SUBSEQUENT EVENTS

On 22 February 2022, the restructuring of the top media agency business (the media planning and procurement business) of the Group and the proposed amendments to the rules of the RSU Schemes of the Company were approved at the AGM of the Company. On 3 March 2022, All the conditions precedent under the business restructuring agreement have been fulfilled and completion took place. For further details, please refer to the Company's announcements dated 22 February 2022 and 3 March 2022.

On 10 March 2022, the Group, as borrower, and Hong Kong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement (the "**Facility Agreement**"), pursuant to which the bank agreed to provide the Company non-revolving loan facilities of up to US$75,000,000. Pursuant to the terms of the Facility Agreement, the final repayment date is the date falling 364 days from the date of the Facility Agreement, unless extended by the parties in accordance with the Facility Agreement. Under the terms of the Facility Agreement, if Mr. Duan Wei (the chairman of the Board, an executive director and a controlling shareholder of the Company) and Mr. Cao Xiaohuan (an executive director and the chief executive officer of the Company) cease to hold (directly or indirectly) beneficially more than 23% of the issued share capital of the Company in aggregate (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), the facilities will be cancelled and all outstanding amounts accrued under the facilities shall become immediately due and payable. For further details, please refer to the Company's announcement dated 10 March 2022.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021.

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 no less than 25% of the issued shares as at 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 2021 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 2022

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 ("**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 2021, 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 C.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 was the chairman of the Board and chief executive officer of our Company during the period from 1 January 2021 to 13 January 2021. With extensive experience in the mobile advertising and mobile analytics industry, during the period from 1 January 2021 to 13 January 2021, 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 same period, the balance of power was ensured by the following reasons: (i) the audit committee of the Company comprised 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 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 period from 1 January 2021 to 13 January 2021. 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 such change, the Company has complied with the provisions of code provision C.2.1.

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, 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 candidates 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 Board.

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 2021, 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, a summary of training participated in continuous professional development by the Directors during the year ended 31 December 2021 is as follows:

Name of Directors	Participated in continuous professional development (1)
Executive Directors	
Mr. DUAN Wei	√
Mr. CAO Xiaohuan	√
Mr. FANG Zikai	√
Mr. SONG Xiaofei	√
Non-executive Director	
Mr. WONG Tak-Wai	√
Independent Non-executive Directors	
Mr. YING Lei	√
Mr. HU Jie	√
Mr. SUN Hongbin	√

Note:

(1) Attending training/seminars/meetings/forums/briefings or reading materials relevant to corporate governance, director's duties and responsibilities, the 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, have respectively entered into a service contract with the Company on 19 June 2018 and renewed on 19 June 2021. Each service contract was for a term of three years (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. SONG Xiaofei, as an executive Director, has entered into a service contract with the Company for a 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 a 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 respectively signed an appointment letter with the Company for a term of three years on 31 October 2018 and renewed on 19 June 2021 (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 for a 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. It is further 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 vacancy by electing the same number of persons to be Directors.

The Articles of Association sets 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 have entered into 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. 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 meetings 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 be given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of Board meetings and Board Committee meetings are kept by the company secretary 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 the matters considered by the Board and the Board Committees and the decisions reached are recorded in sufficient detail, 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 14 Board meetings during the year ended 31 December 2021. The attendance of each Director at Board meetings, Board Committee meetings and general meetings, whether in person or by means of electronic communication, is detailed in the table below:

	Attendance/No. of Board Meetings, Committee Meetings or General Meetings eligible to attend					
Name of director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. DUAN Wei *(Chairman)*	14/14	–	2/2	–	1/1	0/0
Mr. CAO Xiaohuan	14/14	–	–	1/1	1/1	0/0
Mr. FANG Zikai	14/14	–	–	–	1/1	0/0
Mr. SONG Xiaofei (1)	9/9	–	–	–	1/1	0/0
Non-executive Directors						
Mr. WONG Tak-Wai (2)	10/10	–	–	–	1/1	0/0
Independent Non-executive Directors						
Mr. YING Lei	14/14	2/2	2/2	1/1	1/1	0/0
Mr. HU Jie	14/14	2/2	2/2	1/1	1/1	0/0
Mr. SUN Hongbin	14/14	2/2	–	–	1/1	0/0

Notes:

(1) Mr. SONG Xiaofei was appointed as an executive Director on 31 March 2021.

(2) Mr. WONG Tak-Wai was appointed as a non-executive Director on 19 February 2021.

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 before the senior management enters into any significant transactions.

Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision A.2.1 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 has complied with performing the functions set out the relevant CG Code provisions during the year ended 31 December 2021.

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 make 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 2021 includes:

(a) reviewing the 2020 annual report, the Environmental, Social and Governance Report and annual results announcement;

(b) reviewing the 2021 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; and

(e) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal audit function, 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 D.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee should require members of the Audit Committee to liaise with the Board and senior management and that 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 D.3.3(e)(i) of the CG Code during the year ended 31 December 2021.

The Audit Committee held 2 meetings during the year ended 31 December 2021. Please refer to the paragraph headed "Board Meetings" above for details of each member's attendance of the meetings.

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 2021 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 the 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 is required to support the execution of its business strategy and maintain the effectiveness of the Board. The Nomination Committee will continue to optimize the structure of the Board and further enhance the diversity of the Board in terms of the gender.

The Nomination Committee held 2 meetings during the year ended 31 December 2021. 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 close associates is involved in deciding his or her own remuneration.

The Remuneration Committee's major work during the year ended 31 December 2021 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 close associates is involved in deciding his or her own remuneration.

In conducting its work in relation to the remuneration of Directors and the senior management team of the Company, the Remuneration Committee ensured that no individual or any of his associates was involved in determining that individual's own remuneration. It also ensured that remuneration awards were determined by reference to the performance of the individual and were aligned to the market practice and conditions, and 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 1 meeting during the year ended 31 December 2021. 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 2021 is set out below:

	Number of persons[(1)]
HK$3,500,001 to HK$4,000,000	1
HK$6,000,001 to HK$6,500,000	1
HK$6,500,001 to HK$7,000,000	1
HK$8,500,001 to HK$9,000,000	1

Note：

(1) includes 2 ex-senior management who have resigned as at the Latest Practicable Date. The remuneration of Mr. Cao Xiaohuan, as the chief executive officer of the Group, and Mr. Song Xiaofei, as the chief financial officer, is set out in note 7 to the financial statements on page 184 of this annual report.

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 184 to 186 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 2021, 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 2021 is set out below:

Service Category	**Fee Paid (US$)**
Audit Services	573,510
Non-audit Services	379,757
Total	953,267

MODEL CODE

The Group 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 2021.

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 through conducting reviews on an annual basis. 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 2021.

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 2021, the Company adopted dynamic risk management processes including risk identification, risk analysis, risk assessment, risk response, risk monitoring, and risk reporting in response to the identification of 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 that 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 2021, 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 who Ms. SO can contact.

Ms. SO has complied with Rule 3.29 of the Listing Rules by attending no less than 15 hours of relevant professional training during the year ended 31 December 2021.

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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, the Company has not made any changes to its Articles of Association.

1. Overview

This is the fourth Environmental, Social and Governance Report (hereinafter "**The Report**" or "**ESG report**") prepared by Mobvista Inc. and its subsidiaries, which summarizes the ESG initiatives and performance of the Group and demonstrates its commitment to sustainable development.

Reporting Framework

The Report has been prepared in accordance with the "Comply or Explain" provisions of the ESG Reporting Guide (hereinafter referred to as the "**ESG Guide**"), which is included in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the content adheres to the four reporting principles of "materiality", "quantitative", "balance", and "consistency".

Materiality: Since the operations of the Group did not experience significant changes this Year (as defined below) compared to last year and the year 2019, the management and the ESG working group ("**ESG Working Group**") had confirmed the applicability of the result of the materiality assessment in 2019.

Quantitative: The Group has disclosed the statistical standards, methodologies, calculation tools, and sources of conversion factors used to generate all of the data in the Report. We summarize and calculate the key performance indicators ("**KPIs**") based on standardized methodologies.

Balance: The Report impartially describes the Group's performance during the Reporting Period to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency: Unless otherwise specified, the Group has used consistent data calculation methods for valid comparison.

Reporting Scope and Period

The Report describes the overall performance of the Group on sustainable development relating to its core business, and the fulfilment of our ESG strategies during the financial year from 1 January 2021 to 31 December 2021 (the "**Reporting Period**" or "**Year**").

The reporting boundary of social KPIs covers all the businesses directly controlled by the Group, while the environmental KPIs covers the Group's headquarters office in Guangzhou, and the two offices in Beijing and Wuhan, which has expanded compared to 2020, as we aim to optimize and enhance the Report's disclosure obligations. The Group will continue to strengthen its data collection process, when appropriate.

Contact Information

The Report is published in electronic format and can be viewed in the "Environmental, Social and Governance Report" section included in the Annual Report 2021 available on the Company's website (https://www.mobvista.com/cn/) as well as the Stock Exchange's website (http://www.hkexnews.hk). The Group values your opinions on the Report. Please feel free to contact the Group for any opinions or suggestions at IR@mobvista.com.

Approval of the Report

The Report has been approved by the Board of directors (the "**Board**") of the Group on 31 March 2022.

2. ESG Strategy

Adhering to the vision of "helping customers reach global markets more efficiently through our products and technologies", we provide high quality service to achieve customer satisfaction. We will continue to place a higher premium on ESG management and invite key stakeholders to implement our ESG strategy.

The Board's ESG Statement

We have established a formal ESG governance structure to enhance our sustainable development and management. To ensure proper and effective involvement of the Board and accountability of the relevant departments, the Group has set up an ESG management system led by the Board, with specific responsibilities at the operational management level and practical implementation at the business execution level.

The Board is the highest decision-making level and is responsible for regularly monitoring the Group's material issues, performance, and climate risks and opportunities. At the operational management level, the Board is responsible for chairing and directly participating in ESG governance to ensure the efficiency and implementation of ESG decisions and to make ESG decisions more relevant to the development of the business. Meanwhile, independent directors are involved to ensure that judgments are objective and fair, and to provide more external perspectives and suggestions for ESG. The ESG Working Group, under the authority of the Board, considers and evaluates the interests of stakeholders through materiality analysis to determine the Group's approach, strategies and objectives in ESG management. At the business execution level, executive representatives of functional departments are jointly responsible for the specific implementation of ESG policies and objectives. To ensure the effectiveness of ESG work at all levels, the corporate compliance department is responsible for the overall supervision and guidance of the Company's ESG work at the Board, operational and execution levels.

The Group has established ESG-related objectives in terms of the environment. We focus on achieving these goals, working on sustainability in the future and is in the process of establishing an ESG information management system and mechanism with clear processes, accurate data and vertical and horizontal comparability. Setting targets will enable the Company to identify, evaluate and manage its ESG efforts more systematically, to manage issues that may have a significant impact on the Company in a systematic and planned manner, and to improve risk management and performance levels, thereby improving performance.

The ESG Governance Structure

The Group has built a structure for ESG governance and integrated the notion of sustainable development into its daily operations. The structure is divided into three parts: decision-making level, organizational level, and execution level.

Roles	Key Responsibilities
Board	• The highest decision-making level for ESG management • Responsible for monitoring the Group's ESG issues and take full responsibility for the Group's ESG strategy and reporting • Approve the Group's ESG management policies, strategies, goals, and annual work, including assessment, prioritization, and management of material ESG issues, risks, and opportunities • Review of the Group's ESG performance and progress regularly • Approve the ESG report
ESG Working Group	• Establish and review the ESG management strategies, plans and objectives • Supervise ESG-related policies and practices to ensure compliance with legal and regulatory requirements • Identify, assess and review the ESG risks and opportunities • Report the work progress and recommendations to the Board regularly
Representatives of functional departments	• Coordinate, promote and implement the ESG-related duties • Report the work progress to the ESG Working Group

Stakeholder Engagement

The Group values its stakeholders and their views related to its business and ESG issues. The Group aims to promptly respond and give feedback to achieve continuous improvements.

In order to understand and address stakeholders' concerns, the Group maintains close communications with its key stakeholders, including but not limited to shareholders and investors, government and regulatory authorities, employees, customers, intermediaries (i.e. company secretary, lawyers and auditors), business partners/suppliers, peers, and the community and the public.

Key Stakeholders	Major Communication Channels	Expectations and Requirements	Our Responses
Shareholders and Investors	• Regular reports and announcements • Regular general meetings • Shareholders' visits	• Return on investment • Corporate governance • Risk control • Information transparency	• Increase of profitability • Optimization of risk management and internal control • Regular information disclosures
Government and Regulatory Authorities	• Compliance reports • Site visits	• Compliance operation • Paying tax in accordance with law • Support local development	• Enhance the building of anti-corruption and integrity • Enhance corporate governance
Employees	• Performance appraisals • Meetings and interviews • Performance reviews • Seminars and trainings	• Employee rights • Compensations and welfares • Trainings and career development • Occupational health and safety • Equal opportunities • Friendly working place	• Protect the rights of employees in accordance with law • Building talent cultivation channels

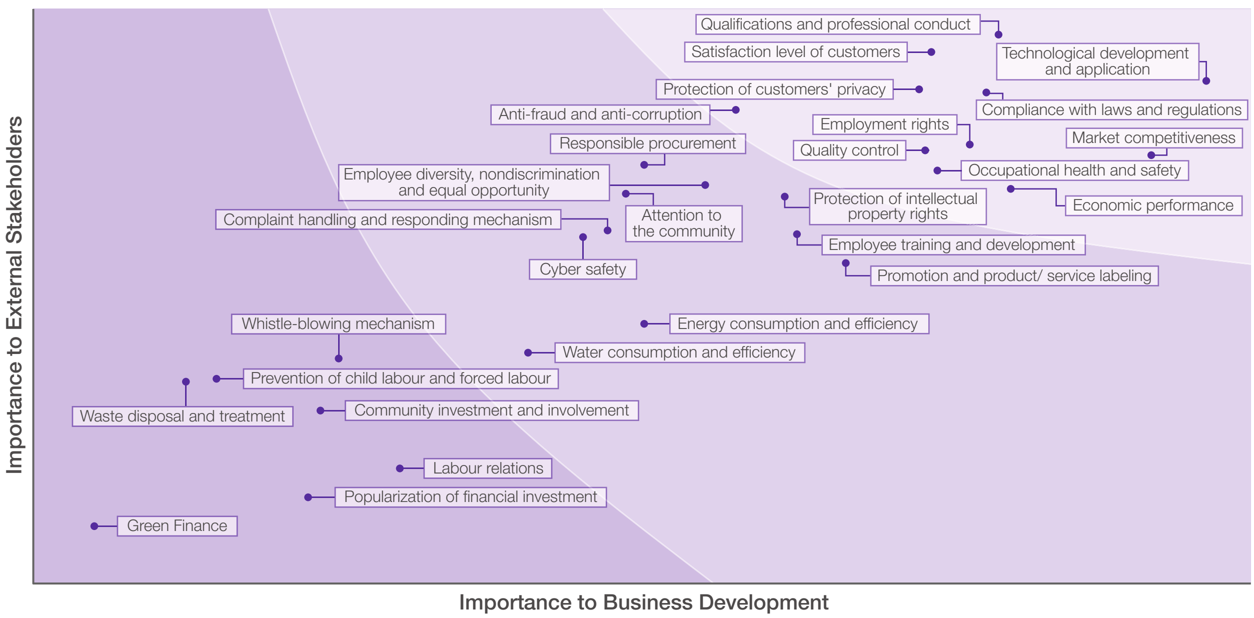
Key Stakeholders	Major Communication Channels	Expectations and Requirements	Our Responses
Customers	• Customer advisory group • Activities organized for customers • Customer visits • Daily operation • Online service platform • Customer service hotline, exhibitions and email	• Product quality • Customer services • Information security	• Higher quality products • Strengthen customer communication mechanisms • Enhance network security and permission settings
Intermediaries (i.e. company secretary, lawyers and auditors)	• Meetings • Site visits • Discussions	• Compliance operations	• Improve corporate governance
Business Partners/ Suppliers	• Meetings and visits	• Newly-implemented treaty • Cooperation with mutual benefits • Fair and open procurements	• Reviews, selections, and inspections • Establish Code of Conduct
Peers	• Exhibitions • Visits • Emails • Telephone	• Fair competition • Communication and collaboration	• Participation in industry conferences and networking events
Community and the Public	• Regular reports and announcements • Forums • WeChat public account • Company's website	• Community participation • Environmental protection • Employment opportunities	• Carry out charity events • Implementation of environmental protection measures • To provide employment opportunities

Materiality Assessment

Mobvista conducted online questionnaires with internal and external stakeholders for the materiality assessment in 2019. The ESG Working Group and management confirmed that the results of 2019 are still applicable this Year, as (1) there has been no material change to our business and operating environment for this Year compared to last year and the year 2019 and (2) the outcomes of the materiality assessment 2019 can still respond to our stakeholders' expectations. Readers can refer to the 2019 ESG Report for the methodology and process of conducting the materiality assessment.

The material topics were identified and prioritized based on the analysis and summary of the materiality assessment results from key stakeholders. We developed the following materiality matrix throughout the year, in which 28 subjects were identified.

Materiality Matrix of Mobvista



3. Strengthening the Brand

Mobvista places a premium on global business expansion in the digital age. We offer three primary services to our customers worldwide, including an advertising technology platform, data analytics platform, and cloud computing platform. Faced with the COVID-19 challenges, the Group emphasizes the importance of maintaining feasible and efficient communication with clients.

3.1 Data Privacy and Protection

The protection of customer data is a pillar to Mobvista's strong corporate governance and long-term mutual trust with our customers. The Group strictly adheres to 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 Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the California Consumer Privacy Act ("**CCPA**"), the Children's Online Privacy Protection Act ("**COPPA**") and the General Data Protection Regulation ("**GDPR**"). To protect clients' and our data privacy, we have executed measures, such as the Information Security Management Policy (《信息保密管理制度》), the GDPR Data and Privacy Protection Policy (《GDPR 數據與隱私保護政策》) and the Personal Data Retention Policy (《個人數據保留政策》) in compliance with major jurisdictions that we operate in.

The Mintegral SDK and a range of programmatic advertising products and technologies are under the mobile advertising platform Mintegral, which complies with COPPA, have been audited annually by the kidSAFE Seal Program to ensure that the mobile advertising solutions are effective in safeguarding children's online privacy. Mintegral has held this certification since 2019 and maintains a strong reputation for privacy and security in the industry. During the Reporting Period, in January 2021, the Group obtained the authoritative certification of ISO/IEC 27001, which is internationally recognized as the most authoritative, strictest and most widely used standard for information security management system certification. In March 2021, the Group was certified by ePrivacy, a renowned privacy protection certification institution. ePrivacy is one of the most credible data security and privacy protection certification institutions in the world, and is engaged in the digital products and mobile sectors with worldwide influence. On 24 August 2021, the Group obtained the SOC2 Type 2 audit report, becoming the first company in the domestic mobile internet marketing field to obtain the SOC2 Type 2 audit report. The SOC2 Type 2 audit report evaluated the effectiveness of these control measures over time by observing its implementation over a period of time based on the design of the control measures at a specific point in time. In December 2021, the Group also received certification from TrustArc, an authoritative privacy and security certification body in the U.S., certifying that the Group's handling of customers' and end users' personal data complies with the CCPA requirements, once again proving that the services provided by Mobvista can provide comprehensive privacy protection for customers and end device users worldwide. Lastly, the Group has passed security audits of the Mintegral SDK conducted by WhiteSource and BDO Digital, and was among the first to adopt Apple Inc.'s SKAdNetwork standard which enhances user privacy and improves end user data protection.

As for the internal data, the Group has divided the value of information assets into four levels, i.e. most confidential, confidential, secret and general non-secret information, based on the assignment of confidentiality, integrity and availability. It is prohibited to browse, copy, or print all company trade secrets involving data and information without permission.

The Group regards the protection of personal information security of users as an important mission. In addition to setting up a legal team, the Group also works with a team of professional lawyers to make compliance recommendations for products and services in accordance with major global data and privacy protection requirements, standards or constraints to ensure the personal information security of users and device end-users.

The Group also keeps an eye on the updates and revisions of information security laws and regulations, we arrange internal trainings and communicate with relevant departments in a timely manner when updates in laws and regulations occurs to ensure compliant operations.

The Group pays close attention to the formulation, introduction and implementation of the Personal Information Law of the PRC (《中華人民共和國個人信息保護法》) and related supporting legal documents. We have taken a series of measures to strengthen information security and respect personal privacy, and updated our privacy policy to ensure that the products and services handle personal information of customers located in the PRC in accordance with the relevant requirements.

In addition, the Group ensures the privacy of data transmission through encryption technology to prevent information leakage. A firewall is in place to guard against potential hacking attacks.

The criteria for a data retention period are set and followed and the Group handles all expired data with care. In case of personal data leakage, the Group requests its employees to follow standardized handling procedures detailed in the Contingency Plan of the Leakage of Personal Data (《個人數據洩露應急方案》) where respective groups will devise solutions to settle the incidents after investigations.

In the European Economic Area, the collection and usage of information are regulated by the "Privacy Policy" (《私隱政策》). The policy details the type of information collected and the lawful basis for using and disclosing personal information. Customers have the right to access and give consent for Mobvista to use the data, and to make complaints regarding information security concerns.

Generally, comprehensive data management standards are established according to the situation of each department, with the department head responsible for data archiving and data security during the operational phase. The CRM system is set up to keep track of contracts and customers. Data access rights are set up by the Information Technology Department in accordance with the relevant data, the business needs of departments, and employee positions to ensure the asset protection of the Group.

3.2 Quality Control and Responsibility of Services

The Group's primary focus is on personalized and customer-oriented services. Employees maintain continual connection with clients and modify plans at various levels of service until the customer is satisfied. The Group requires its employees to follow up on customer needs in real time throughout the closed-loop process from pre-sales to post-sales to ensure that customer feedback is returned in a timely manner. In addition, we attach great importance to customer experience by analyzing customers' behavioral preferences and habits to drive product and operational improvements. We check the potential problems of the products regularly to explore defense optimization, improve the product functions, and make iterative updates in a timely manner. Additionally, to improve its services, the Group launched a satisfaction questionnaire specifically targeted at customers. To enhance new employees' understanding of products and services, the Group regularly organizes trainings for new employees to improve business capabilities. Besides, the Group has developed a subscription page so that it can provide customers with the latest product and service information in a timely manner.

Additionally, the Group undertakes internal audit and evaluation of plans prior to presenting them to clients for quality assurance purposes.

Advertising

The Group's advertising activities are governed by the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), 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 Regulations for the Control of Advertising (《廣告管理條例》) and other relevant laws and regulations. We disclose clear and transparent information in our advertising material with prior approval or authorization to avoid false information disclosure or plagiarism, and carefully review the content of advertisements to eliminate exaggerated and inaccurate propaganda.

Intellectual property

Intellectual property protection is important to the Group's business development and protection of its interests. The Group complies with the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Computer Software Protection Regulations (《計算機軟件保護條例》), the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) and any other related laws and regulations, to protect the intellectual property rights associated with our assets, including internet activities, products distributed via the internet, and software products, while preventing infringement.

The Group has established a legal team to guarantee the effective implementation of intellectual property protection. We actively cultivate a culture of intellectual property innovation. The Group also implements the Intellectual Property Reward Scheme (《知識產權獎勵辦法》) to empower employees to respect copyrights and intellectual property. Besides, we incentivize innovation and originality. We reward employees who have made outstanding contribution to intellectual creation achievements, such as having a patent application authorized or an academic paper cited in the Chinese journals.

We conduct detailed market research and submit formal trademark registrations to the Trademark Office in order to avoid the occurrence of identical or similar trademarks on the same or similar goods or services that have been registered or preliminarily approved, and to ensure we do not violate or infringe the intellectual property rights, patents and related rights of third parties. Additionally, we register and renew related patents in accordance with novelty, creativity and practicality after evaluating the needs of patents. As of 31 December 2021, the Group had 169 intellectual property rights, including 1 patent, 36 copyrights, 60 trademarks and 72 domain names.

Customer service

As a customer-oriented enterprise, Mobvista is committed to building healthy customer relationships with benign interaction through continuous effective communication. We stay current with the latest technologies and market development trends and as a result can provide clients with the best customer service throughout the entire life cycle while understanding their needs.

Customers are entitled to file a complaint through our standardized complaint system if they believe the content of our advertising material infringes on their legal rights and interests, or involves illegal activities, such as fraud, violence, harassment or pornography. We handle the complaint request according to Mintegral's Guideline for Complaints. Necessary measures will be arranged in a timely manner in compliance with the applicable laws or regulations if the accusation is found true, valid and legitimate. We inform our customers of such measures through meetings to maintain excellent customer satisfaction.

When facing customer complaints, we handle them according to the following three principles:

1. Emphasize the voice of customers. Set up an independent complaint page and accept user feedback frankly.

2. Think about customer needs. Customize clear processing mechanisms for different types of complaints to ensure that customers get the best solutions.

3. Solve user problems. Aim to solve complaints within 24 hours and respond to customers' complaints in a timely manner.

Our reputation for service excellence stems from our deep understanding of our clients' needs. We actively collect customer opinions to enhance our service quality.

During the Reporting Period, the Group did not receive any cases of product or service-related complaints.

3.3 Probity in Business

Our credibility and accountability rely on our operational integrity. The Group strictly adheres to the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Law Against Unfair Competition 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.

Code of conduct

The "Employee Handbook" (《員工手冊》) contains anti-fraud and anti-corruption provisions, such as preventing employees from accepting gifts, getting commissions, or rebating for personal gain by abusing their position. Employees can gain a thorough understanding of the disciplinary standards during new employee orientation, thereby preventing violations and increasing their awareness. No cases of illegal activities in relation to bribery, extortion, fraud and money laundering by the Group and its employees were found during the Reporting Period.

Reporting

We have established an internal policy, the Anti-fraud and Reporting Mechanism Management Measures (《反舞弊與舉報機制管理辦法》), to govern anti-bribery and anti-corruption. It provides a comprehensive monitoring, standardized reporting and feedback mechanism to handle any suspicious transactions or acts. Employees can anonymously report suspicious cases through our hotline or email. We gather pertinent information, conduct fair and impartial investigations, and provide whistleblowers with feedback on the investigation.

Business integrity

Our policy is to conduct our business and operations in an honest and ethical manner. The Group has a zero-tolerance approach to commercial bribery and corruption and is committed to acting with professionalism, fairness, and integrity in all business operations.

Regulation

In accordance with the "Mobvista Inc. Risk Management Policies" (《匯量科技風險管理制度》), the Group has implemented a "Three Lines of Defense" risk management system to clearly define roles and duties. The Audit Department of the Group performs routine risk assessments and executes risk adaptation and mitigation strategies. This department shall report to the Board annually, and the Board will provide direction, supervision, and engagement as necessary.

During the Reporting Period, the Group provided training to the Board and employees on recognizing and mitigating commercial bribery risks. The training included a detailed explanation of the definition of commercial bribery, examples of violations, the legal ramifications, and risk management and prevention strategies.

3.4 Cooperating with Suppliers

Mobvista expects its cooperative suppliers to be environmentally and socially responsible. Supply chain management is strengthened through the establishment of the "Mobvista Inc. Supply Chain Management Policy" (《匯量科技集團採購制度規範》), which is adopted and strictly followed during regular assessments of the environmental and social risks along the supply chain, and compliance with applicable laws and regulations, including 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實施條例》). Personnel who are involved in the purchase process must follow the policy's procurement flow chart. Additionally, suppliers must meet entry requirements with respect to scale, capital position, commercial reputation, and related credentials.

To ensure that suppliers incorporate ESG elements as a key value in their provision of services and products, we take into full consideration the performance of our suppliers in terms of environmental protection, social responsibility, and employee health and safety. Take environmental protection as an example, our cloud service suppliers have demonstrated that they are dedicated to reducing their carbon footprint and conserving energy by using water-cooling technology for their data centers and powering their operations with renewable energy sources.

In the social aspects, we ensure that the selected suppliers adhere to business practices which are ethical, anti-bribery, anti-corruption and uphold social responsibility. In the environmental aspects, the Group promotes green procurement by procuring items and services that have a low environmental impact. We prioritize the purchase of products that are recyclable, have less packaging, longer shelf life, and higher energy efficiency, such as the LED lighting and refillable ballpoint pens that are used in our offices.

The Group will evaluate its cooperative suppliers on a regular basis based on the quality, satisfaction, and effectiveness of their products and services, and the suppliers' qualification documents including the quality system certifications, business licenses, production licenses, product certifications, test reports, etc. The Group reserves the right to cease cooperation with suppliers when their behavior is found to be inconsistent with our expectations, and we refuse to cooperate with suppliers who have a poor performance record. Lastly, we frequently review the performance of suppliers, and the results lay the foundation for future collaboration opportunities.

During the Reporting Period, the Group had 134 suppliers providing products and services, and all of them were from Mainland China (including Guangzhou, Beijing, Wuhan, Zhuhai, Shenzhen, Hainan, etc.). Products include equipment and catering while services include repair and maintenance, management, logistics, etc.

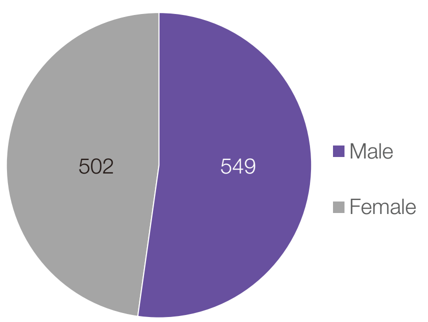
4. Employee Care

Mobvista believes its employees are valuable assets for long-term development. We keep a watchful eye on the health and safety of employees amid the pandemic. In addition, we continue to invest resources in the areas of recruitment, training and providing competitive remuneration and benefits. We strictly adhere to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour 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 Labour (《禁止使用童工規定》) and other employment-related laws and regulations of the place of operation as our employment principle.

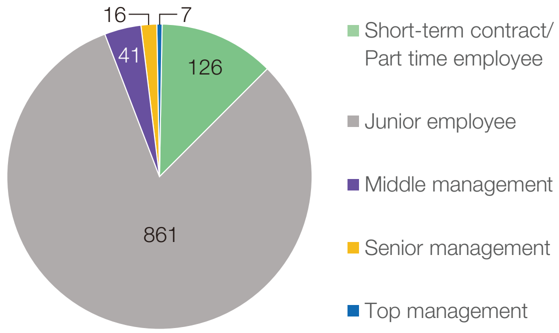
In accordance with the requirements of the laws, we have compiled an "Employee Handbook" (《員工手冊》) in which an array of internal regulations, policies and other relevant contents, including but not limited to employment standards, recruitment, promotion, working hours, leave, performance management, salary, dismissal, remuneration and benefits, with applicable revisions over time to ensure its compliance with the laws and regulations. During the Reporting Period, there was no violation of labour policies. Employees are welcome to report or complain to the Group if any wrongdoings are noticed.

As at 31 December 2021, the number of employees of the Group classified by different categories is as follows:

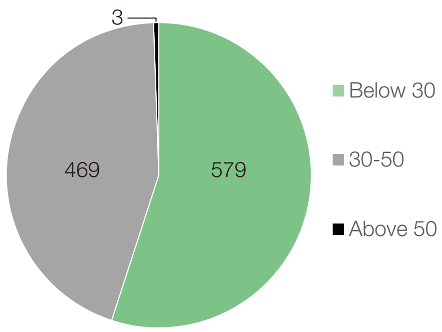
By Gender



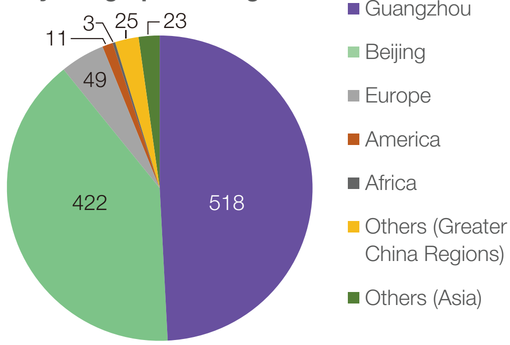
By Employment Type



By Age Groups



By Geographical Region



4.1 Employment Standards

As an international technology company, we believe that we are currently in a very competitive industry where attracting and retaining the best talent is essential to our success. Mobvista offers equal opportunities to all candidates. No distinction is made on the basis of race, color, age, gender, ethnicity, national origin, marital status, association, religious beliefs, sexual orientation, gender identity, expression, disability, pregnancy and other legally protected characteristics.

We protect the rights and benefits of female employees during pregnancy, childbirth, breastfeeding, and prohibit any reduction in wages or unilateral termination of contracts due to pregnancy, childbirth and breastfeeding. We fully respect each employee, promote equality, and we do not tolerate any form of illegal discrimination and harassment, firmly prohibit forced and exploitative labor practices and employment of employees under the age of 18.

Performance review and promotion

The Group continues to build and improve our performance appraisal and promotion system. We have formulated and employed a performance management system to evaluate employee performance objectively and comprehensively. We have also added a performance communication part to ensure that each employee's performance is fair and equitable. The appraisal result acts as a reference for employees' promotion, remuneration and vocational training adjustments. Personnel are, furthermore, offered with a platform to review performance and explore potential growth opportunities through the regular appraisal system to help employees better play their own strengths and achieve an effective match between positions and talents.

Compensation and dismissal

Taking employees' mental needs, work performance, personal growth and development into account, we have provided corresponding support for our employees. Compensation is offered in alignment with the market status, the performance of employees and the value of the positions.

The Group strictly adheres to the Labour Contract Law (《勞動合同法》) and any related labour laws and regulations and does not arbitrarily dismiss employees. The Group has the right to terminate their employment relationship in cases of serious violation of the code of conduct. Employees can also terminate their contract voluntarily and are required to complete the handover and follow resignation arrangements within the notice period.

During the Reporting Period, the employee turnover rate of the Group classified by different categories is as follows:

Category	Employee turnover rate (%)
By gender	
Male	22.8
Female	28.0
By age groups	
Below 30	27.4
30–50	22.9
Above 50	33.3
By geographical region	
Guangzhou	25.6
Beijing	24.3
Europe	26.2
America	35.3
Africa	0.0
Others (Greater China Regions)	4.2
Others (Asia)	42.1

Note: 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

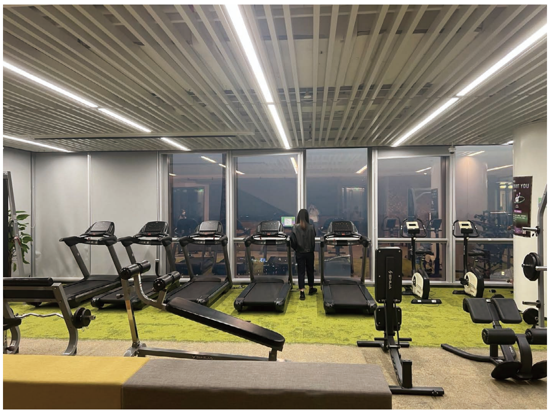
Benefit and welfare

Mobvista provides competitive benefit programs and wellness resources that go above and beyond the legal requirement. We offer diverse benefits and welfares to our employees including onboarding gifts, three meals, afternoon tea, regular health consultations, holiday benefits, paid holidays, and talent apartments. Meanwhile, Mobvista has provided a work area, fitness zone, recreation area, coffee corner and book corner to maintain employees' mental health while they are busy in work.

Dragon Boat Festival Gifts

Afternoon Tea

Coffee Corner



Fitness Zone

All details are available in the "Employee Handbook" (《員工手冊》), which will be updated as necessary to reflect market changes and employee expectations.

To nurture a harmonious and inclusive culture, we organize a variety of activities.

Mid-Autumn Festival

8^{th} year Anniversary Party

Chinese Valentine's Day

The 3^{rd} Mobvista Hackathon

4.2 Labour Standards

We have zero tolerance towards child and forced labour and abide by the Law on the Protections of Minors (《未成年人保護法》) and the Prohibition of the Use of Child Labour (《禁止使用童工規定》). The Group's "Employee Handbook" (《員工手冊》) sets out the Group's working hours, rest periods, holidays, leave entitlements as well as termination of employment and compensation.

Background checks with a review of identification documents of potential candidates would be conducted in our hiring process. Besides, each employee will enter into a contract of employment with the Group that sets out the employment terms and conditions so that the employee understands the terms of his or her employment to prevent the use of child labour and forced labour in the Group's business operations. If child labour and forced labour is identified, we will immediately terminate the employment according to the law and take corresponding remedial measures.

During the Reporting Period, no non-conformity with laws and policies concerning child and forced labour has been identified.

4.3 Training and Development

Our people are the engine of the long-term success of our business. Our business is driven by the capabilities and commitment of our employees. The Group has built a systematic training system from onboarding, knowledge, and skills to career development — Cool College. We provide a series of customized training courses for employees and encourage them to share their knowledge as instructors, aiming to continuously enhance the professional skills, professionalism and leadership of all employees and help them improve their competitiveness in the workplace. We adopt diverse training modes: micro-classes, graphic classes, and live classes to facilitate employees' access to the knowledge they need. We also set up departmental trainings on professional skills enhancement of each department, such as R&D staff and business staff. We continue to reinforce our training system to help employees reach their full potential. Additionally, employees produce industry intelligence papers on a regular basis to help them engage with current and potential customers, and to enable them to align with market trends.

We strive for equity and equality. Every employee of ours has equal opportunities to promotion and remuneration based on their work performance. Besides, we encourage employees to participate in work-related external trainings. Subsidies are provided for the approved programs.

During the Reporting Period, the Group has provided new joiners introduction programs, technical courses, general courses, management courses and thematic project classes. There were 669 employees trained this Year. The details of percentage of employees trained and average training hours per employee by gender and employee type were as follows:

Category	Percentage of employees trained (%)	Average training hours completed by each employee (hour)
By gender		
Male	52.7	3.9
Female	47.3	4.0
By employee type		
Short-term contract/Part time employee	10.8	1.8
Junior employee	83.8	4.1
Middle management	3.5	4.4
Senior management	1.1	9.8
Top management	0.8	7.2

Note: The calculation was based on the reporting guidelines for social key performance indicators issued by the Stock Exchange.

4.4 Health and Safety

The Group is committed to providing a healthy and safe working environment for its employees and continues to invest resources in safeguarding their health and safety. 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》). We remind employees to pay attention to the use of electricity and water in the work area. We also regularly disseminate and publicize safety knowledge to employees. At the same time, the Group has arranged regular medical consultations and annual health checks for its employees.

The Group promotes a healthy lifestyle and encourages employees to engage in physical activities to strengthen their bodies. The Group has established a swimming club, a badminton club, a skateboarding club etc., and has arranged specialists to supervise the trainings. Employees participate in sports activities after work to enhance their sense of well-being and accomplishment.

Skateboarding Club

Badminton Club

During the Reporting Period and in the past three years, there was no occurrence of work-related injuries or fatalities.

We safeguard our staff's health and safety by providing medical insurance and work injury insurance, in addition to annual health checkups. We closely monitor and inspect the hygiene of the meals we provide.

In 2021, we further improved our employee well-being and promoted a healthy working environment by providing shoulder and neck physiotherapy services. The physiotherapy we provided alleviates our employees' back and shoulder pains, and prevents work-induced frozen shoulder, cervical spondylosis and any related occupational diseases.

Shoulder and Neck Physiotherapy Activity

Amidst the COVID-19 pandemic

In order to guarantee employees' basic rights and safety, the Group has actively responded to the calls of the government and considering operation needs during the pandemic, the Group established several policies to protect employees' health and safety, such as extending vacation time and allowing employees to work remotely from home. Meanwhile, anti-epidemic supplies such as medical protective masks, disinfectants, thermometers etc. were procured promptly to ensure the supply of medical protection supplies for employees. We responded swiftly to the new operating environment and actively reinforced epidemic prevention measures to lessen the risks of infection. Only employees with normal body temperature were given valid "Normal temperature" labels and thus allowed to enter the company's premises every day. All employees are required to wear masks and pay full attention to personal hygiene in the company's premises. The company's premises were cleaned on a regular basis. We adopted separate packaging of meals with the strictest hygienic standards.

5. Green Operation

Mobvista adheres to best practices in environmental management and encourages the operation of its business in an environmentally responsible manner. The Group thus strives to limit its resource consumption, improve energy utilization efficiency, and minimize adverse effects on the environment in its business practices. Further, the Group supports a green office and has implemented several measures to boost efforts to manage resources, emissions, waste and energy efficiency. During the Reporting Period, we had no violations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

We comply with environmental 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》), as well as the Air Pollution Control Ordinance (《空氣污染管制條例》), the Water Pollution Control Ordinance (《水污染管制條例》), and the Waste Disposal Ordinance (《廢棄物處置條例》) of the Government of the Hong Kong Special Administrative Region.

The Guangzhou headquarters office, and the two offices in Beijing and Wuhan are chosen as the reporting boundaries of the environmental KPIs as the environmental impacts of the offices in Europe, the United States, South America, and Asia are comparatively negligible.

The major businesses of the Group is mobile advertising and data analysis services, which mainly involve the use of the internet and technology platforms. Due to the nature of our business operations, we have not observed any significant impacts caused on the environment and natural resources. Nevertheless, the Group has formed a leading group (the "**Leading Group**") on energy saving and consumption reduction to facilitate various energy-saving and conserving measures. The Leading Group monitors the environmental performance of offices and departments, implements the measurements, and also provides guidance and supervision to related departments.

5.1 Electricity Conservation

The Group leverages a cloud-native architecture and utilizes the public cloud instead of our own data center housing a private cloud. Our peak traffic is 4 times higher than the average traffic level. If we were to build facilities ourselves, we would need to configure hardware according to the peak traffic, which would waste a significant amount of resources. Public cloud usage is elastic, and services can be purchased on demand, which helps save electricity that would have been wasted by operating a data center directly.

Moreover, public cloud suppliers often generate idle excess computing power for most of the day, while the servers in the data center are still running and continue to consume electricity. This results in unused computing cycles and unnecessary energy consumption. Our SpotMax cloud resource optimization solution can fully utilize the idle computing resources of the public cloud while ensuring service reliability which improves the utilization rates of cloud server infrastructure and reduces unnecessary electricity consumption.

Keeping in mind the importance of lighting and air-conditioning to our operations, relevant departments of the Group post reminders to remind employees to conserve energy resources and build good habits regularly.

We encourage our people to build the habit of turning off lights before leaving the office. To ensure that all employees turn off lights before leaving the building, the Group arranges a security guard to patrol daily. During the day, natural light is preferred and utilized. We gradually transition to energy-saving LED lights in areas where we require luminance. Aside from installing motion sensors in places that are not frequently used, we have divided the office into different lighting zones and set up independent control switches.

Several initiatives have been implemented to reduce the high electricity consumption of the air-conditioning system. The offices use the Central Control and Monitoring System (CCMS) for a more efficient and effective air-conditioning system coupled with regular cleaning and maintenance. It is necessary to maintain an appropriate temperature for the system and to clean the filter regularly. In addition, we avoid the installation of air conditioner in areas under direct sunlight.

When purchasing new electrical appliances, we try to select energy efficiency and environmentally friendly products while considering the price factor, and to encourage employees to turn unused appliances off or into power-saving mode when taking a lunch break or leaving work.

The Group's electricity consumption and intensity were as follows:

Indicator	Unit	2021	2020	2019
Electricity consumption	kWh	318,366.0	295,190.0	329,726.0
Electricity consumption intensity	kWh/employee	398.0	589.2	766.8

Due to the epidemic, the Group has allowed employees to work from home for several periods during the Year, resulting in a 32.5% decrease in electricity consumption per employee compared to 2020.

5.2 Waste Disposal

The Group pays full attention to the management of waste disposal. We separate hazardous and non-hazardous waste and treat them using appropriate disposal methods. We carry out the measures aforementioned in compliance with 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》).

Hazardous waste

We have identified two primary sources of hazardous waste, i.e. printers and computers and consequently implemented the following measures. As part of our leasing agreement, a third-party supplier adds toner, and replaces and recycles the ink cartridges on our behalf. This can reduce the disposal rate and reduce the impact on the environment. The scrapped computers are sold to a third-party recycling company after they have reached a lifespan of three years and are out of service.

Non-hazardous waste

The Group incorporates sustainability into its daily operations to minimize its environmental impact. We generally separate non-hazardous waste into domestic waste, kitchen waste and office waste. We have installed waste separation bins in each office area to facilitate waste management. Additionally, we have implemented a series of initiatives to increase the efficiency of garbage classification management, including posting waste classification information in public areas, and assigning specialists to conduct garbage classification.

The generation of hazardous and non-hazardous waste was as follows:

Indicator		Unit	2021	2020	2019
Non-hazardous waste		tonnes	53.4	55.3	46.7
Non-hazardous waste intensity		kg/employee	66.8	110.4	108.6
Hazardous waste	Computer	items	193.0	—	—
	Battery	items	690.0	—	—
Hazardous waste intensity	Computer	items/ employee	0.2	—	—
	Battery	items/ employee	0.9	—	—

We experienced a 39.5% decrease in non-hazardous waste per employee compared to 2020. We will continue to maintain our waste reduction practices and strive to improve our performance in the future.

Paper resources

We actively invest in the establishment of paperless offices, and set up different platforms to provide employees with support. We posted messages next to printers about recycling paper, saving paper and printing double-sided in order to remind our people to establish a sustainable habit. To minimize paper consumption and foreseeable paper waste, we follow the 4R principles, i.e. reduce, reuse, recycle and replace.

Reduce	Reuse
• Default computer setting is double-sided and toner saving • Printing the necessary documents only • Keeping printed documents that are frequently used to avoid multiple printing	• Using waste paper to jot notes • Using recycled paper to print internal documents
Recycle	**Replace**
• Putting waste paper materials in the recycling bins near the printer • Collecting waste paper for further treatment	• Using the office automation system for a paperless office • Utilizing electronic communication technologies for communication

The paper consumption was as follows:

Indicator	Size of Paper	Unit	2021	2020	2019
Paper consumption	A3	reams	5.0	8.0	10.0
	A4	reams	310.0	270.0	460.0
The intensity of paper consumption		reams/ employee	0.4	0.6	1.1

As we have executed the above policies in paper-saving proactively and implemented work from home measures due to the epidemic, the paper consumption intensity reduced by 34.4% compared to 2020.

5.3 Water Resources

We did not experience problems in sourcing water and water is supplied by the municipal system. The Group conserves 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. For example, water-saving signs were posted to raise water conservation awareness. We also conduct regular checks on water meter readings to uncover concealed water leaking issues. We will contact the property management company for immediate maintenance in case of leaking issues.

Indicator	Unit	2021	2020	2019
Water consumption	tonnes	4,756.0	2,601.0	2,852.0
Water consumption intensity	tonnes/employee	5.9	5.2	6.6

The water consumption intensity was 5.9 tonnes per employee during the Reporting Period, which increased by 14.3% compared to the corresponding period last year, because there was more frequent cleaning for personnel, offices and workplaces under the epidemic. We will continue to maintain our water conservation practices and strive to improve our performance in the future.

5.4 Greenhouse Gas Emissions

The Group calculates the greenhouse gas ("**GHG**") emissions in accordance with the ISO 14064-1 standard 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 results are as follows:

Summary of GHG Emissions[1]		Unit	2021	2020	2019
Scope 1[2]	Direct GHG emissions	tonnes of CO_2 equivalent (CO_2e)	0.3	4.9	14.5
Scope 2[3]	Indirect GHG emissions	tonnes of CO_2 equivalent (CO_2e)	194.2	180.1	173.8
Total GHG emissions		tonnes of CO_2 equivalent (CO_2e)	194.5	185.0	188.3
Total GHG emissions intensity (per employee)		tonnes of CO_2e/ employee	0.2	0.4	0.4

Notes:

1. We refer to "How to Prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" from the Stock Exchange to calculate our Group's air pollutant emissions and greenhouse gas emissions.

2. Scope 1: the direct GHG emissions generated from sources owned and controlled by the Group's headquarters office in Guangzhou, and the two offices in Beijing and Wuhan.

3. Scope 2: indirect GHG emissions by electricity generation, heating or steam purchased by the Group's headquarters office in Guangzhou, and the two offices in Beijing and Wuhan.

Scope	Sources
Scope 1 — Direct GHG emissions	Fuel consumption from stationary sources and mobile sources that the Group controls
Scope 2 — Indirect GHG emissions	Electricity purchased

Mobvista also calculated emissions from its vehicles as shown below:

Type of Emissions[1]	Unit	2021	2020	2019
Nitrogen Oxides (NO_X)	kg	0.06	20.8	48.1
Sulfur Oxides (SO_X)	kg	0.001	0.03	0.1
Particulate Matter (PM)	kg	0.01	1.9	4.5

Note:

1 We refer to "How to Prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" from the Stock Exchange to calculate our Group's air pollutant emissions.

The vehicles that the Group controls consumed 100 litres of petrol during the Reporting Period.

We recognise that the use of vehicles contributes to the GHG emissions. The following measures are adopted to reduce the GHG emissions:

- Monitor the kilometers travelled and fuel consumption of our business vehicles to avoid the abuse of vehicles;
- Maintain fleet and tires regularly. If necessary, we phase out fuel-intensive or emission-intensive vehicles;
- Avoid idling vehicles' engines to reduce outdoor air pollution whenever possible; and
- Encourage employees to conduct conferences via video or phone call instead of going on business trips.

As mentioned above, the Group leverages highly elastic public cloud computing infrastructure which lowers costs, electricity consumption, and ultimately carbon emissions on a large scale.

In a recent report by Accenture, *The Green Behind the Cloud*, it was noted that migrating from a physical data center to the public cloud can reduce electricity usage by 65%, and decrease carbon emissions by 84%. In aggregate, it is estimated that this migration can reduce 60 million tonnes of CO_2 per year globally, which is the equivalent of taking 22 million cars off the road.

In addition to reducing our own electricity usage and carbon emissions, our SpotMax cloud computing optimization solution enables our clients to operate their businesses using idle computing resources in the public cloud. For example, if an enterprise needs 100 servers and idle resources on the public cloud can be fully utilized, the server utilization rate of the applicable servers can be increased by 20%, which is equivalent to reducing the energy footprint of 20 servers. Twenty 1200W servers consume 576 kWh of electricity per day, and once air conditioners and uninterruptible power supply are factored in, the daily power consumption is as high as 844.8 kWh. If non-environmental friendly energy is used, it is equivalent to 663 kilograms of carbon being released into the air every day. On an annual basis, the total emissions will reach 242 tonnes. For reference, a car with a displacement of 1.6L, driving 10,000 kilometers per year only emits 2.7 tons of carbon dioxide. This means that by utilizing idle computing resources in the public cloud, this enterprise can reduce carbon emissions equivalent to emissions from 89 cars during the year.

The Group has made further steps to reduce greenhouse gas emissions:

- Staff restaurants strive to use low carbon or locally grown/produced food to reduce carbon emissions associated with food deliveries;

- Encourage staff to take direct flights for business trips;

- Video conferencing is utilized to eliminate the need for non-essential business travel; and

- Actively participate in low-carbon policies by using low-carbon products.

5.5 Climate Change

Climate change is one of the most severe global concerns facing society today, and we must act immediately to protect our climate and communities.

The principal business scope of the Group covers mobile advertising and data analysis services. The company's operations mainly involve the provision of internet and technology platform services. We observe that our business operations and supply chain are less affected by acute impacts due to climate change.

As such, the risks of climate change identified by the Group include extreme weather conditions such as strong winds and heavy rainfall, as well as floods, which may force the closure of offices and/or the destruction of data centres; natural disasters caused by climate change may also decline the overall market production which will in turn affect the stability of the economy and financial markets and directly affect the operations of the Group.

The Group has implemented measures to ensure the safety of its employees, including strict adherence to applicable government-issued extreme weather guidelines. The Group has developed emergency rules and mitigation methods to minimize damage due to future disasters. The Group will conduct regular reviews of its climate change initiatives to ensure their effectiveness.

5.6 Sustainability Target Plan

During the Reporting Period, we established preliminary directional targets for energy usage efficiency, water efficiency, waste produced, and greenhouse gas emissions in order to improve our performance in energy conservation, water conservation, waste reduction, and greenhouse gas emissions reduction. We will assess our progress and advance more environmental protection goals when the opportunity arises. We shall establish more detailed quantitative environmental targets in the future to protect the environment and conserve natural resources.

Environmental aspects	Targets
Energy Conservation	The Group will actively implement measures to maintain or reduce the total electricity consumption compared with the baseline year 2021.
Water Conservation	The Group will actively implement measures to maintain or reduce the total water consumption compared with the baseline year 2021.
Waste Reduction	The Group will actively implement measures to maintain or reduce the total waste production compared with the baseline year 2021.
Greenhouse Gas Emissions	The Group will actively implement electricity-saving plans and measures to maintain or reduce greenhouse gas emissions compared with the baseline year 2021.

6. Community Service

It has always been a priority of Mobvista to invest in the local community in order to maintain good corporate citizenship. Through encouraging its employees to participate in voluntary work and promoting sustainable community development, Mobvista shares its fruits of corporate success with society to foster harmony in our community.

Community Support in Turbulent Times

The COVID-19 pandemic forced many members in our community to face tremendous life changes, e.g. job loss, financial problems and loneliness. There is no doubt that this causes tremendous mental and physical stress. In hopes of sharing warmth and helping our community in this difficult time, we organized a mass donation of sanitary products at Shadong street, Liede street, Zhuji street, Tangxia street and Changxing Street in the Tianhe District (Guangzhou). The Group has donated a total of 12,000 N95 masks, 2,000 face shields, 370 boxes of distilled water and 30 tents.

Shadong Street Donation

Support our local industry and community

As a responsible company, we seek to develop ourselves while paying due attention to the needs of the communities in which we operate, and carry out a variety of activities to support the development of the local industry.

On 7 September 2021, the Group responded to the call of the Tianhe District Committee and donated RMB100,000 to the Incubation Center Building Project of Tianhe Xingning Industrial Park to support the development of the local industry.

On 3 August 2021, the Group donated RMB20,000 to Breeding and Farmers' Professional Cooperative in Jinxin Village, Dongdi Township, Nayong County, for the development of carton and egg tray processing industry to help revitalize the countryside through precise poverty alleviation.

In December 2021, the Group organized a Christmas campaign for public welfare care boxes, encouraging employees to donate books, stationery, educational toys and other gifts in concert with the Group's procurement of materials totaling RMB10,000 to children left behind in mountains area of Meizhou, giving back to the community with a grateful heart and spreading warmth with practical actions.

Public Welfare Care Box Activity

Appendix: Content Index of the Guide

Indicator			Related Chapter
A. Environmental			
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5. Green Operation
	A1.1	The types of emissions and respective emissions data.	5.4 Greenhouse Gas Emissions
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	5.4 Greenhouse Gas Emissions
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	5.2 Waste Disposal
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	5.2 Waste Disposal
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.4 Greenhouse Gas Emissions 5.6 Sustainability Target Plan
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.2 Waste Disposal 5.6 Sustainability Target Plan

Indicator			Related Chapter
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5. Green Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	5.1 Electricity Conservation
	A2.2	Water consumption in total and intensity.	5.3 Water Resources
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.1 Electricity Conservation 5.6 Sustainability Target Plan
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.3 Water Resources 5.6 Sustainability Target Plan
	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. 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. Green Operation
A4 Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5. Green Operation
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.5 Climate Change

Indicator			Related Chapter
B. Social			
B1 Employment	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Employee Care
	B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	4. Employee Care
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Employment Standards
B2 Health and Safety	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4 Health and Safety
	B2.2	Lost days due to work injury.	4.4 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.4 Health and Safety
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

Indicator			Related Chapter
B4 Labour Standards	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.2 Labour Standards
	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
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
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Cooperating with Suppliers
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Cooperating with Suppliers
B6 Product Responsibility	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	3.1 Data Privacy and Protection 3.2 Quality Control 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 Control and Responsibility of Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Quality Control and Responsibility of Services
	B6.4	Description of quality assurance process and recall procedures.	3.2 Quality Control and Responsibility of Services
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.1 Data Privacy and Protection

Indicator			Related Chapter
B7 Anti-corruption	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to 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, and how they are implemented and monitored.	3.3 Probity in business
	B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Probity in business
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Community Service
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Community Service
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Community Service

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 142 to 236, which comprise the consolidated statement of financial position as at 31 December 2021, 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 consolidated 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 2021 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.

Key audit matters (Continued)

Revenue recognition

Refer to note 3(a) to the financial statements and the accounting policies on page 170–172.

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 2021. Revenue is recognised when the related services are delivered based on the specific terms of the contract. The Group uses several 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 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.

Key audit matters (Continued)

Assessment of potential impairment of goodwill

Refer to note 12 to the financial statements and the accounting policies on page 163–164.

The Key Audit Matter	How the matter was addressed in our audit
The carrying values of the Group's goodwill as at 31 December 2021 amounted to US$115,342,000 of which US$19,981,000, US$9,017,000 and US$86,344,000 relate to the acquisitions of businesses from nativeX, LLC ("**nativeX**"), Game analytics ApS ("**GA**") and Beijing Reyun Technology Co., Ltd. together with HIO Software-as-a-Service ("**SaaS**") business ("**Reyun SaaS business**") respectively. The goodwill recognised from the acquisitions of businesses have been allocated to the nativeX cash-generating unit ("**CGU**"), the GA CGU and the Reyun SaaS business 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 estimates 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;

Key audit matters (Continued)

Assessment of potential impairment of goodwill (Continued)

Refer to note 12 to the financial statements and the accounting policies on page 163–164.

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.

Key audit matters (Continued)

Expected credit loss allowance of trade receivables

Refer to note 16 to the financial statements and the accounting policies on page 160–163.

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in note 16 to the financial statements, the Group has trade receivables amounting to approximately US$153,127,000 as at 31 December 2021. Expected credit losses ("**ECL**") allowance of US$8,190,000 were reversed during the year ended 31 December 2021. 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 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021
(Expressed in United States dollar)

	Note	2021 US$'000	2020 US$'000
Revenue	3	**755,412**	516,148
Cost of sales		**(633,490)**	(434,008)
Gross profit		**121,922**	82,140
Selling and marketing expenses		**(47,146)**	(16,957)
Research and development expenses		**(68,771)**	(31,874)
General and administrative expenses		**(27,633)**	(44,342)
Other net income	4	**9,272**	5,820
Loss from operations		**(12,356)**	(5,213)
Change in fair value of derivative financial liabilities	22	**(13,979)**	—
Finance costs	5(a)	**(4,379)**	(1,897)
Loss before taxation	5	**(30,714)**	(7,110)
Income tax	6	**5,950**	1,904
Loss for the year		**(24,764)**	(5,206)
Attributable to:			
Equity shareholders of the Company		**(24,958)**	(5,206)
Non-controlling interests		**194**	—
Loss for the year		**(24,764)**	(5,206)
Loss per share	9		
Basic (United States dollar cents)		**(1.59)**	(0.35)
Diluted (United States dollar cents)		**(1.59)**	(0.35)

The notes on pages 150 to 236 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 27(h).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021
(Expressed in United States dollar)

	2021 US$'000	2020 US$'000
Loss for the year	**(24,764)**	(5,206)
Other comprehensive income/(loss) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**824**	(1,842)
Total comprehensive loss for the year	**(23,940)**	(7,048)
Attributable to:		
Equity shareholders of the Company	**(24,134)**	(7,048)
Non-controlling interests	**194**	—
Total comprehensive loss for the year	**(23,940)**	(7,048)

The notes on pages 150 to 236 form part of these financial statements.

at 31 December 2021
(Expressed in United States dollar)

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Property, plant and equipment	10	**7,613**	10,888
Intangible assets	11	**117,668**	43,324
Goodwill	12	**115,342**	28,998
Deferred tax assets	23(b)	**22,040**	15,111
Financial assets measured at fair value through profit or loss (FVPL)	14	**1,663**	3,065
Deposits	16	**—**	676
		264,326	102,062
Current assets			
Financial assets measured at fair value through profit or loss (FVPL)	14	**12,199**	54,274
Contract costs	15	**552**	—
Trade and other receivables	16	**170,158**	286,830
Prepayments		**12,668**	9,693
Restricted cash	17(a)	**6,320**	4,887
Cash and cash equivalents	17(b)	**160,322**	39,311
Current tax recoverable	23(a)	**1,226**	549
Assets held for sale	18	**119,197**	—
		482,642	395,544
Current liabilities			
Trade and other payables	19	**214,846**	149,863
Current tax payable	23(a)	**8,040**	9,670
Bank loans	20	**59,269**	56,441
Lease liabilities	21	**3,992**	4,600
Derivative financial liabilities	22	**16,377**	—
Liabilities held for sale	18	**47,007**	—
		349,531	220,574
Net current assets		**133,111**	174,970
Total assets less current liabilities		**397,437**	277,032

at 31 December 2021 (continued)
(Expressed in United States dollar)

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Non-current liabilities			
Convertible bonds	22	27,509	—
Deferred tax liabilities	23(b)	7,558	2,101
Lease liabilities	21	2,854	6,972
Other non-current liabilities		158	157
		38,079	9,230
NET ASSETS		359,358	267,802
CAPITAL AND RESERVES			
Share capital	26	16,640	15,341
Reserves		320,164	252,461
Total equity attributable to equity shareholders of the Company		336,804	267,802
Non-controlling interests		22,554	—
TOTAL EQUITY		359,358	267,802

The consolidated financial statements on page 142 to 236 were approved and authorized for issue by the Board of Directors on 31 March 2022 and were signed on its behalf by:

Duan Wei
Director

Cao Xiaohuan
Director

The notes on pages 150 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
(Expressed in United States dollar)

	Note	Share capital US$'000 (note 26)	Share premium US$'000 (note 27(b))	Capital reserve US$'000 (note 27(a))	Statutory reserve US$'000 (note 27(c))	Exchange reserve US$'000 (note 27(d))	Reserve for treasury shares US$'000 (note 27(f))	Share-based payments reserve US$'000 (note 27(e))	Retained profits US$'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	27(e)	–	–	–	–	–	–	13,194	–	13,194
Share purchased for RSUs	27(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

for the year ended 31 December 2021 (continued)
(Expressed in United States dollar)

	Note	Attributable to equity shareholders of the Company										
		Share capital US$'000 (note 26)	Share premium US$'000 (note 27(b))	Capital reserve US$'000 (note 27(a))	Statutory reserve US$'000 (note 27(c))	Exchange reserve US$'000 (note 27(d))	Reserve for treasury shares US$'000 (note 27(f))	Share-based payments reserve US$'000 (note 27(e))	Retained profits US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2021		**15,341**	**154,822**	**36**	**1,653**	**(783)**	**(4,613)**	**25,858**	**75,488**	**267,802**	**–**	**267,802**
Changes in equity for the year ended 31 December 2021:												
Loss for the year		–	–	–	–	–	–	–	(24,958)	(24,958)	194	(24,764)
Other comprehensive income		–	–	–	–	824	–	–	–	824	–	824
Total comprehensive loss		–	–	–	–	824	–	–	(24,958)	(24,134)	194	(23,940)
Non-controlling interests arising from business combination	28	–	–	–	–	–	–	–	–	–	22,360	22,360
Issuance of ordinary share upon subscription, net of issuance cost	26(b)(vi)	725	53,912	–	–	–	–	–	–	54,637	–	54,637
Issuance of ordinary share related to business combination, net of issuance cost	26(b)(vii)	574	49,714	–	–	–	–	–	–	50,288	–	50,288
Vested RSUs		–	9,941	–	–	–	3,130	(13,071)	–	–	–	–
Share-based compensation	27(e)	–	–	–	–	–	–	5,836	–	5,836	–	5,836
Share repurchased for RSUs	27(f)	–	–	–	–	–	(10,991)	–	–	(10,991)	–	(10,991)
Share repurchased for cancellation	26(b)	–	–	–	–	–	(6,634)	–	–	(6,634)	–	(6,634)
Balance at 31 December 2021		**16,640**	**268,389**	**36**	**1,653**	**41**	**(19,108)**	**18,623**	**50,530**	**336,804**	**22,554**	**359,358**

The notes on pages 150 to 236 form part of these financial statement.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021
(Expressed in United States dollars)

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Operating activities			
Cash generated from operations	17(c)	**45,641**	14,656
Tax (paid)/refund:			
— PRC income tax (paid)/refund		**(681)**	1,809
— Overseas tax paid		**(2,481)**	(902)
Net cash generated from operating activities		**42,479**	15,563
Investing activities			
Investment in other financial assets		**(14,932)**	(8,492)
Proceeds from disposal of other financial assets		**127,899**	12,339
Payment for the purchase of property, plant and equipment		**(564)**	(240)
Proceeds from disposal of property, plant and equipment		**24**	28
Disposal of a subsidiary		**(101)**	—
Payment for intangible assets and development costs		**(54,755)**	(35,436)
Business combination	28(c)	**(45,511)**	—
Interest received		**6,118**	2,182
Net cash generated from/(used in) investing activities		**18,178**	(29,619)

for the year ended 31 December 2021 (continued)
(Expressed in United States dollars)

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Financing activities			
Proceeds from bank loans	17(d)	**270,766**	217,509
Repayment of bank loans	17(d)	**(266,849)**	(217,056)
Listing expense paid		**—**	(4,946)
Capital element of lease rentals paid	17(d)	**(4,460)**	(4,084)
Interest element of lease rentals paid	17(d)	**(423)**	(364)
Proceeds from sub-lease		**—**	453
Interests and other borrowing cost paid	17(d)	**(1,188)**	(1,558)
Proceeds from issuance of ordinary share upon subscription, net of issuance cost	26(b)(vi)	**54,637**	—
Payment of share purchased for RSUs	27(f)	**(10,991)**	(4,384)
Payment of share purchased for cancellation	26(b)(viii)	**(6,634)**	—
Change in restricted and pledged deposits		**(1,433)**	134
Proceeds from issuance of convertible bonds	22	**30,000**	—
Payment for interest on convertible bonds	22	**(435)**	—
Payment of transaction cost for issuance of convertible bonds		**(1,846)**	—
Net cash generated from/(used in) financing activities		**61,144**	(14,296)
Net increase/(decrease) in cash and cash equivalents		**121,801**	(28,352)
Cash and cash equivalents at the beginning of the year		**39,311**	67,348
Effect of foreign exchange rate changes		**(680)**	315
Cash and cash equivalents at the end of the year		**160,432**	39,311
Analysis of balance of cash and cash equivalents:			
Cash and cash equivalents	17(b)	**160,322**	39,311
Cash and cash equivalents included in assets classified as held-for-sale	18	**110**	—
		160,432	39,311

The notes on pages 150 to 236 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 consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as "**the Group**").

The financial statements are presented in United States dollar ("**US$**"), rounded to the nearest thousand. The directors of the Company re-evaluated the economic environment of the Company and determined that the functional currency of the Company should be changed from Hong Kong Dollar ("**HK$**") to US$ from 1 September 2021 as a result of the change in financing strategy of the Company. The directors have made an assessment of the impact of the change of the functional currency of the Company and concluded that there was no material effect on the results and financial position of the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— the investments in debt and equity securities are stated at fair value (see note 1(f)).

— share-based payments (see note 1(r)(ii)).

— derivative financial liabilities (see note 1(q)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(x)).

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

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.

(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 9, IAS39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

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) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (continued)

(d) Business combinations (continued)

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note1(j)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note1(f)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(e) 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(e) Subsidiaries and non-controlling interest (Continued)

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.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

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

(f) 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 29(e). These investments are subsequently accounted for as follows, depending on their classification:

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(f) Investments in debt and equity securities (Continued)

(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(u)(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(u)(iv).

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(g) 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(j)):

— 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(i)).

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. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

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	3–5 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(h) 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(j)).

(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(j)). 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(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(h) Goodwill and intangible assets (Continued)

(ii) ***Intangible assets*** (Continued)

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	7–11 years
Developed Technology	3–6 years
Customer relationships	4 years
Incomplete contracts	4 years

Management determined the useful lives of trademark, developed technology, customer relationships and incomplete contracts 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(i) 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(j)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost(see notes 1(f)(i),1(u)(iv) and 1(j)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

1 Significant accounting policies (Continued)

(i) Lease assets (Continued)

(i) As a lessee (Continued)

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.

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 rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the condition set out in paragraph 46B of IFRS 16, Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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(i)(i), then the Group classifies the sub-lease as an operating lease.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(j) 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.

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 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

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

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

Measurement of ECLs (Continued)

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.

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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

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

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

Significant increases in credit risk (Continued)

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.

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(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.

1 Significant accounting policies (Continued)

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

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

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 asset becomes 1,080 days past due or 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.

(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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

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

(ii) ***Impairment of other non-current assets*** (Continued)

— *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.

(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(j)(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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(k) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see note 1(g)) or intangible assets (see note 1(h)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(u).

(l) 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 receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially recognised at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(j)(i)).

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(m) 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(j)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) 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.

(p) Convertible bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is not fixed, are accounted for as compound derivative financial instruments.

At initial recognition the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs that relate to the issue of the convertible note are allocated to the host liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured at fair value. The host liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the host liability component is calculated using the effective interest method.

If the bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

1 Significant accounting policies (Continued)

(q) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(r) 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). The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(s) 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.

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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(s) Income tax (Continued)

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.

(t) 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(u) 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.

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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(u) Revenue recognition (Continued)

(ii) Revenue from other marketing technology services

Other marketing technology services revenues primarily include (1) revenues from subscriptions of the Group's data analytics platform; (2) provisions of customized data analytical services and data pipeline services; (3) providing customers with various SaaS platforms; and (4) providing developers with data neutrality, algorithm science related 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.

The Group develops and sells customised software. Revenue is recognised when control over the customised software has been transferred to the customer.

The Group authorizes customers to use the Group's SaaS platforms. The service fees are recognised as revenue evenly over the service period.

(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 to cloud 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(u) 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(j)(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.

(v) Translation of foreign currencies

The change in functional currency of the Company was applied prospectively from the date of change. All items were translated into US$ at the exchange rate on that date. The cumulative currency translation differences which had arisen from the translation of foreign operations up to the date of the change in functional currency will not reclassified from equity to profit or loss until the disposal of the relevant operations.

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.

1 Significant accounting policies (Continued)

(v) Translation of foreign currencies (Continued)

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.

(w) Borrowing costs

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

(x) Disposal group held-for-sale

Disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities held for sale that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

1 Significant accounting policies (Continued)

(y) 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(z) 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.

(Expressed in United States dollars unless otherwise indicated)

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.

(e) Purchase price allocation

For the business combinations undertaken by the Group, the Group allocates the costs of the acquisition to the assets acquired and the liabilities assumed based on their estimated fair value on the date of acquisition. This process is commonly referred to as the purchase price allocation. The Group is required to determine the fair value of any identifiable intangible assets acquired. The determination of the fair value of the intangible assets acquired involves certain judgement and estimates. These judgements can include, but are not limited to, the cash flows that the intangible assets are expected to generate in the future. A change in the amount allocated to identifiable intangible assets would have an offsetting effect on the amount of goodwill recognised from the acquisition and would change the amount of amortisation expense recognised related to those identifiable intangible assets.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and Segment Reporting

(a) Revenue

The principal services of the Group are the provisions of mobile advertising related services, other marketing technology 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:

	2021 US$'000	2020 US$'000
Revenue from mobile advertising related services	**752,673**	515,457
Revenue from other marketing technology related products and services	**2,424**	560
Revenue from cloud related products and services	**315**	131
	755,412	516,148

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 2021, one single customer contributed to 10% or more of the Group's revenue (2020: Nil). Details of concentrations of credit risk arising from these customers are set out in note 29(a).

(Expressed in United States dollars unless otherwise indicated)

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 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$259,000 (2020: US$190,000).This amount represents revenue expected to be recognised in the future upon expiration 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 (2020: 1 to 12 months).

(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.

- Other marketing technology business: this segment provides its customers globally with mobile application data analytics service through SaaS platforms of the Group; develops and sells customised data analytics software; and authorizes customers to use the Group's SaaS platforms.

- 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.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

(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.

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 2021 and 2020 is set out below:

	Mobile marketing business		Other marketing technology business		Cloud business		Total	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
Disaggregated by timing of revenue recognition								
Point in time	**752,673**	515,457	**1,880**	424	**8**	131	**754,561**	516,012
Over time	**–**	–	**544**	136	**307**	–	**851**	136
Reportable segment revenue	**752,673**	515,457	**2,424**	560	**315**	131	**755,412**	516,148
Reportable segment costs	**(632,955)**	(433,978)	**(500)**	(13)	**(35)**	(17)	**(633,490)**	(434,008)
Gross profit	**119,718**	81,479	**1,924**	547	**280**	114	**121,922**	82,140

The Group's CODM makes decision according to gross profit of each segment. Therefore, only above segment results are presented.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

(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.

(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	
	2021	2020
	US$'000	US$'000
China (note (i))	**266,276**	171,591
EMEA (note (ii)) and Americas (note (iii))	**330,492**	262,483
Asia-Pacific (note (iv))	**146,236**	77,361
Others	**12,408**	4,713
	755,412	516,148

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 the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq, Turkey.

(iii) Primarily includes United States, Canada, Mexico, Brazil, Argentina, Chile and Colombia.

(iv) Primarily includes Australia, New Zealand and other Asian countries excluding China.

(Expressed in United States dollars unless otherwise indicated)

4 Other net income

	2021 US$'000	2020 US$'000
Interest income on financial assets measured at amortised cost	**5,742**	2,429
Net fair value loss on financial assets at fair value through profit or loss	**(1,004)**	(991)
Net foreign exchange (loss)/gain	**(45)**	3,369
Government grants (note)	**1,336**	619
Net (loss)/gain on disposal of property, plant and equipment	**(2)**	18
Net gain on disposal of a subsidiary	**452**	—
Others	**2,793**	376
	9,272	5,820

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 2021 and 2020. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

(Expressed in United States dollars unless otherwise indicated)

5 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Note	2021 US$'000	2020 US$'000
(a) Finance costs			
Interests on bank loans		**1,768**	1,533
Interests on lease liabilities		**423**	364
Interest on convertible bonds		**2,188**	—
		4,379	1,897
(b) Staff costs			
Contributions to defined contribution retirement plans		**2,847**	221
Share-based compensation expenses		**5,836**	13,194
Salaries, wages and other benefits		**34,852**	36,768
		43,535	50,183
(c) Other items			
Depreciation charge			
— property, plant and equipment	10	**325**	440
— right-of-use assets	10	**4,378**	4,122
Amortisation of intangible assets	11	**24,346**	8,010
Impairment losses			
— trade receivables	29(a)	**(8,190)**	5,555
Auditors' remuneration		**816**	580

(Expressed in United States dollars unless otherwise indicated)

6 Income tax in the consolidated statements of profit or loss

(a) Income tax in the consolidated statements of profit or loss represents:

	2021 **US$'000**	2020 US$'000
Current tax	**855**	2,150
Deferred tax	**(6,805)**	(4,054)
	(5,950)	(1,904)

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) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore. The provision for Singapore Profit Tax for 2021 is taken into account a reduction granted by the Inland Revenue Authority of Singapore of 75% of the tax payable subject to a maximum reduction of Singapore Dollar ("**S$**") 10,000 (2020: S$10,000 for the year of assessment 2021–2022) and 50% of the tax payable subject to a maximum reduction of S$190,000 (2020: S$190,000 for the year of assessment 2021–2022) for the year of assessment 2022-2023.

(iii) 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 years ended 31 December 2021 and 31 December 2020, 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..

(iv) The Enterprise Income Tax ("**EIT**") rate applicable to the subsidiaries registered in the PRC is 25% for the year, except for Guangzhou Huiliang Information Technology Company Limited, Beijing Reyun Technology Co., Ltd. ("**Beijing Reyun**"), and Beijing Qiuqiu Quwan Technology Co., Ltd, which are accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% commencing from 2017 to 2021, 2017 to 2021, 2020 to 2021 respectively.

(v) The EIT rate applicable to the subsidiaries registered in the Hong Kong is 16.5% for the year.

(vi) 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 2021 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.

(vii) 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 and accounting loss at applicable tax rates:

	2021 US$'000	2020 US$'000
Loss before taxation	**(30,714)**	(7,110)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	**(4,600)**	(1,966)
Tax effect of non-deductible expenses	**82**	278
Tax effect of non-taxable income	**(27)**	(299)
Tax effect of un-recognised tax loss in current year	**667**	525
Utilisation of previously unrecognised tax loss	**(229)**	—
Tax concession	**(11)**	(162)
Super Deduction of research and development expenses	**(1,593)**	(634)
Others	**(239)**	354
Actual tax credit	**(5,950)**	(1,904)

7 Directors' emoluments

Directors' emoluments are disclosed as follows:

Directors	Year ended 31 December 2021						
	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	9	3	2	–	14	–	14
Cao Xiaohuan	–	88	7	3	98	–	98
Fang Zikai	–	142	10	4	156	31	187
Song Xiaofei	–	178	8	6	192	134	326
Non-executive director							
Wong Tak-Wai (note i)	–	–	–	–	–	–	–
Independent non-executive directors							
Ying Lei	35	–	–	–	35	–	35
Hu Jie	35	–	–	–	35	–	35
Sun Hongbin (note ii)	35	–	–	–	35	–	35
	114	411	27	13	565	165	730

(Expressed in United States dollars unless otherwise indicated)

7 Directors' emoluments (Continued)

	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
	60	227	6	–	293	494	787

Notes:

i. Mr. Wong Tak-Wai was appointed as a non-executive director of the Group on 19 February 2021.

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.

(Expressed in United States dollars unless otherwise indicated)

8 Individual with highest emoluments

Of the five individuals with the highest emoluments, one of them is the director for the year ended 31 December 2021 (2020: nil), whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2021 US$'000	2020 US$'000
Salaries and other emoluments	1,152	1,306
Discretionary bonuses	38	68
Share-based compensation	2,037	2,807
Retirement scheme contributions	51	24
	3,278	4,205

The emoluments of the above individuals with the highest emoluments for the year ended 31 December 2021, respectively are within the following band:

	2021	2020
HK$3,500,001 to HK$4,000,000	1	–
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
HK$6,000,001 to HK$6,500,000	1	–
HK$6,500,001 to HK$7,000,000	1	1
HK$8,500,001 to HK$9,000,000	1	–
HK$9,500,001 to HK$10,000,000	–	1

(Expressed in United States dollars unless otherwise indicated)

9 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of US$24,958,000 (2020: loss of US$5,206,000) and the weighted average of 1,568,526,930 shares (2020: 1,505,258,184 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2021	2020
At 1 January (note)	**1,503,437,750**	1,474,115,242
Effect of vested RSUs (note 25(a))	**19,821,162**	31,306,084
Effect of share purchase for RSUs (note 27(f))	**(12,746,964)**	(163,142)
Effect of share purchase for cancellation (note 27(f))	**(347,748)**	—
Effect of Issuance of ordinary share upon subscription (note 26(b)(vi))	**52,226,036**	—
Effect of Issuance of ordinary share related to business combination (note 26(b)(vii))	**6,136,694**	—
Weighted average number of ordinary shares at 31 December	**1,568,526,930**	1,505,258,184

Note:

The number of ordinary shares as at 1 January 2021 represents 1,534,204,000 (2020: 1,534,204,000) outstanding ordinary shares as of the date netting of 30,766,250 (2020: 60,088,758) treasure shares held by RSU trustees as at 1 January 2021.

(b) Diluted loss per share

For the year ended 31 December 2021, as the Group incurred losses, the potential ordinary shares of RSUs, contingent consideration, share options and convertible bonds were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2021 are the same as basic loss per share.

For the year ended 31 December 2020, the potential ordinary shares of RSUs were anti-dilutive due to their effect to ordinary shares would decrease the loss per share.

(Expressed in United States dollars unless otherwise indicated)

10 Property, plant and equipment

(a) Reconciliation of carrying amount

	Office equipment, furniture and fittings US$'000	Leasehold improvements US$'000	Right of use assets US$'000	Total US$'000
Cost:				
At 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
Additions	542	22	113	677
Modifications on lease contracts	—	—	(190)	(190)
Acquisitions through business combination	180	136	575	891
Disposals	(329)	—	(472)	(801)
Reclassified as disposal group held for sale	(66)	(23)	—	(89)
Exchange difference	(1)	23	233	255
At 31 December 2021	1,972	1,175	18,517	21,664
Accumulated depreciation:				
At 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)
Charge for the year	(304)	(21)	(4,378)	(4,703)
Written back on disposals	303	—	472	775
Reclassified as disposal group held for sale	15	3	—	18
Exchange difference	(23)	(22)	(63)	(108)
At 31 December 2021	(1,118)	(1,050)	(11,883)	(14,051)
Net book value:				
At 31 December 2021	854	125	6,634	7,613
At 31 December 2020	537	7	10,344	10,888

(Expressed in United States dollars unless otherwise indicated)

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 December 2021 US$'000	At 31 December 2020 US$'000
Other properties leased for own use, carried at depreciated cost	**6,634**	10,344

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:

	2021 US$'000	2020 US$'000
Depreciation charge of other properties leased for own use	**4,378**	4,122
Interest on lease liabilities (note 5(a))	**423**	364
Expense relating to short-term leases and leases of low-value assets	**394**	443

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 17(e) and 21 respectively.

(Expressed in United States dollars unless otherwise indicated)

11 Intangible assets

	Royalties US$'000	Software US$'000	Trademark US$'000	Customer relationships US$'000	Incomplete contracts US$'000	Developed Technology US$'000	Total US$'000
Cost:							
At 1 January 2020	1,174	429	1,157	–	–	20,875	23,635
Additions	14,212	1	–	–	–	–	14,213
R&D capitalization	–	–	–	–	–	21,223	21,223
Exchange difference	722	14	–	–	–	550	1,286
At 31 December 2020 and 1 January 2021	16,108	444	1,157	–	–	42,648	60,357
Additions	10,000	114	79	–	–	–	10,193
R&D capitalization	–	–	–	–	–	44,562	44,562
Acquisitions through business combination	14	178	832	28,216	1,881	12,781	43,902
Exchange difference	32	1	1	16	1	20	71
At 31 December 2021	26,154	737	2,069	28,232	1,882	100,011	159,085
Accumulated amortisation:							
At 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 and 1 January 2021	(1,345)	(254)	(860)	–	–	(14,574)	(17,033)
Charge for the year	(2,070)	(70)	(172)	(581)	(39)	(21,414)	(24,346)
Exchange difference	(1)	(3)	(1)	(7)	1	(27)	(38)
At 31 December 2021	(3,416)	(327)	(1,033)	(588)	(38)	(36,015)	(41,417)
Net book value:							
At 31 December 2021	22,738	410	1,036	27,644	1,844	63,996	117,668
At 31 December 2020	14,763	190	297	–	–	28,074	43,324

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.

(Expressed in United States dollars unless otherwise indicated)

11 Intangible assets (Continued)

The identifiable intangible assets recognised by the Group upon the business combination completed on 30 November 2021 include:

— Developed Technology
— Customer list
— Incomplete contracts

The fair value of the intangible assets at the date of completion of the business combination were assessed by the directors based on an independent valuation prepared by a firm of external valuers.

12 Goodwill

	2021 US$'000	2020 US$'000
Goodwill in connection with the acquisition of:		
— nativeX, LLC. (i)	**19,981**	19,981
— Game analytics Aps (ii)	**9,017**	9,017
— Reyun SaaS Business (iii)	**86,344**	—
	115,342	28,998
Carrying amount:		
At 31 December	**115,342**	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.

(Expressed in United States dollars unless otherwise indicated)

12 Goodwill (Continued)

(i) Goodwill in connection with the acquisition of nativeX, LLC (Continued)

	2021	2020
Pre-tax discount rate	**33.3%**	33.6%
Terminal value growth rate	**2.5%**	2.5%
Budgeted revenue growth rate (average of financial forecasts period)	**9.9%**	10.6%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$4,211,000 as at 31 December 2021 (2020: US$13,282,000).

As at 31 December 2021, if the pre-tax discount rate rose to 36.4% (2020: 43.7%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 7.6% (2020: 3.3%), 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 2021 and 2020, 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 6-year period, which captures the development stage of the CGU's businesses. 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.

(Expressed in United States dollars unless otherwise indicated)

12 Goodwill (Continued)

(ii) Goodwill in connection with the acquisition of Game analytics ApS (Continued)

	2021	2020
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)	**6.3%**	5.6%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$1,994,000 as at 31 December 2021 (2020: US$4,474,000).

As at 31 December 2021, if the pre-tax discount rate rose to 20.2% (2020: 24.5%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 4.8% (2020: 0.2%), 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 2021 and 2020, respectively.

(Expressed in United States dollars unless otherwise indicated)

12 Goodwill (Continued)

(iii) Goodwill in connection with the acquisition of Reyun SaaS business

In connection with the Group's acquisition of a SaaS business which comprise of 54.46% equity interests in Beijing Reyun and 85% interests in HIO SaaS business (collectively referred to "**Reyun SaaS Business**"), the Group acquired Reyun SaaS Business and recognised goodwill of US$86,344,000 as at 30 November 2021 (see note 28). For the purpose of impairment testing, goodwill has been allocated to the Group's CGU identified according to business 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.

	2021
In percent	
Pre-tax discount rate	22.4%
Terminal value growth rate	2.5%
Budgeted revenue growth rate (average of financial forecasts period)	50.0%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$23,869,000 as at 31 December 2021.

As at 31 December 2021, if the pre-tax discount rate rose to 25.2% or budgeted revenue growth rate (average of financial forecasts period) decreased to 45.2%, 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 2021.

(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	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	S$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 LTTDA	Brazil 21 January 2020	–	–	100%	Mobile advertising services
Beijing Reyun (北京熱雲科技有限公司)	PRC 15 November 2013	RMB2,728,938.91	–	54.46%	Mobile advertising analysis solutions

(Expressed in United States dollars unless otherwise indicated)

13 Investments in subsidiaries (Continued)

Notes:

(i) The subsidiary is wholly foreign-owned enterprise in Mainland China.

(ii) On 1 July 2021, the Group disposed Beijing Zhuoyue Interactive Network Technology Co., Ltd. ("**Beijing Zhuoyue**"), a subsidiary without any substantial operation.

The following table lists out the information relating to Beijing Reyun and its subsidiaries, the subsidiaries of the Group which have a material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	31 December 2021/ From 30 November 2021 to 31 December 2021 US$'000
Non-controlling interests percentage	45.54%
Current assets	28,188
Non-current assets	48,605
Current liabilities	18,580
Non-Current liabilities	8,688
Net assets	49,525
Carrying amount of non-controlling interests	22,554
Revenue	1,595
Profit for the period	425
Total comprehensive income	425
Profit allocated to non-controlling interests	194
Net cash used in operating activities	(13)
Net cash used in investing activities	(9,299)

(Expressed in United States dollars unless otherwise indicated)

14 Financial assets measured at fair value through profit or loss (FVPL)

	2021 US$'000	2020 US$'000
Financial assets at fair value through profit or loss ("FVPL")		
— current portion	**12,199**	54,274
— non-current portion	**1,663**	3,065
Total	**13,862**	57,339

Notes:

Financial assets at FVPL at 31 December 2021 mainly included:

(i) An investment in a limited company 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 company. The investment has been entirely classified to financial asset at FVPL in accordance with IFRS 9. As at 31 December 2021, the fair value of the financial asset at FVPL is not materially different from the principal amount of US$1,569,000 (2020: US$1,533,000).

(ii) An Investment in a wealth management product with principal amount of US$3,000,000 issued by a financial institution in Hong Kong during the year ended 31 December 2021. The wealth management product is without guaranteed principals and fixed interest rate attached to it. The Group has an option to withdraw the principal partially 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 2021, the fair value of the investment in the wealth management product is US$2,300,000.

(iii) An Investment in a wealth management product with principal amount of US$9,410,000 issued by a financial institution in Mainland China during the year ended 31 December 2021. 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 2021, the fair value of the investment in a wealth management product is not materially different from the principal amount of US$9,410,000.

(Expressed in United States dollars unless otherwise indicated)

15 Contract costs

	2021 US$'000	2020 US$'000
Contract costs	**552**	—

Contract costs capitalised as at 31 December 2021 relate to the costs to fulfil a contract with a customer. Contract costs are recognised as part of "cost of sales" in the consolidated statement of profit or loss in the period in which revenue is recognised. The amount of capitalised contract costs recognised in profit or loss during the year was US$96,000 (2020: nil). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The amount of capitalised contract costs that is expected to be recovered after more than one year is US$283,000 (2020: nil). All of the other capitalised contract costs are expected to be recovered within one year.

16 Trade and other receivables

	Note	2021 US$'000	2020 US$'000
Trade receivables		**153,127**	216,829
Less: Allowance for doubtful debts	(i)	**(3,963)**	(17,744)
		149,164	199,085
Deposits		**769**	1,448
Other receivables	(ii)&(iii)	**20,225**	86,973
		170,158	287,506
Less: Non-current deposits		**—**	(676)
		170,158	286,830

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 2021, allowance for doubtful debts decreased mainly due to the reclassification of disposal Group and improvement of the turnover day of trade receivables (see Note 29(a)).

(ii) As at 31 December 2020, the Group held wealth management products of US$74,640,000 from financial institutions in the PRC and Hong Kong with guaranteed principals and fixed returns per annum, which was fully settled by the financial institutions during the year ended 31 December 2021.

(iii) As at 31 December 2021, the Group held a loan receivable from a third party, which has a principal amount of US$1,260,000 maturing within one year and bears an interest rate of 5% per annum.

(Expressed in United States dollars unless otherwise indicated)

16 Trade and other receivables (Continued)

Ageing analysis

As at 31 December 2021, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2021 US$'000	2020 US$'000
Within 3 months	**129,930**	97,833
3 to 6 months	**2,946**	47,801
6 to 12 months	**4,772**	47,702
Over 12 months	**11,516**	5,749
	149,164	199,085

Trade receivables are due within 60 to 90 days from the date of revenue recognition. Further details on the Group's credit policy are set out in note 29(a).

17 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.

	2021 US$'000	2020 US$'000
Deposits pledged for bank borrowings	**4,151**	4,498
Other deposits in banks	**2,169**	389
	6,320	4,887

(b) Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank and on hand	**160,322**	39,311

As at 31 December 2021, cash and cash equivalents placed with banks in Mainland China amounted to US$38,498,000 (2020: US$2,824,000). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(Expressed in United States dollars unless otherwise indicated)

17 Cash and bank balances (Continued)

(c) Reconciliation of loss before taxation to cash generated from operations:

	Note	2021 US$'000	2020 US$'000
Loss before taxation		**(30,714)**	(7,110)
Adjustments for:			
Depreciation	5(c)	**4,703**	4,562
Amortisation	5(c)	**24,346**	8,010
Interest expenses	5(a)	**4,379**	1,897
Interest income	4	**(5,742)**	(2,429)
Net loss/(gain) on disposal of property, plant and equipment	4	**2**	(18)
Net fair value change on financial assets at fair value through profit or loss	4	**1,004**	991
Equity-settled share-based payment expenses	5(b)	**5,836**	13,194
Impairment loss (reversed)/recognised	5(c)	**(8,190)**	5,555
Gain on disposal of a subsidiary		**(452)**	—
Change in fair value of derivative financial liabilities	22	**13,979**	—
Unrealised exchange gain		**792**	(3,266)
Changes in working capital:			
Increase in contract cost		**(97)**	—
(Increase)/decrease in trade and other receivables		**(65,676)**	13,468
Increase/(decrease) in trade and other payables		**101,471**	(20,198)
Cash generated from operations		**45,641**	14,656

(Expressed in United States dollars unless otherwise indicated)

17 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$'000	Convertible bonds US$'000	Derivative financial liabilities 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)
Interests 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

(Expressed in United States dollars unless otherwise indicated)

17 Cash and bank balances (Continued)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans US$'000	Convertible bonds US$'000	Derivative financial liabilities US$'000	Interest payable US$'000	Amounts due to related parties US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2021	56,441	–	–	46	193	11,572	68,252
Changes from financing cash flows:							
Proceeds from bank loans	270,766	–	–	–	–	–	270,766
Repayment of bank loans	(266,849)	–	–	–	–	–	(266,849)
Capital element of lease rentals paid	–	–	–	–	–	(4,460)	(4,460)
Interest element of lease rentals paid	–	–	–	–	–	(423)	(423)
Proceeds from issuance of convertible bonds	–	30,000	–	–	–	–	30,000
Payment of transaction cost for issuance of convertible bonds	–	(1,846)	–	–	–	–	(1,846)
Payment for interest on convertible bonds	–	(435)	–	–	–	–	(435)
Interest and other borrowing cost paid	–	–	–	(1,188)	–	–	(1,188)
Total changes from financing cash flows	3,917	27,719	–	(1,188)	–	(4,883)	25,565
Exchange adjustment	406	–	–	–	(1)	(769)	(364)
Other changes:							
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	–	113	113
Modifications on lease contracts	–	–	–	–	–	(190)	(190)
Business combination (note 28)	–	–	–	–	–	580	580
Reclassified as disposal group held for sale (note 18)	(1,495)	–	–	(6)	–	–	(1,501)
Amount initially recognised as the derivative component of convertible bonds (note 22)	–	(2,398)	2,398	–	–	–	–
Changes in fair value (note 22)	–	–	13,979	–	–	–	13,979
Interest expenses (note 5(a))	–	2,188	–	1,768	–	423	4,379
Total other changes	(1,495)	(210)	16,377	1,762	–	926	17,360
At 31 December 2021	59,269	27,509	16,377	620	192	6,846	110,813

(Expressed in United States dollars unless otherwise indicated)

17 Cash and bank balances (Continued)

(e) Total cash outflow for leases

Amounts included in the consolidated statement of cash flow for leases comprise the following:

	2021 US$'000	2020 US$'000
Within operating cash flows	394	443
Within financing cash flows	4,883	4,448
	5,277	4,891

These amounts all relate to lease rentals paid.

18 Disposal group held for sale

On 17 November 2021, the Group has entered into the Business Restructuring Agreement with Zhuhai Huiliang Investment Holdings Company Limited, Marketlogic Technology Limited (collectively referred to "**the Transferees**"), Seamless and Guangzhou Huiliang Marketing Technology Company Limited ("**the Target Company**"), pursuant to which, among other things, the Group conditionally agreed to transfer, and the Transferees conditionally agreed to receive, the entire issued share capital of the Target Company and certain business contracts and employment contracts relating to the media planning and procurement business of the Group. Accordingly, related business is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by 2022.

As at 31 December 2021, the disposal group was measured at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities.

	Note	2021 US$'000
Cash and cash equivalents		110
Trade and other receivables		118,126
Prepayments		859
Property, plant and equipment	10	71
Deferred tax assets	23(b)	31
Assets held for sale		119,197
Trade and other payables		(45,512)
Bank loan		(1,495)
Liabilities held for sale		(47,007)

There was no impairment loss relating to disposal group held for sale during the year ended 31 December 2021.

(Expressed in United States dollars unless otherwise indicated)

19 Trade and other payables

	2021 US$'000	2020 US$'000
Trade payables (note (a))	**176,576**	122,060
Bills payable	**4,706**	915
Amounts due to related parties (note 31(a))	**192**	193
Other payables	**4,356**	7,627
Receipt in advance	**19,389**	11,198
Staff costs payables	**6,294**	6,285
Contingent consideration (note 28(a))	**346**	—
Value added tax ("**VAT**") and other tax payables	**2,987**	1,585
	214,846	149,863

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 2021 and 2020, the amounts due to related parties were non-trade related, unsecured and interest-free.

Bills payable as at 31 December 2021 were secured by pledged bank deposits of US$1,176,000 (2020: US$229,000).

(a) An ageing analysis of the trade payables and bills payable based on the invoice date is as follows:

	2021 US$'000	2020 US$'000
Within 1 month	**65,311**	26,745
1 to 2 months	**44,478**	24,753
2 to 3 months	**21,768**	9,657
Over 3 months	**49,725**	61,820
	181,282	122,975

20 Bank loans

As at 31 December 2021 and 2020, the bank loans were repayable as follows:

	2021 US$'000	2020 US$'000
Within 1 year or on demand	**59,269**	56,441

(Expressed in United States dollars unless otherwise indicated)

20 Bank loans (Continued)

As at 31 December 2021 and 2020, the bank loans were secured as follows:

	2021 US$'000	2020 US$'000
Unsecured (note (a))	16,817	25,956
Secured (note (b)/(c))	42,452	30,485
	59,269	56,441

Notes:

(a) At 31 December 2021, unsecured banking facilities of the Group amounted to US$52,548,000(2020: US$46,016,000), of which US$40,979,000(2020: US$42,261,000) were guaranteed by Mobvista Inc. The facilities were utilised to the extent of US$16,817,000(2020: US$25,956,000).

(b) At 31 December 2021, secured banking facilities of the Group amounted to US$62,000,000(2020: US$51,000,000), which were secured by restricted cash of US$4,151,000(2020: US$4,149,000). The secured banking facilities of the Group were also guaranteed by Mobvista Inc. The facilities were utilised to the extent of US$42,452,000(2020: US$30,485,000).

(c) The Group's banking facilities of US$130,000,000 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 29(b). As at 31 December 2021, none of the covenants relating to drawn down facilities had been breached (2020: nil).

21 Lease liabilities

At 31 December 2021 and 2020, the lease liabilities were repayable as follows:

	31 December 2021 $'000	31 December 2020 $'000
Within 1 year	3,992	4,600
After 1 year but within 5 years	2,854	6,972
	6,846	11,572

(Expressed in United States dollars unless otherwise indicated)

22 Convertible bonds and derivative financial liabilities

	Debt component US$'000	Derivative component US$'000	Total US$'000
At 1 January 2021	—	—	—
Issuance of convertible bonds	25,756	2,398	28,154
Loss arising on changes of fair value	—	13,979	13,979
Interest charge	2,188	—	2,188
Interest payment	(435)	—	(435)
31 December 2021	27,509	16,377	43,886

On 22 January 2021 ("**Issue Date**"), the Company issued convertible bonds to an independent third party (the "**holder**") with principal amount of US$30,000,000 with a maturity period of three years to 21 January 2024 ("**Maturity Date**"). The Maturity Date may be extended to the date falling 48 months or 60 months from the Issue Date ("**the Extended Maturity Date**") at the request of the holder.

The convertible bonds bear interest at a coupon rate of 3.5% per annum on a compounded basis payable every twelve months.

The convertible bonds can be converted into ordinary shares of the Company at the holder's option at an initial conversion price of HK$5.54 per share subject to adjustment for, among other matters, sub-division, consolidation of shares, issue of shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible securities, issue of new shares in discount, consideration issues and other dilutive events.

There was no conversion or redemption of the convertible bonds during the year ended 31 December 2021.

23 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	2021 US$'000	2020 US$'000
Current tax payable	**8,040**	9,670
Current tax recoverable	**(1,226)**	(549)
	6,814	9,121

(Expressed in United States dollars unless otherwise indicated)

23 Income tax in the consolidated statements of financial position

(Continued)

(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$'000	Fair value adjustment from business combination US$'000	Depreciation and amortisation US$'000	Goodwill US$'000	Other US$'000	Total US$'000
At 1 January 2020	785	4,877	4,354	–	86	(1,167)	–	8,935
Credited/(charged) 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
Addition through business combination	885	–	–	(6,255)	–	–	–	(5,370)
Reclassified as disposal group held for sale	(30)	–	(1)	–	–	–	–	(31)
Credited/(charged) to profit or loss	12,326	(1,222)	(1,527)	116	(2,987)	(280)	379	6,805
Exchange difference	46	24	–	(2)	–	–	–	68
At 31 December 2021	20,192	4,059	1,281	(6,141)	(3,549)	(1,739)	379	14,482

(ii) Reconciliation to the consolidated statements of financial position

	2021 US$'000	2020 US$'000
Net deferred tax asset recognised in the consolidated statements of financial position	**22,040**	15,111
Net deferred tax liabilities recognised in the consolidated statements of financial position	**(7,558)**	(2,101)
	14,482	13,010

(Expressed in United States dollars unless otherwise indicated)

23 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(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of US$5,600,000 as at 31 December 2021 (2020: US$1,920,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction.

(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 2021, deferred tax liabilities in respect of temporary differences relating to such undistributed profits of US$4,072,000 (2020: US$2,773,000) 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.

24 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.

(Expressed in United States dollars unless otherwise indicated)

25 Share-based payment

(a) 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) 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 2021, US$22,000(2020: US$2,851,000) were paid to employees in cash and 322,042(2020: 1,996,200) shares of the Company with identical market value were vested under 2020 Scheme, which were credited from treasury shares.

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. During the year ended 31 December 2021, the RSU Trustees purchased 14,972,000(2020: 7,993,000) shares by approximately US$10,991,000(2020: US$4,384,000) from the market to hold on trust, for the purpose of satisfying the amended 2018 Schemes (note 27 (f)).

During the year ended 31 December 2021, the Group granted 3,503,625 (2020: 39,672,632) RSUs to certain employees 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.

(Expressed in United States dollars unless otherwise indicated)

25 Share-based payment (Continued)

(a) Share-based compensation scheme of the Group (Continued)

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 1 month 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:

	2021		2020	
	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	**45,274,174**	**0.52**	52,394,800	0.49
Granted during the year	**3,503,625**	**0.85**	39,672,632	0.57
Forfeited during the year	**(8,227,186)**	**0.48**	(9,477,750)	0.52
Vested during the year	**(23,346,632)**	**0.57**	(37,315,508)	0.50
Outstanding as of 31 December	**17,203,981**	**0.51**	45,274,174	0.52

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)

25 Share-based payment (Continued)

(b) Share option scheme of the Group

The Company has adopted a share option scheme on 30 October 2018 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a consideration to subscribe for shares of the Company. Each option entitles the option holders to subscribe one ordinary share of the Company.

On 30 July 2021 (the "**Date of Grant**"), the Group granted a total of 20,000,000 share Options (the "**Share Options**") with an exercise price of HK$7.24 to subscribe for one ordinary share to certain eligible directors and employees (the "**Grantees**") for their contributions to the Company. The Share Options shall be valid for a period of 10 years from the Date of Grant.

(i) The terms and conditions of the grants are as follows:

Date of grant	Tranche number	Number of options granted	Vesting period	Contractual life of options
Options granted to employees: — On 30 July 2021	2021 T1	5,000,000	12 months	10 years
Options granted to employees: — On 30 July 2021	2021 T2	5,000,000	24 months	10 years
Options granted to employees: — On 30 July 2021	2021 T3	5,000,000	36 months	10 years
Options granted to employees: — On 30 July 2021	2021 T4	5,000,000	48 months	10 years
Total share options granted		20,000,000		

(Expressed in United States dollars unless otherwise indicated)

25 Share-based payment (Continued)

(b) Share option scheme of the Group (Continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2021 Weighted average exercise price HK$	2021 Number of options
Outstanding as of 1 January	–	–
Granted during the year	7.24	20,000,000
Outstanding as of 31 December	7.24	20,000,000
Exercisable as of 31 December	7.24	20,000,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$7.24 (2020: nil).

The share options outstanding at 31 December 2021 had an exercise price of HK$7.24 (31 December 2020: nil) and a weighted-average remaining contractual life of 6.8 years (31 December 2020: nil).

The Group recognised share option expenses of US$647,000 during the year ended 31 December 2021 (2020: nil).

25 Share-based payment (Continued)

(b) Share option scheme of the Group (Continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for the share options granted is measured by reference to the fair value of share options granted. The estimated fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model. Set out below are the fair value of share options and assumptions.

Tranche number	2021 T1	2021 T2	2021 T3	2021 T4
Fair value at measurement date (being the date of grant) (US$'000)	1,345	1,557	2,136	2,902
Share price (HK$)	7.24	7.24	7.24	7.24
Exercise price (HK$)	7.24	7.24	7.24	7.24
Expected volatility	75.61%	61.45%	70.53%	68.24%
Expected option life	1 year	2 years	3 years	4 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	0.07%	0.19%	0.34%	0.52%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The fair values calculated are inherently subjective and uncertain due to the assumptions made and limitations of the model used. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options 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. Where share options are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such share options are reversed effective the date of the forfeiture. There were no market conditions associated with the share option grants.

(Expressed in United States dollars unless otherwise indicated)

26 Share capital

(a) Authorised

	2021		2020	
	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 2020, 31 December 2020 and 1 January 2021		1,534,204,000	15,341
Issuance of ordinary share upon subscription	vi	72,481,000	725
Issuance of ordinary share related to business combination	vii	57,433,164	574
As at 31 December 2021		1,664,118,164	16,640

(Expressed in United States dollars unless otherwise indicated)

26 Share capital (Continued)

(b) Issued and fully paid (Continued)

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.

(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.

(Expressed in United States dollars unless otherwise indicated)

26 Share capital (Continued)

(b) Issued and fully paid (Continued)

(vi) On 13 April 2021, the Company, its parent company, Seamless Technology Limited ("**Seamless**"), and GIC Private Limited entered into a Placing and Subscription Agreement ("**the Agreement**"). Pursuant to the terms and conditions of the Agreement, an aggregate of 72,481,000 new shares of per value US$0.01 each was issued at the subscription price of HK$5.9 per share to Seamless. The transaction was completed on 21 April 2021 and as a result, an amount of HK$427,637,900 (equivalent to US$54,994,000) was received by the Company, in which US$725,000 was recorded in share capital and the remaining amount of US$53,912,000 was recorded in share premium after deduction of relevant transaction cost of HK$2,740,794 (equivalent to US$357,000) in the consolidated statement of financial position.

(vii) On 30 November 2021, the Group completed the acquisition of 54.46% equity interests of Beijing Reyun (see note 28). Part of the consideration was settled by the allotment and issue of 57,433,164 shares of the Company at a price of HK$6.83 per share. The shares were issued on 23 November 2021 and the aggregate fair value of the shares issued, based on the quoted price of the shares on that date, amounted to HK$392,269,000 (equivalent to US$50,288,000), in which US$574,000 was recorded in share capital and the remaining amount of US$49,714,000 was recorded in share premium in the consolidated statement of financial position.

(viii) Purchase of own shares

During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
December 2021	**8,055,000**	**6.78**	**6.04**	**51,536**
				51,536

The total amount paid on the repurchased shares was HK$51,536,000 (equivalent to US$6,634,000).

(Expressed in United States dollars unless otherwise indicated)

27 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$'000 (note 26)	Capital redemption reserve US$'000 (note 27(a))	Share premium US$'000 (note 27(b))	Reserve for treasury shares US$'000 (note 27(f))	Share-based payments reserve US$'000 (note 27(e))	Retained profits/ accumulated (loss) US$'000	Total equity US$'000
At 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 and 1 January 2021	15,341	60,207	154,822	(4,613)	14,206	5,499	245,462
Loss for the year	–	–	–	–	–	(13,425)	(13,425)
Total comprehensive loss	–	–	–	–	–	(13,425)	(13,425)
Issuance of ordinary share upon subscription, net of issuance cost	725	–	53,912	–	–	–	54,637
Issuance of ordinary share related to business combinations, net of issuance cost	574	–	49,714	–	–	–	50,288
Vested RSUs	–	–	9,941	3,130	(13,071)	–	–
Share-based payments	–	–	–	–	5,836	–	5,836
Share purchased for RSUs	–	–	–	(10,991)	–	–	(10,991)
Share purchased for cancellation	–	–	–	(6,634)	–	–	(6,634)
At 31 December 2021	16,640	60,207	268,389	(19,108)	6,971	(7,926)	325,173

(Expressed in United States dollars unless otherwise indicated)

27 Reserves and dividends (Continued)

(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.

(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(v).

(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(r)(ii).

(f) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees and under the Share Repurchase Mandate.

On 12 October 2018, the Company issued 63,830 ordinary shares with a par value of US$0.01 each to the RSU trustees.

On 6 December 2021, the Board of the Company formally resolved to use up to HK$150,000,000 to repurchase Shares in the open market from time to time under the Share Repurchase Mandate for cancellation purpose.

(Expressed in United States dollars unless otherwise indicated)

27 Reserves and dividends (Continued)

(f) Treasury shares (Continued)

Movements in the number of treasury shares for the year ended 31 December 2021 and 2020 are as follows:

	2021	2020
Outstanding as of 1 January	**30,766,250**	60,088,758
Purchased from the market for RSUs during the year	**14,972,000**	7,993,000
Purchased from the market for cancellation during the year	**8,055,000**	—
Decrease due to RSU vested during the year	**(23,346,632)**	(37,315,508)
Outstanding as of 31 December	**30,446,618**	30,766,250

(g) Distributability of reserves

At 31 December 2021, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$267,434,000 (2020: US$174,527,000).

(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.

There is no dividend declared and paid by the Company in 2021 and 2020. 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 2021 and 2020 was 52% and 46%, respectively.

(Expressed in United States dollars unless otherwise indicated)

27 Reserves and dividends (Continued)

(i) Capital management (Continued)

The Group's debt to asset ratio at 31 December 2021 and 2020 was as follows:

	31 December 2021 US$'000	31 December 2020 US$'000
Current liabilities:		
Trade and other payables	214,846	149,863
Current tax payable	8,040	9,670
Bank loans	59,269	56,441
Lease liabilities	3,992	4,600
Derivative financial liabilities	16,377	—
Liabilities held for sale	47,007	—
Non-current liabilities:		
Convertible bonds	27,509	—
Deferred tax liabilities	7,558	2,101
Lease liabilities	2,854	6,972
Other non-current liabilities	158	157
Total debt	387,610	229,804
Total Asset	746,968	497,606
Debt to asset ratio	52%	46%

28 Business combination

In November 2021, the Group acquired a SaaS business which comprise of 54.46% equity interests in Beijing Reyun and 85% interests in HIO SaaS business, which is defined as Reyun SaaS Business in note 12. The principal activities of Reyun SaaS business include provision of advertising and user behavior analysis platforms, game statistical analysis platforms, advertising effect monitoring platforms and other big data analysis platforms to customers, and provision of data neutrality and algorithm science services to developers.

The revenue and profit after taxation of US$1,595,000 and US$425,000 respectively included in the consolidated financial statements were contributed by Reyun SaaS business from the date of acquisition to 31 December 2021. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$766,819,000, and consolidated loss for the year would have been US$36,453,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

28 Business combination (Continued)

(a) Consideration transferred

The following table summaries the acquisition date fair value of each major class of consideration transferred.

	Note	US$'000
Cash	(i)&28(c)	60,658
Equity instruments (57,433,164 ordinary shares)	26(b)(vii)	50,288
Contingent consideration	(ii)&19	346
Total consideration		111,292

(i) Cash consideration

Cash consideration is totally approximately RMB389,986,000 (equivalent to US$60,658,000).

(ii) Contingent consideration

The Group has agreed to pay performance bonus by way of allotment and issuance of the Company's Shares when Beijing Reyun's revenue for the designated business meet the conditions agreed in contract. The fair value of this contingent consideration is estimated at approximately RMB2,208,000 (equivalent to US$346,000) as at 31 December 2021.

(b) Acquisition-related costs

Acquisition-related costs of approximately US$255,000 was included in General and administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2021.

(Expressed in United States dollars unless otherwise indicated)

28 Business combination (Continued)

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of business combination.

	Note	US$'000
Property, plant and equipment	10	891
Intangible assets	11	43,902
Deferred tax asset	23	885
Cash and cash equivalents		15,147
Trade and other receivables		1,656
Prepayment		1,013
Contract costs		455
Other current assets		109
Trade and other payables		(8,033)
Current tax payable		(90)
Lease liabilities		(580)
Deferred tax liabilities	23	(6,255)
Total identifiable net assets acquired		49,100
An analysis of net cash outflow in respect of business combination is as follows:		
Total consideration paid in cash	28(a)	60,658
Less: cash of subsidiary acquired		(15,147)
Net cash outflow in respect of business combination		45,511

(Expressed in United States dollars unless otherwise indicated)

28 Business combination (Continued)

(d) Goodwill

Goodwill arsing from the acquisition has been recognised as follows.

	Note	US$'000
Consideration	(a)	111,292
Non-controlling interests		22,360
Fair value of pre-existing 15% equity interest in HIO SaaS business		1,792
Fair value of identifiable net assets	(c)	(49,100)
Goodwill	12(iii)	86,344

The remeasurement to fair value of the Group's pre-existing 15% equity interest in HIO SaaS business resulted in a gain of US$224,000. The amount has been included in other net income (see note 4).

The goodwill is attributable mainly to the skills and technical talent of the Reyun SaaS business' work force and the synergies expected to be achieved from integrating Reyun SaaS business into the Group's existing mobile advertising business. None of the goodwill recognised is expected to be deductible for tax purpose.

29 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. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

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.

(Expressed in United States dollars unless otherwise indicated)

29 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, 9% (2020: 2%) and 28% (2020: 6%) 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 2021:

	2021		
	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	0.06%	79,842	(45)
Less than 3 months past due	0.10%	50,184	(51)
3 to 12 months past due	0.50%	7,757	(39)
13 to 24 months past due	17.55%	11,817	(2,074)
25 to 36 months past due	49.73%	3,527	(1,754)
Over 36 months past due	100.00%	—	—
		153,127	(3,963)

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

	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)

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:

	2021 US$'000	2020 US$'000
Balance at 1 January	**17,744**	26,330
Impairment loss (reversed)/recognised	**(8,190)**	5,555
Uncollectable amounts written off	**(1,698)**	(14,141)
Reclassified as disposal group held for sale	**(3,893)**	—
Balance at 31 December	**3,963**	17,744

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(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.

The following tables show the remaining contractual maturities at the end of 2021 and 2020 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 2021 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 and contingent consideration)	**195,111**	**–**	**195,111**	**195,111**
Lease liabilities	**4,256**	**3,012**	**7,268**	**6,846**
Convertible bonds	**1,069**	**31,693**	**32,762**	**27,509**
Bank loans	**59,582**	**–**	**59,582**	**59,269**
	260,018	**34,705**	**294,723**	**288,735**

	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

(Expressed in United States dollars unless otherwise indicated)

29 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 borrowings and convertible bonds at the end of the reporting period:

	2021		2020	
	Effective interest rate	US$'000	Effective interest rate	US$'000
Variable rate borrowings:				
Bank loans	1.20–4.35%	57,701	4.00–4.79%	56,441
Fixed rate borrowings:				
Bank loans	4.35%	1,568	–	–
Other receivable	5.00%	1,017	–	–
Convertible bonds	9.16%	27,509	–	–
		30,094		–

(ii) Sensitivity analysis

As at 31 December 2021, 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$485,000 (2020: US$456,000) 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.

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(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 2021		
	RMB US$'000	**HK$ US$'000**	**Total US$'000**
Trade and other receivables	**9,946**	**5,864**	**15,810**
Cash and cash equivalents	**336**	**5,231**	**5,567**
Trade and other payables	**(479)**	**(5,338)**	**(5,817)**
Net exposure to currency risk	**9,803**	**5,757**	**15,560**

	At 31 December 2020		
	RMB US$'000	HK$ 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

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(d) Currency risk (Continued)

(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.

	2021	2020
RMB	**240**	1,105
HK$	**417**	304

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.

(e) Fair value

(i) Financial assets and liabilities 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.

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(e) Fair value (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at the reporting dates:

31 December 2021

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial asset at FVPL	488	13,374	–	13,862
Liabilities				
Contingent consideration	–	–	346	346
Derivative financial liabilities — derivative component of convertible bonds	–	16,377	–	16,377
Total	–	16,377	346	16,723

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

During the years ended 31 December 2020 and 2021, 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)

29 Financial risk management and fair values (Continued)

(e) Fair value (Continued)

(i) ***Financial assets and liabilities measured at fair value*** (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The financial assets at FVPL are not quoted in an active market. The fair value of financial assets at FVPL are the estimated amount that the Group would receive at the end of the reporting period, taking into account the current creditworthiness of the financial assets counterparties.

Fair value of derivative component of convertible bonds is measured by using the Option Price Model. The major inputs used in the valuation model as at 31 December 2021 are discount rate of 4.80% and expected volatility of 61.73%. The discount rate used is derived from the relevant US government yield curve as at the end of reporting period plus an adequate constant credit spread. The expected volatility is derived from average volatility of the Company since the listing date to the end of reporting period.

The movement during the year in the balance of derivative financial liabilities is set out in note 22.

The loss arising from the remeasurement of the derivative component of convertible bonds are presented in the "Change in fair value of derivative financial liabilities" line item in the consolidated statement of profit or loss.

Information about Level 3 fair value measurements

The fair value of the contingent consideration relating to the business combination of Reyun SaaS business are determined considering the expected shares needed to be issued under probability for cases of revenue as of 31 December 2022 assessed by management and option price estimated by the Black Scholes pricing model.

The movement during the year in the balance of contingent consideration is as follows:

	2021 US$'000
Balance at 1 January 2021	–
Assumed in a business combination	346
Balance at 31 December 2021	346

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(e) Fair value (Continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 31 December 2021 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 31 December 2021		At 31 December 2020	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
Convertible bonds	27,509	29,851	–	–

The fair value of the debt component of convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

30 Commitments

There was no new lease that is not yet commenced at 31 December 2021 (2020: a lease of 2 years with lease payments amounted to US$6,674,000 per annum).

31 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
Duanshi Investment	Indirectly wholly-owed by Mr. Duan, one of the executive directors of the Company
Guangzhou Huichun Industrial Investment Co., Ltd. ("**Guangzhou Huichun**")	Indirectly wholly-owed by Mr. Cao, one of the executive directors of the Company

(Expressed in United States dollars unless otherwise indicated)

31 Material related party transactions (Continued)

(a) Balances with related parties

As at 31 December 2020 and 2021, the Group had the following balances with related parties:

	2021 US$'000	2020 US$'000
Lease liabilities		
— Guangzhou Ruisou	**4,587**	7,986
— Guangzhou Huichun	**302**	484
— Duanshi Investment	**301**	567
	5,190	9,037
Other payables		
— Guangzhou Mobvista	**29**	30
— Seamless	**163**	163
	192	193

(b) 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:

	2021 US$'000	2020 US$'000
Short-term employee benefits	**1,561**	1,589
Discretionary bonus	**48**	84
Share-based compensation expenses	**2,128**	3,667
Contributions to retirement benefit scheme	**55**	18
	3,792	5,358

Total remuneration is included in "staff costs" (see note 5(b)).

(Expressed in United States dollars unless otherwise indicated)

31 Material related party transactions (Continued)

(c) Leasing arrangement

In July 2018, the Group entered into a three-year lease in respect of certain leasehold properties from Guangzhou Ruisou, Guangzhou Huichun and Duanshi Investment for workplace usage. The total amounts of rent payable per month by the Group under the lease are equivalent to US$226,000 in the first year, US$237,000 in the second year, US$249,000 in the third year respectively. As at 1 January 2019, the Group applied IFRS 16, Leases and recognised the right-of-use assets and lease liabilities of US$7,938,000 accordingly.

In January 2021, the leasing arrangement was modified, and the Group entered into a renewed three-year lease with Guangzhou Ruisou, Guangzhou Huichun and Duanshi Investment. The total amounts of rent payable per month by the Group under the modified lease are equivalent to US$253,000 in the first year, US$265,000 in the second year, US$278,000.00 in the third year respectively. As at 31 December 2021, the total amounts of right-of-use assets and the amount of lease liabilities are US$5,367,000 and US $5,190,000 respectively.

(Expressed in United States dollars unless otherwise indicated)

32 Company-level statement of financial position

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Investment in subsidiaries		**212,218**	93,303
		212,218	93,303
Current assets			
Other receivables		**93,711**	108,201
Financial assets measured at fair value through profit or loss (FVPL)		**2,300**	50,500
Cash and cash equivalents		**78,161**	1,584
		174,172	160,285
Current liabilities			
Bank loans		**4,000**	—
Derivative financial liabilities		**16,377**	—
Other payables		**13,331**	8,126
		33,708	8,126
Net current assets		**140,464**	152,159
Total assets less current liabilities		**352,682**	245,462
Non-current liabilities			
Convertible bonds		**27,509**	—
		27,509	—
NET ASSETS		**325,173**	245,462
Share capital	26	**16,640**	15,341
Reserves	27	**308,533**	230,121
TOTAL EQUITY		**325,173**	245,462

(Expressed in United States dollars unless otherwise indicated)

33 Non-adjusting events after the reporting period

On 22 February 2022, the Business Restructuring Agreement relating to the media planning and procurement business of the Group set out in note 18 was approved by the extraordinary general meeting of the Company. On 3 March 2022, all the conditions precedent under the Business Restructuring Agreement have been fulfilled.

34 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.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

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 2021 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
Amendments to IAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

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
"app"	a computer program designed to run on a mobile device
"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 People's 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
"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)
"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
"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

"FVPL"	fair value through profit or loss
"Game Analytics"	Game Analytics ApS, a Denmark-based company that operates a SaaS game data analytics platform for game developers
"GDPR"	the General Data Protection Regulation
"Group", "our Group", or "the Group"	the Company and its subsidiaries from time to time
"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 Huihong"	Guangzhou Huihong Capital Management Partnership (Limited Partnership), a partnership established in the PRC on 28 June 2020 and controlled by Mr. Duan
"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 Huimu"	Guangzhou Huimu Asset Management Co., Ltd., a company established in the PRC with limited liabilities on 27 December 2016 and is owned by Mr. Duan as to 70%
"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 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, the shares of which were delisted from the National Equities Exchange And Quotations of the PRC on 8 June 2020
"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
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong Branch Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
"Latest Practicable Date"	25 April 2022, the latest date prior to the printing of this annual report for ascertaining certain information in this annual report
"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 chief executive officer of our Company
"Mr. Duan"	Mr. DUAN Wei, our chairman, one of our co-founders, and an executive Director 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 application programming interface
"Prospectus"	the prospectus of the Company dated 30 November 2018
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the period from the Listing Date to 31 December 2021

"RMB"	Renminbi yuan, the lawful currency of China
"RSU"	a restricted share unit award granted to a participant under the RSU Schemes
"RSU Schemes"	the Employee RSU Scheme and the Management RSU Scheme
"SaaS"	software as a service, a way of delivering applications over the internet
"SDK"	software development kit, a set of software development tools that allows the creation of applications for a certain software package
"Seamless"	Seamless Technology Limited, a business company incorporated in the BVI with limited liability on 24 November 2014 and wholly-owned by Guangzhou Mobvista
"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