

2022

ANNUAL REPORT

匯量科技有限公司
Mobvista Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1860



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CORPORATE INFORMATION

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. SUN Hongbin
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy
(*appointed on 17 April 2023*)
Mr. HU Jie
(*resigned on 17 April 2023*)

COMPANY SECRETARY

Ms. SO Shuk Yi Betty

AUTHORISED REPRESENTATIVES

Mr. CAO Xiaohuan
Ms. SO Shuk Yi Betty

AUDIT COMMITTEE

Mr. SUN Hongbin (*Chairman*)
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy
(*appointed on 17 April 2023*)
Mr. HU Jie
(*resigned on 17 April 2023*)

REMUNERATION COMMITTEE

Mr. WONG Ka Fai Jimmy
(*appointed as the Chairman on 17 April 2023*)
Mr. CAO Xiaohuan
Ms. CHEUNG Ho Ling Honnus
Mr. HU Jie
(*resigned on 17 April 2023*)

NOMINATION COMMITTEE

Mr. DUAN Wei (*Chairman*)
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy
(*appointed on 17 April 2023*)
Mr. HU Jie
(*resigned on 17 April 2023*)

AUDITOR

KPMG

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

HEADQUARTERS

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Tianhe District
Guangzhou
Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor,
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Wanchai
Hong Kong

PRINCIPAL OFFICE IN THE CAYMAN ISLANDS

P.O. Box 309 Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL BANKERS

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

HONG KONG LEGAL ADVISER

Ashurst Hong Kong
11/F, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

01860

COMPANY'S WEBSITE

www.mobvista.com

FIVE-YEAR FINANCIAL SUMMARY

	For the Year Ended 31 December				
	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Revenue	894,405	755,412	516,148	500,257	434,727
Gross profit	177,029	121,922	82,140	118,763	97,901
Profit/(loss) for the year	10,190	(24,764)	(5,206)	22,069	21,854
Non-IFRS measures					
Adjusted EBITDA⁽¹⁾	36,135	23,533	21,544	51,620	43,190
Adjusted net profit/(loss)⁽²⁾	9,699	(3,945)	8,979	40,951	35,269

Notes:

- (1) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.
- (2) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

	As at 31 December				
	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Current assets	315,874	482,642	395,544	444,132	290,473
Non-current assets	286,200	264,326	102,062	67,353	115,698
Current liabilities	311,235	349,531	220,574	238,998	173,592
Non-current liabilities	42,800	38,079	9,230	6,447	915
Total equity attributable to equity shareholders of the Company	235,403	336,804	267,802	266,040	231,664
Non-controlling interests	12,636	22,554	—	—	—

FINANCIAL HIGHLIGHTS

	For the Year Ended 31 December		
	2022 US\$'000	2021 US\$'000	YoY Change
Revenue	894,405	755,412	18.4%
Net Revenue⁽¹⁾	224,717	148,692	51.1%
Gross profit	177,029	121,922	45.2%
Profit/(Loss) for the year	10,190	(24,764)	-141.1%
Non-IFRS measures			
Adjusted EBITDA⁽²⁾	36,135	23,533	53.6%
Adjusted Net Profit/(Loss)⁽³⁾	9,699	(3,945)	-345.9%

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) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.
- (3) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

LETTER TO SHAREHOLDERS

To our shareholders:

Over the past year, we have faced significant changes in the macro environment, and the global mobile internet market has encountered unexpected headwinds. However, at the end of the year, we also saw a new technology revolution from Silicon Valley, with groundbreaking advancements in generative AI that have invigorated the industry, refreshing market perceptions on a weekly basis.

2022 was first and foremost the largest infrastructure-building year for Mintegral since its launch. We invested heavily in R&D, spent nearly a year to reconstruct and integrate the platform's core system. Despite a weaker-than-expected industry environment in the fourth quarter, we pushed the platform's revenue to a historical high. At the same time, with a more concise architecture, the new system enhanced the iteration speed of algorithm models, creating a more efficient engine for future growth.

The algorithm engine for programmatic advertising, one of the earliest fields to apply AI on a large scale, has experienced more than 20 years of continuous iteration. Mintegral first introduced a deep learning model in 2019, effectively achieving the optimal matching of "User-Ads." In the reconstruction in 2022, Mintegral made progress again, deploying multiple real-time models with tens of billions of parameters in the "Ad requests — Matching — Bidding" complete lifecycle of the advertising system. These models complement each other, completing nearly a hundred daily updates, capturing the latest dynamics of the user, ads, and ad exchange from the ads event, and quickly optimizing. This is one of our core competitive advantages in the market.

Currently, the Mintegral system processes over 200 billion ad requests daily, with the number of inferences for ad recommendation models and bidding models exceeding one trillion. The annual cost of training and inference in the cloud is tens of millions of US dollars. A question is raised: Should Mintegral stop training the models in the future and opt to use readily available large language models instead? We believe that for a long time, large language models will continue focusing on the development of general intelligence and not directly replace specialized, data-intensive industry models like programmatic advertising. Instead, they will serve as a digital representation of general human knowledge, integrating with industry-specific models and offering new opportunities for innovation that previously relied solely on industry data-driven iteration. We expect this to bring about breakthrough opportunities for advertising models. Going further, we predict that the architecture of future vertical industry software applications will generally present a "+ large language model" structure. Large language models will not directly replace industry applications, but by taking in more industry data and knowledge, it can deliver high-quality results. From a regulatory perspective, this industry data cannot be directly fed back into proprietary large language models for model iteration so that coexistence will be a healthier, more sustainable structure.

2022 is also the first full fiscal year after merging with Reyun Data. Affected by the domestic mobile internet macro-environment, our focus throughout the year has concentrated on team integration and overseas targeted product development. From the second quarter of 2023 and on, we expect to officially launch the overseas expansion of new products, making them the core growth driver for the marketing technology sector in the next 12 months.

Since Apple implemented its privacy policy targeting IDFA, market fragmentation has intensified, with the market share of giant overseas advertising platforms showing a trend of dispersion year by year. For app or game developers, the threshold for user growth, monetization, and data analysis of user behavior and events continues to rise, as the number and complexity of advertising platforms increase. Although mainstream advertising platforms offer tools to improve developers' user experience, teams still need to consider how to reduce complexity and lower barriers across platforms from the developers' perspective.

Letter to Shareholders

Developers may establish in-house teams to tackle this problem. But from what we've seen in recent years, it is hard for them to consistently invest in R&D expenses and keep in line with the updates of all major advertising platforms to develop internal tools, even for top developers who possess rich financial and technical resources. This demanding and time-consuming endeavor calls for a great deal of patience and determination, paving the way for extended growth prospects for third-party marketing technology firms.

Since 2019, we have aimed to be a one-stop tool platform for developers, using products and technologies to make it easier for them to enter the global market, and allowing them to focus on users and creation. With the advent of large language models, we foresee these tools can be made full use of and even some jobs in data analysis and creative design will be replaced, i.e., from helping data analysts, creative designers, and advertising optimizers improve efficiency to replacing these roles to some extent. When data is directly input into the model, the model can generate analysis results, guide the generation of high-quality creatives in bulk, select appropriate channels to create advertising plans, and then self-iterate and continuously optimize based on delivery performance.

We have recently seen that some game developers have successfully used large language models based on text generation for images to replace 40% of their creative advertising capacity. The savings in internal operational costs can either directly increase the profit margin of the game or further increase the advertising budget, thereby expanding the revenue scale. However, it is inefficient to only generate creatives by manually prompting large models in the creative design stage, and the preceding data analysis work may become a new bottleneck. Just as the hallmark of the first industrial revolution was the transition from manual production to mechanized production, using machines for manufacturing machines allowed for large-scale mechanized production, significantly increasing social productivity. Similarly, using models to optimize models is the scalable path in the era of large models. This is a long-term opportunity for third-party marketing technology companies; optimized labor costs will measure the market size.

In 2022, we began optimizing our R&D team management system, breaking down larger teams into smaller ones, simplifying complex systems, reducing management positions and controlling vertical management levels within three levels, maintaining a single team size between 5–10 people (following the “3510” management principle), reducing management positions, and encouraging senior engineers to participate in frontline code contributions directly. We have also started using large models to improve R&D efficiency throughout the software system lifecycle, including development, testing, deployment, and operation monitoring. We found that under the support of large models, the existing internal development processes, methods, and tools are all worth re-examining, defining, and optimizing, and the software industry is about to usher in a fundamental productivity revolution.

March 7th 2023, as Mobvista celebrates its tenth anniversary, our theme is “Root & Grow.” We are committed to nurturing talent and addressing developer needs, continuously introducing suitable talents at different stages of development, and focusing on solving problems rather than chasing short-term gains. We anticipate that many vertical categories will be reshaped with a “+ large language model” architecture, providing opportunities for emerging small and medium developers. This has become Mintegral’s core market, especially in the overseas hyper-casual game category, which has become the largest advertising platform for many small and medium developers. This will be our primary focus for promoting SaaS products overseas in 2023: to help a large group of small and medium developers achieve healthy and sustainable growth, thereby expanding the overall market size.

In the early days of entrepreneurship, we were a fast growing company riding on global mobile traffic growth. Ten years later, we move towards the deep waters of enterprise services. We are grateful to every shareholder who has accompanied Mobvista into the second decade!

Regards,

Cao Xiaohuan

Co-founder and Chief Executive Officer of Mobvista

I. Company Overview

We are a technology service company based in China, committed to providing global customers (particularly Chinese customers aiming for global expansion) with advertising technology service and marketing technology services required to develop the mobile internet ecosystem.

Through our one-stop advertising platforms and Software-as-a-Service (“**SaaS**”) tooling matrix, mobile application (“**App(s)**”) developers can easily, quickly, and efficiently undertake full spectrum marketing activities to promote and monetize their Apps. Our platform and technology can significantly improve our customers’ marketing return on investment (“**ROI**”).

Mobvista has made smooth progress in multiple businesses, and its strength has continued to grow stronger since 2022. According to the 15th edition of the “Performance Index” released by AppsFlyer, the world’s largest third-party app analytics and attribution platform, Mintegral (revenue accounted for 92.3% of total revenue), a subsidiary of Mobvista, ranks among the top three global companies in both iOS and Android retention index.

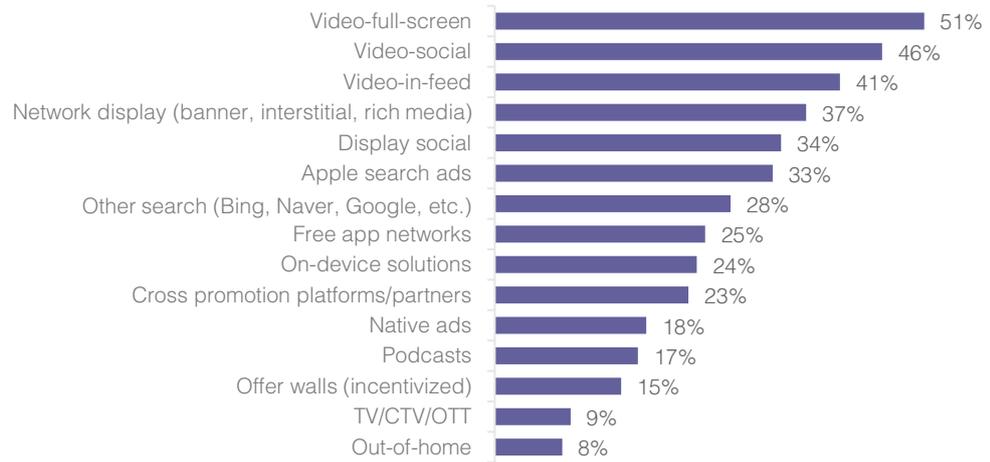
II. Industry Overview

2.1. Demand for user acquisition and monetization soars as the mobile application market flourishes

Competition within the mobile application ecosystem is becoming fierce while the in-App advertising market is booming. App developers are constantly challenged with their Apps’ *development, user acquisition, and monetization*. User acquisition complexity is surging as the supply of Apps continues to grow. According to Statista, the total number of mobile applications on iOS and Google Play have reached over 11 million in the first ten months of 2022. The demand for advertising from App developers continues to rise with the increased supply of Apps. Moreover, demand for monetization has ballooned, which in turn drives the growth of the in-App advertising market. Research data has shown that video ads or display ads are the most effective digital advertising formats for mobile app user acquisition according to App developers worldwide. The ways of ads displayed in-App are increasingly diverse, which provides end-users with more engaging ad content, boosts user engagement and experience. According to information from data.ai, it is predicted that global spending on mobile advertising will reach \$362 billion in 2023, with an 18.5% compound annual growth rate (“**CAGR**”) over five years. While online user activity may decline in the post-epidemic era, regions like Southeast Asia, Latin America, and India are still experiencing growth in mobile internet usage as user penetration rates continue to rise. In the six major Southeast Asian countries, smartphone usage keeps growing, with over 300 million users. Countries from Southeast Asia and Latin America (including India, Indonesia, Brazil, Nigeria, Mexico, and the Philippines) make up a significant portion of the top 10 countries with the largest digital populations in the world.

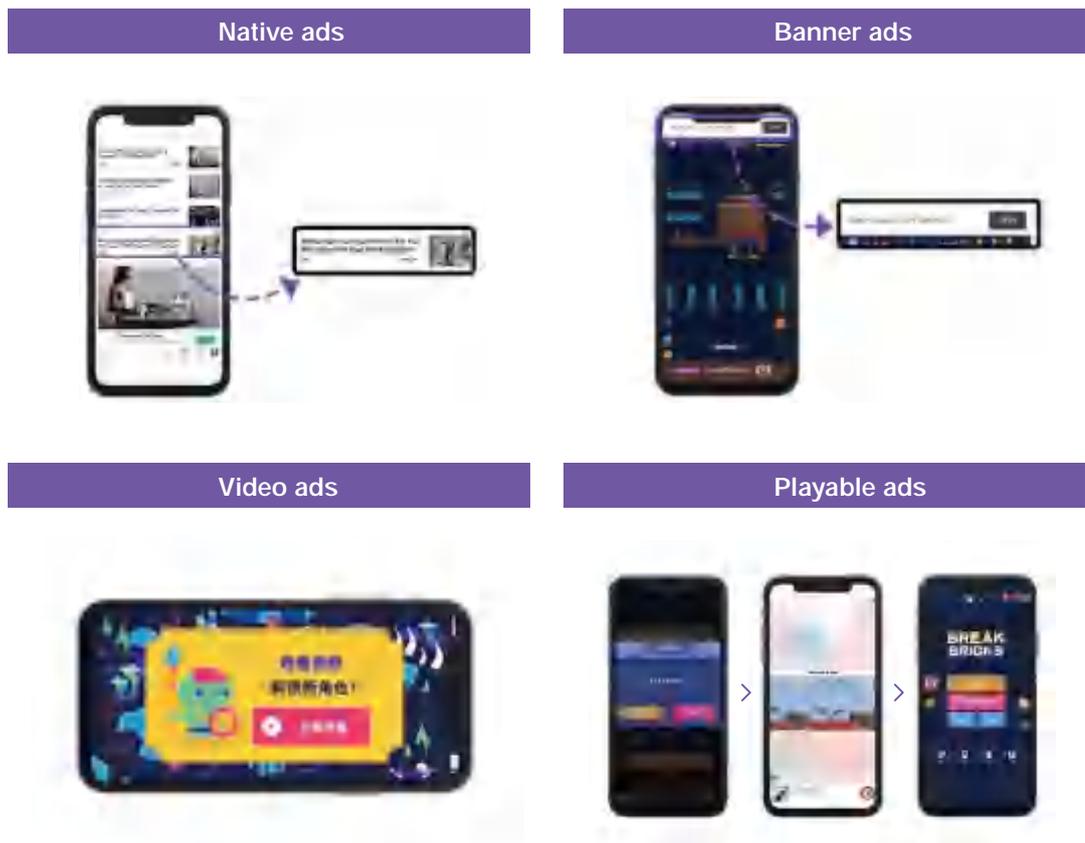
Figure 1: Most effective ad formats for mobile App user acquisition worldwide as of 2nd quarter 2022

% of respondents



Data Source: Statista

Figure 2: Ad Formats



Data Source: Mobvista Inc.

2.2. As Chinese Apps go global, programmatic advertising platforms have ushered in an era of dramatic growth

Global advertising service providers provide the tools for Chinese Apps to expand globally. China-to-Global's digital advertising market size is expected to exceed US\$50 billion. With the disappearance of the demographic dividend in the domestic market, globalization has become necessary for Chinese companies to reach their next growth phase. As shown from the “Copy From China” model adopted by traditional internet companies to the “Born Global” trend, globalization is vital for the new emerging technology companies. As Chinese Apps go global, advertising service providers will benefit most from the transition. According to data from iResearch Consulting Group, the size of digital advertising for the China-to-Global market is expected to exceed US\$50 billion, and the CAGR will reach 22.4% from 2020 to 2025.

China has been optimizing its policies responding to COVID-19 since the end of 2022, together with more transparent regulations on the mobile internet industry. These factors have embarked the China-to-Global strategy on a new journey, and programmatic advertising platforms will usher in a historic era of development. Programmatic advertising platforms based in China have established strong business relationships with App developers seeking global expansion and a sound reputation in the industry due to their insightful outlook in the Chinese market and rich experience working with Chinese App developers. Furthermore, there is a growing consensus in the advertising industry that programmatic advertising is the future. With a more mature and large-scale traffic network built in overseas markets, as well as the continuous accumulation of algorithms, data and industry insights, top programmatic advertising platforms based in China that aims to link the world, represented by Mintegral, will continue to benefit from the dramatic growth of the industry and their economies of scale, laying the foundation of their global expansion.

2.3. While global macro-economic challenges remain, performance-based advertising platforms are better equipped to respond to the economic conditions

In western countries, the inflation has been soaring since 2022, and most of them increased their interest rates to fight against the inflation. Together with the uncertainty brought by the Russia-Ukraine war, macro-economics are facing greater downtrend pressure, corporate and consumer expenditures are generally slowing down. Thus, advertisers generally have higher and stricter requirements on the ROI of their advertising spending. While the market is relatively cautious about digital advertising in 2023, performance-based advertising is generally considered more resilient and can withstand the macro environment's impact better. With the performance-based advertising, advertisers only pay for the metrics they care about, which protect their interests and empower them to manage their ROI with efficiency. Advertising platforms will be more favoured of advertisers in the challenging macro environment.

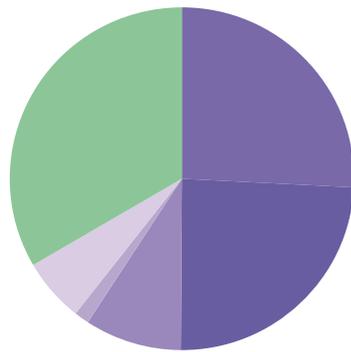
2.4. Tightened anti-trust measures and privacy protection laws in Europe and the US deepens the trend of decentralization of European and American traffic

On 19 May 2022, in response to competition in the digital advertising market, the U.S. Senate proposed the Competition and Transparency in Digital Advertising Act (“**CTDA**”). The CTDA focuses on the digital advertising businesses of large technology companies. The Act would prohibit large digital advertising companies from owning more than one part of the digital ad ecosystem if they process more than \$20 billion in digital ad transactions. Regulators in Europe and the United States recently filed lawsuits against certain industry giants for harming competition. It is foreseeable that European and American regulators, as third-party regulatory forces, will continuously strive for a fair and competitive internet economic ecosystem, which is a good news for the digital advertising market. It will incentivize small to medium companies to develop new technologies and take over advertising budget share outflowing from the top media.

In addition, data security and privacy protection requirements are becoming increasingly stringent. On the one hand, Europe and the United States are accelerating legislative policy on data security and privacy protection; on the other hand, under the Apple ecology, the identifier for advertisers (“**IDFA**”) reform has made the top media, whose original advantages in terms of depth and breadth of data are narrowing. The more companies rely on privacy data as ad targeting, the greater the impact they receive while the Android ecology is also gradually promoting a similar privacy protection strategy. For third-party advertising platforms, the negative impact of enhanced privacy protection trends is limited. Mintegral’s user interest modeling algorithm did not rely on IDFA, unlike the technology commonly used in the industry that entirely depended on the IDFA to obtain long-term interest portraits of users. Instead, Mintegral focused on behavioral interest modeling technology that does not violate users’ privacy. Our algorithm relies heavily on a modeling system of real-time contextual information rather than private customer data. As a result of this technology landscape, Mintegral is limited influenced by IDFA, and the strength of third-party advertising technology platform is becoming apparent. Against the backdrop of tightening of global data privacy and protection policies, advertisers’ ROI in top media has been negatively affected and therefore need to test more third-party platforms in search of growth, thus representing an opportunity for our development.

There are differences between the Chinese and overseas market traffic structures; for example, medium and long-tail traffic has a high value in overseas markets, anti-monopoly and privacy protection have further strengthened the trend of traffic decentralization. Overseas advertising channels are mainly classified into top media advertising (represented by Google and Meta) and third-party advertising technology platforms targeting medium and long-tail traffic. While Chinese media has strong leading effects (CR10 (concentration rate) = 95%), overseas marketing channels (take the US market as an example) only have a CR10 of 66.6%, their medium and long-tail traffic entail a relatively high value for advertising. In recent years, the share of top media has continued to decline, third-party Ad-tech platforms have greatly benefited significantly from the surge in supply from medium and long-tail Apps, and the trend of decentralisation of overseas traffic has further strengthened.

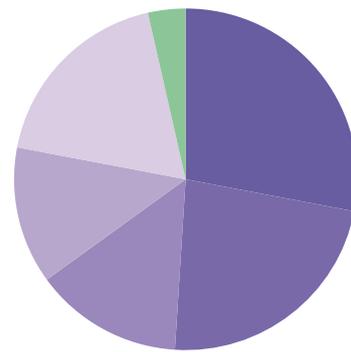
Figure 3: Share of the United States digital advertising market in 2022



■ Meta	■ Google
■ Amazon	■ Microsoft
■ Top 5-10	■ Other

Data Source: eMarketer

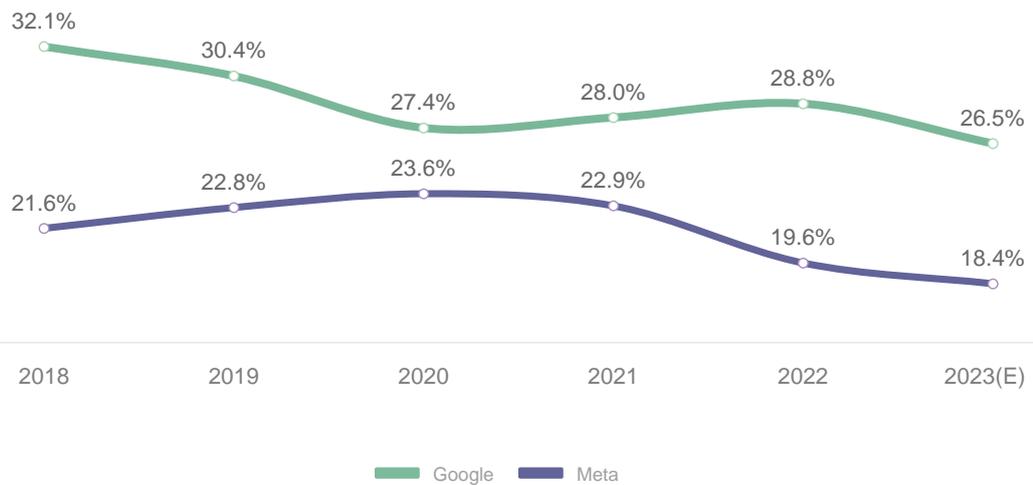
Figure 4: Share of Chinese online advertising market in 2022



■ Alibaba	■ ByteDance
■ Tencent	■ Baidu
■ Top 5-10	■ Other

Data Source: Interactive Marketing Laboratory in Zhongguancun

Figure 5: Changes in Share of Top Media Advertising Revenue



Data Source: eMarketer

III. The Ad-tech industry ecosystem and the Company's strategic structure

Generally, Ad-tech is categorized as programmatic advertising and non-programmatic advertising. Programmatic advertising platforms rely on machine learning and algorithm iteration to improve their transaction efficiency, such technology will be the future of the Ad-tech industry. Nativex is the cornerstone of the Company's non-programmatic advertising business, while Mintegral is the foundation of the Company's programmatic advertising business. After years of development, Mintegral has become one of the top third-party programmatic advertising platforms in the world and the main revenue contributor of Mobvista.

3.1. The programmatic advertising platform ecosystem

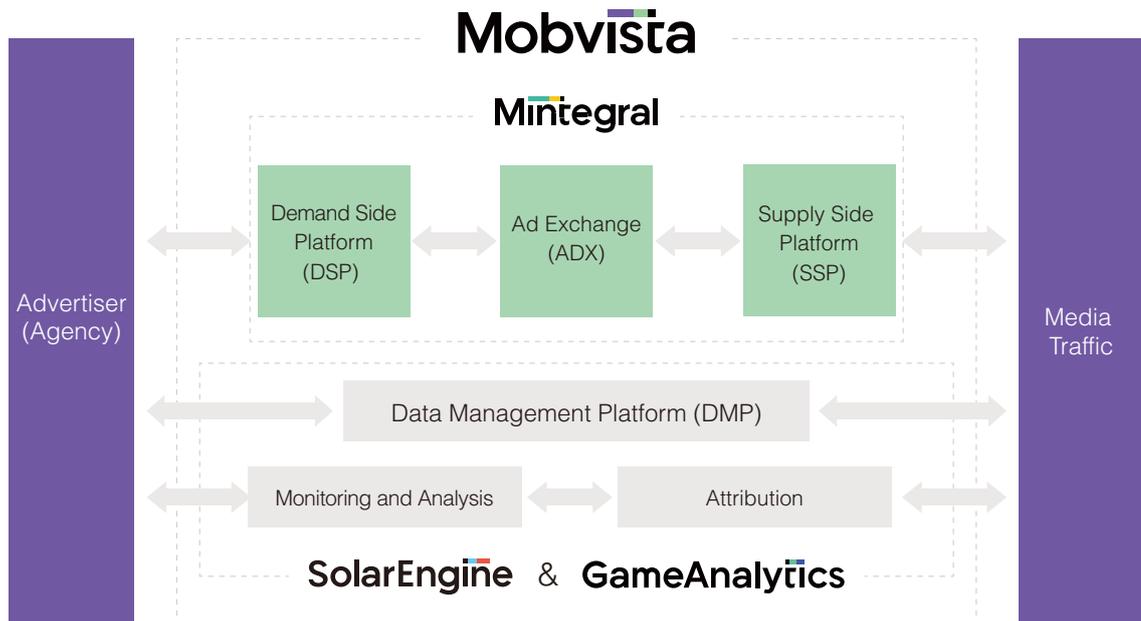
Platforms in the programmatic advertising ecosystem can be categorized into upstream, midstream, and downstream: 1) upstream participants are advertisers (agencies); 2) midstream participants are Ad-tech service providers, including Demand Side Platform (“**DSP**”), Ad Exchange (“**ADX**”) and Supply Side Platform (“**SSP**”), data management services providers, monitoring and analytics service providers, and attribution service providers; 3) downstream participants are media traffic providers, behind whom are end-users. The Ad-tech providers, with their industry insights, take advantage of their competitiveness in the ecosystem to plan strategically in one or even more segments of the ecosystem.

3.2. The programmatic advertising platform of the Company

As the leading third-party advertising technology platform based in China, the Company has established footing within the DSP, ADX, and SSP segments through its core Mintegral platform. Through complete coverage of the midstream ecosystem, Mintegral works directly with both advertisers and traffic publishers. Some of our customers are also our traffic publishers; this cooperation deepens our relationship with our client base. Closed-loop data optimizes our algorithm, resulting in a higher customer retention rate and more bargaining power in the ecosystem.

In addition, the Company conducts statistical analysis of user behavior through the GameAnalytics (“**GA**”) platform while providing attribution services and monitoring the analytics of performance-based ads through SolarEngine. The Company provides multiple marketing tools to upstream advertisers and mines its data assets to optimize and iterate its algorithms.

Figure 6: The strategic placement of Mobvista in the programmatic advertising industry

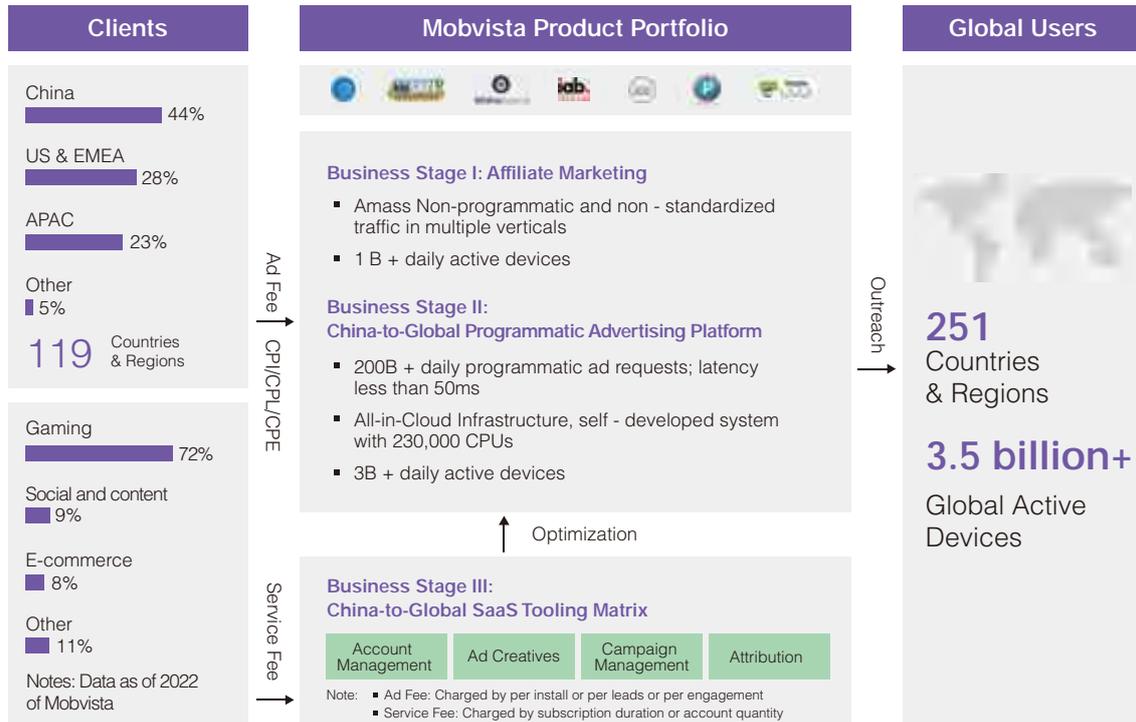


Source: Mobvista Inc.

IV. Stages of the Company development

From the Company’s initial formation in 2013 until now, the global mobile internet has undergone evolutionary change and iteration. We started our affiliate marketing business in the early stage of our development. Afterward, we launched our programmatic advertising platform and commenced our strategic investment in our SaaS tooling ecosystem. These three stages are fundamental steps of the Company’s growth, each with a different strategic goal that connects and deepens our businesses.

Figure 7: Three stages of Mobvista’s development



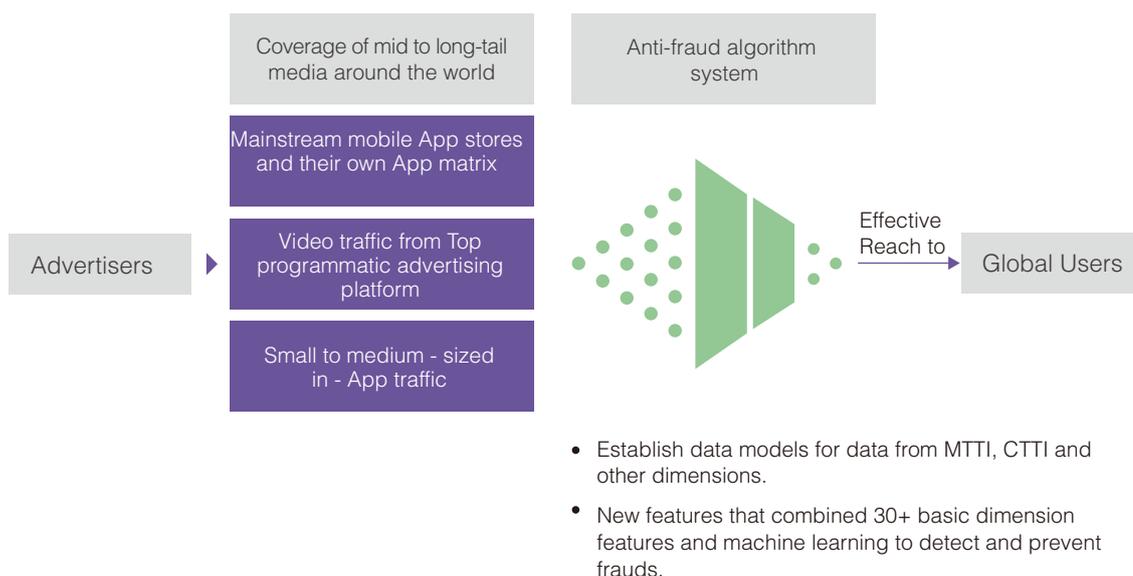
Data Source: Mobvista Inc.

4.1. First stage: Affiliate marketing that focuses on the globalization of Chinese Apps

When we started our business in 2013, we aspired to become a promoter and connector of globalization. We built one of the very first ad networks in China for the globalization of Chinese Apps, helping our clients acquire users globally. The Company has branded its non-programmatic advertising business as Nativex, which is performance-based and covers both Chinese and overseas traffic across all channels, to provide intelligent advertising, creative materials, and Key Opinion Leader (“KOL”) marketing services to our customers. We established our business network in the European & American market, which marked the first stage of growth of the Company.

Affiliate marketing is the original business of Mobvista, which still maintains its leading role in the industry today. During the Reporting Period, to focus on our programmatic advertising business, we divested our top media agency business (also known as the media planning and procurement business), which occupies significant operating capital, and reserved our small-to-medium-sized media ad network business.

Figure 8: Nativex Business Profile



Source: Mobvista Inc.

4.2. Second stage: Programmatic advertising platform – “Global strategy” to expand to overseas markets

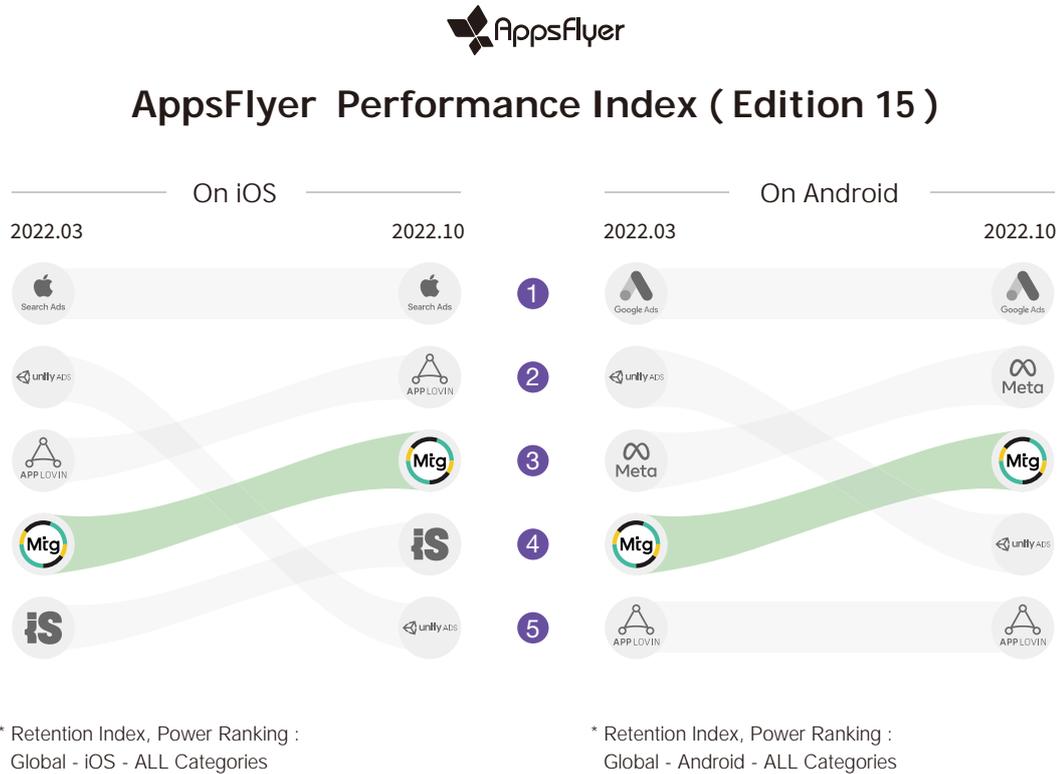
With the rapid growth of the mobile internet, the overseas mobile applications ecosystem has become increasingly fragmented. App developers are facing challenges with user acquisition and traffic monetization. They need a platform aggregating global traffic, especially medium and long-tail traffic, to help them reach global users at scale, growing both users and revenues. On the mean time, because of its transparency and high efficiency, and intelligence, programmatic advertising is popular among top App developers.

We launched Mintegral, our AI-driven programmatic advertising platform, in 2015 to facilitate clients to connect to global users in an automated and scalable manner. While helping Chinese clients expand their business to overseas markets, we also help overseas clients to grow their businesses in the Chinese market. Our programmatic advertising platform covering global traffic and customers marked the second stage of growth of the Company.

The Mintegral platform is our Ad-tech business’s core platform, which has been the centerpiece of our strategic development since its inception. Unlike how Nativex operates its non-programmatic advertising business, Mintegral provides programmatic advertising that improves user experience in advertising services, platform connections, real-time bidding, and traffic conversions. Under the programmatic advertising model, advertisers utilize digital platforms to select the parameters for user matching. The platform will automatically purchase traffic and launch campaigns, calculating ROI from real-time feedback through clickthrough rate and user personas to achieve workflow automation from ad content creation, advertising campaigns, and attribution, significantly improving advertising efficiency. Long-tail App traffic amassed by Mintegral can also reach advertisers quickly and efficiently to monetize their traffic. We are proud to announce that some of our traffic providers are also our customers, which helps Mintegral to leverage closed-loop data.

Along with business growth, Mintegral has become one of the top global advertising platforms. For the two years ended 31 December 2022, the CAGR of Mintegral’s revenue is 64.2%. In the recently published AppsFlyer Performance Index, Mintegral also achieved its best ranking to date: it became one of the top three platforms across all categories in the global market on both the iOS and Android platforms, and the only platform from China ranked in the top five.

Figure 9: Mintegral’s Ranking in AppsFlyer’s Performance Index



Data Source: AppsFlyer

At present, Mintegral has helped more than 5,000 top advertisers and 50,000 top Apps worldwide to acquire quality users in European, American, and Asia-Pacific markets, with more than 200 billion daily advertising requests.

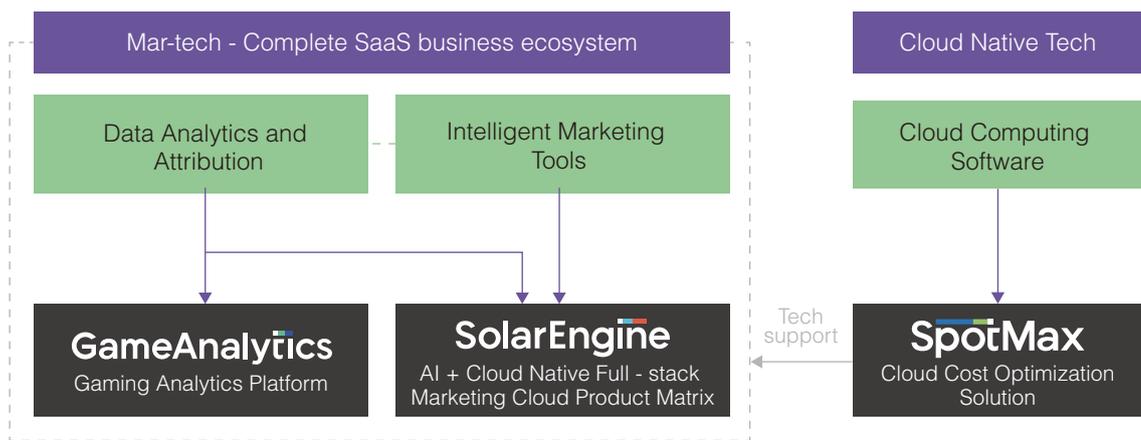
4.3. Third stage: SaaS Tooling Matrix – integrate “Ad-tech + Mar-tech” as dual-engines of business growth

After advertising technology (“**Ad-tech**”) platforms help clients achieve their user acquisition and monetization goals, they also need marketing technology (“**Mar-tech**”) to understand their data and optimize their marketing strategies to achieve high-quality growth. We acquired GameAnalytics to strengthen our competitiveness in gaming App advertising in 2016. GameAnalytics is a platform that focuses on players’ analytics and provides real-time data analysis of players from all mainstream gaming engines and operating systems, enhancing our competitiveness within gaming App advertising.

Starting from 2019, we put forth our “SaaS Tooling Matrix” strategy: We will create a complete tooling matrix by integrating our Ad-tech and Mar-tech capabilities. This matrix will cover the different stages of growth for developers, from statistical analysis, user growth, monetization, and operating efficiency refinement to cloud infrastructure cost optimization. SolarEngine is generated by this process. Through upgrades of the product portfolios of the acquired Beijing Reyun Technology Co., Ltd. (“**Reyun Data**”), we defined SolarEngine as an intelligent marketing solution to house all of the aforementioned features. SolarEngine can provide material, creative, and comparative analysis of the ROI of different channels and private traffic operations. It can help App developers perform full-stack marketing effortlessly, efficiently, and quickly optimizing big data computing efficiencies and reducing cloud-computing resource costs to increase their marketing and campaign effectiveness. We regard SolarEngine as the pivotal component of the third stage of growth of the Company.

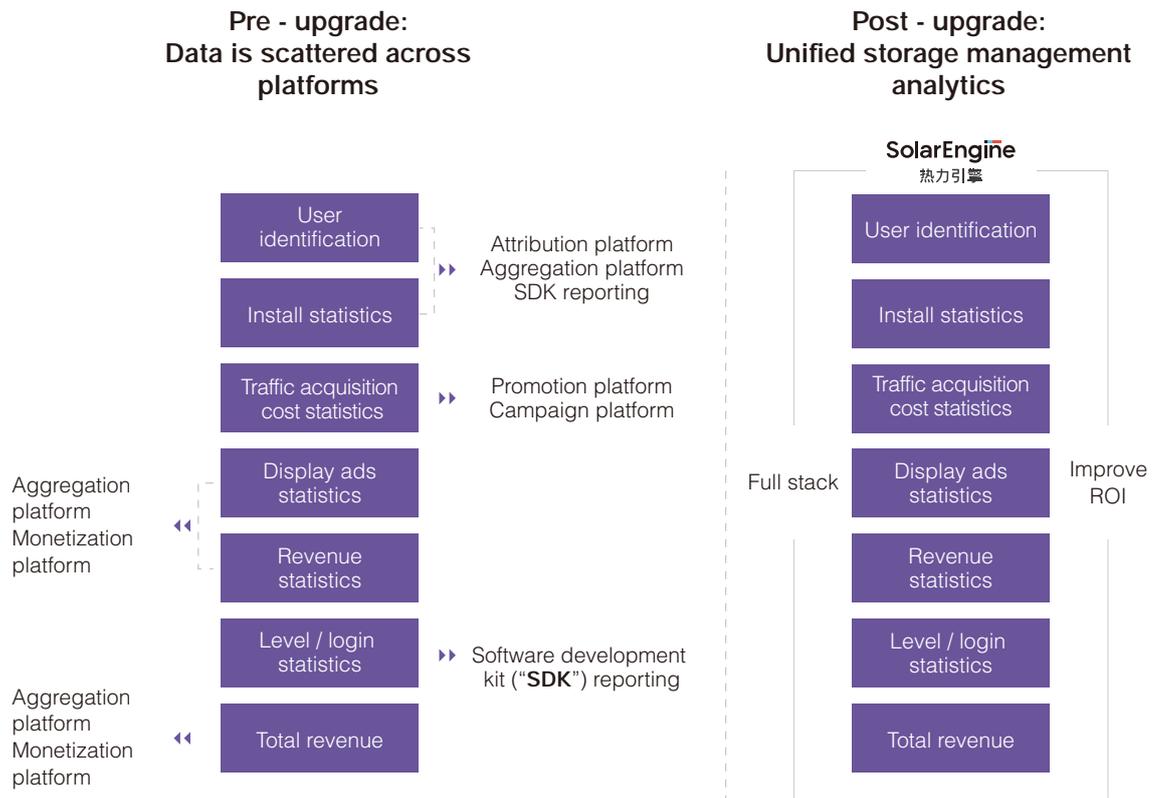
As the SolarEngine ecosystem matures, we will further strengthen our traffic expansion and technological competitiveness in China. While helping overseas clients expand their business into the Chinese market, we will launch SolarEngine to the overseas market to drive the globalization of Chinese companies. Through this, we will become the first company in the world that can provide complete solutions covering both the Chinese and overseas markets.

Figure 10: SaaS tools included under SolarEngine



Source: Mobvista Inc.

Figure 11: Comparison of Reyun Data before and after its upgrades to SolarEngine

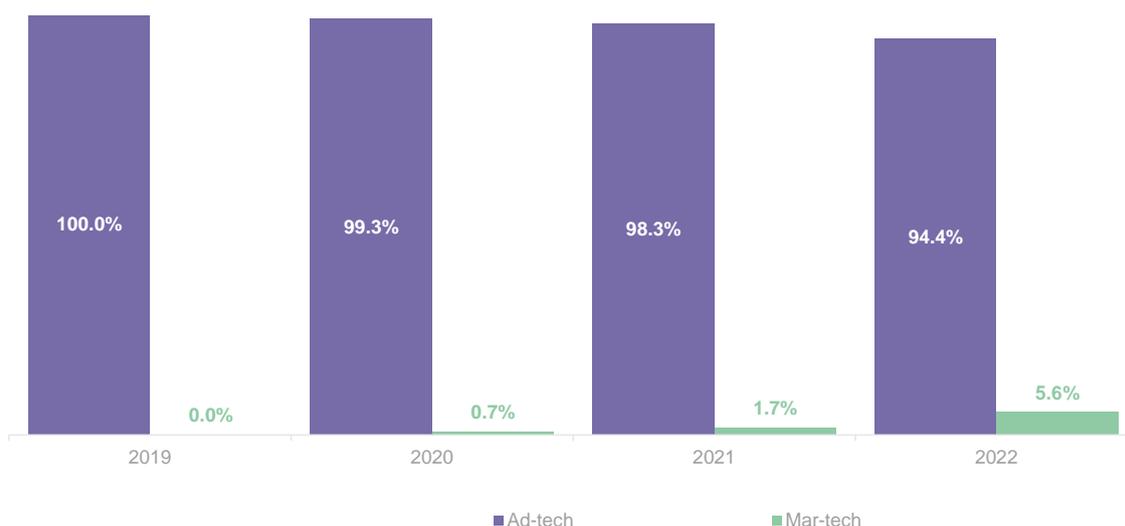


Source: Mobvista Inc.

V. Business Modules

Our revenue comes from Ad-tech centered around Nativex and Mintegral, and Mar-tech centered around SolarEngine (cloud business also integrated into SolarEngine) and GameAnalytics. Among these, the Ad-tech business is structured based on gross advertising revenue (including the cost paid to traffic publishers). Considering that the net revenue (i.e. gross revenue minus the cost paid to the traffic publisher) adopted by Ad-tech is more comparable to that of Mar-tech, the following figure shows the revenue proportion of the two in terms of net revenue. The net revenue of Ad-tech accounts for more than 90% of the total net revenue, and the proportion of net revenue of Mar-tech is gradually rising.

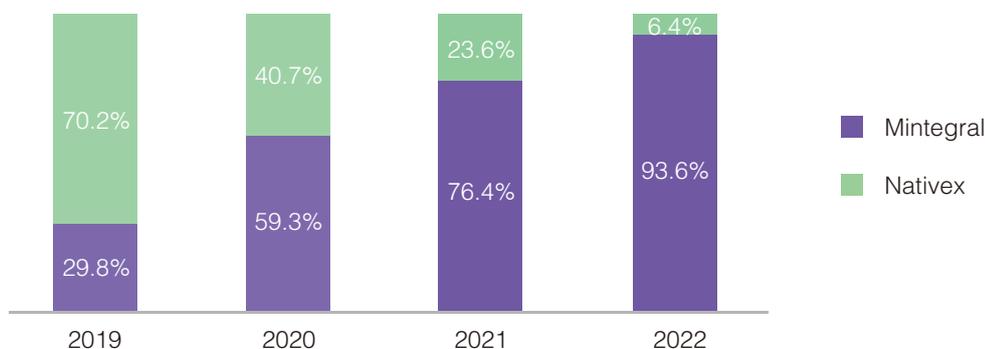
Figure 12: Net revenue share of Ad-tech vs. Mar-tech (from 2019 to 2022)



Note: Reyun Data in 2021 only consolidated for a month's revenue.

Data Source: Mobvista Inc.

Figure 13: Revenue share of Mintegral vs. Nativex (from 2019 to 2022)



Data Source: Mobvista Inc.

5.1. Ad-tech: Mintegral

5.1.1 Business Review

The Mintegral platform is a world-leading programmatic advertising technology platform that aggregates traffic from a large number of fragmented Apps. It provides advertisers with programmatic advertising and traffic monetization services.

5.1.2 Business Model

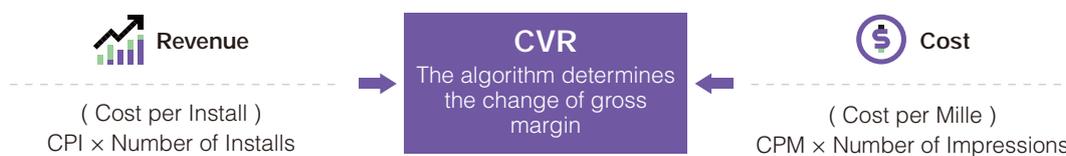
From the perspective of revenue, we charge customers performance-based advertising fees; that is, fees based on negotiated performance KPIs such as the number of users that download the App, the number of installs or registrations of an App followed by certain actions by users, such as ensuring users will be retained for three days, etc.

From the perspective of cost, we purchase advertising resources from traffic owners or administrators to display ads for our customers. The fee is usually settled with traffic publishers by the number of impressions. It is worth noting that the acquisition of advertising resources is in real-time, so we do not assume resources risk of advertising.

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

We settle with our customers and traffic owners or administrators with bank transfer within one month after we confirm the transaction amount. For relatively small-sized new customers, prepayment is required. We may extend the standard payment terms by one to two more weeks for a small number of large customers. In terms of cloud computing costs, all the terms of our contracts exceed three months. Unlike an advertising agency, Mintegral does not need to pay in advance. As its business continues to grow, Mintegral will enjoy even better terms with its customers and vendors.

Figure 14: Business model diagram



Data Source: Mobvista Inc.

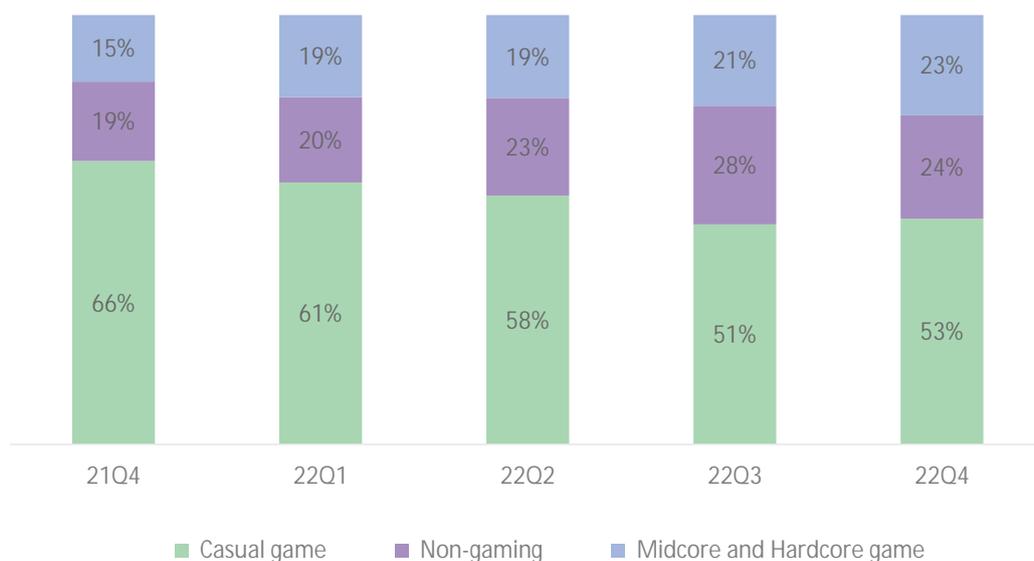
From the perspective of gross profit, our gross profit depends on the cost of servers and resources associated with the platform algorithm. With increasing scale and optimizing cloud resources and unit price, we can continue reducing our server costs. Regarding the algorithm of the platform, we expect to see improving efficiency as data throughput increases which could improve our gross margins in the future.

5.1.3 Customer Distribution

From the perspective of customer region distribution, Mintegral’s customers are located in Europe, the Middle East and Africa (“**EMEA**”), China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas and other regions, distributed in 119 countries and regions around the world. China had the largest number of customers, accounting for 43.8% of the total number of customers, followed by the major regions in Asia-Pacific which accounts for 23.3% of the total. In contrast, the number of customers in major regions of EMEA, major regions of the Americas, and other regions accounted for 21.0%, 7.1%, and 4.8% respectively.

In terms of the types of customers, during the Reporting Period, Mintegral’s main customers were casual game customers, whose revenue accounted for 55.7% of Mintegral’s platform revenue. In recent years, the Group is actively expanding customers of hardcore games, e-commerce, and other categories and the proportion of non-casual game customers has continued to increase.

Figure 15: Mintegral revenue share by vertical category, 2021Q4-2022Q4



Source: Mobvista Inc.

5.1.4 Traffic Distribution

From the perspective of traffic region distribution, the traffic reached by the Mintegral platform spreads across EMEA, China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas, and other regions, distributed in 251 countries and regions around the world, and primarily distributed outside of China in the overseas areas.

From the perspective of cumulative number of devices reached during the Reporting Period, 96.1% were from overseas regions outside of China, and 3.9% were from China; from the perspective of accumulated impressions, 94.7% were from overseas regions outside of China, and 5.3% were from China.

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

5.1.5 Competitive Landscape

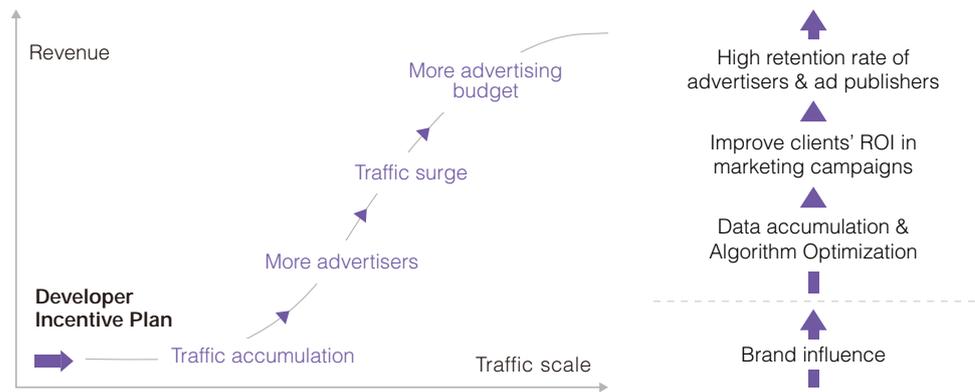
Suppose we divide mobile device traffic into top media traffic represented by Meta/Google and medium and long-tail traffic represented by medium and long-tail Apps. In that case, the third-party advertising technology platform segment where Mintegral resides primarily connects to the fragmented medium and long-tail traffic through its programmatic trading platform. The programmatic advertising transaction method can create a strong platform effect and scale effect. It will become the dominant participant in monetizing medium and long-tail traffic in the future. Therefore, Mintegral's primary competitors include third-party programmatic advertising platforms represented by AppLovin, ironSource, and Unity Ads and the advertising network platforms of leading internet companies represented by Google AdMob, Pangle, and Meta Audience Network. Overall, Mintegral has a unique competitive advantage despite a large number of players in the industry.

5.1.5.1 Reinforced first-mover advantages

Benefiting from the Company's initial non-programmatic advertising business, the Mintegral platform has rapidly accumulated a large number of customers, especially China-to-Global customers. On the traffic side, it attracted a large amount of high-quality traffic through its developer incentive plan and quickly entered the European and American game developer ecosystem by acquiring GameAnalytics, forming a scaled traffic ecosystem.

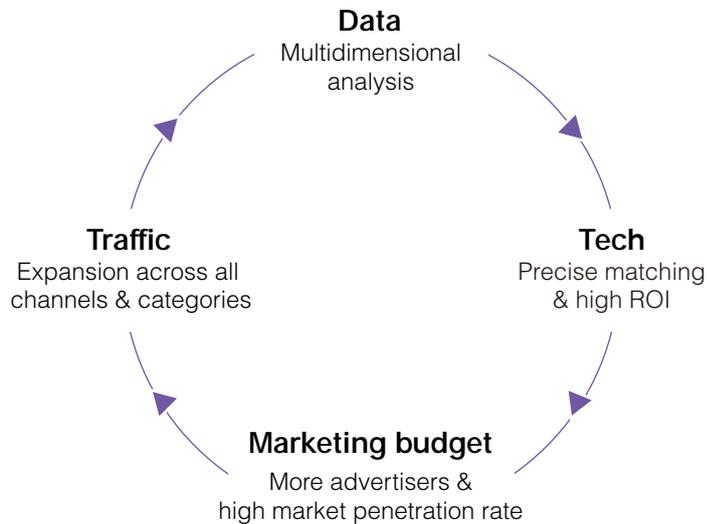
Typically, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, replacing an SDK requires re-coding and updating the version of mobile applications on the user side. Therefore, replacement cost is relatively high after integrating a certain SDK. At the same time, after accumulating certain supply-side traffic as a cumulative advantage, the first-mover platform has advantages in algorithm iteration, model training, industry insight, etc., which can effectively improve the ROI of advertisers. Higher ROI encourages more advertising budget, thus forming a positive flywheel effect and a competitive advantage over new entrants.

Figure 16: The reinforced first-mover advantage



Source: Mobvista Inc.

Figure 17: The flywheel effect of Mintegral's Ad-tech business



Source: Mobvista Inc.

Currently, the Mintegral platform reaches traffic and customers all over the world. As of 31 December 2022, Mintegral platform customers' dollar-based net expansion rate is up to 125.1%. The exceptional performance of both the traffic and customer sides proves that the Mintegral platform continues growing rapidly under the flywheel effect's influence.

5.1.5.2 *Chinese roots, differentiated positioning*

Since its establishment, the Company has served Chinese App developers to expand the overseas market and has gradually established a mature traffic network in overseas markets. The huge demand for expanding business into overseas markets brings massive advertising budgets, allowing Mintegral to attract more traffic aggregation. Unlike its overseas competitors, Mintegral, with its roots in China, has considerable advantages in serving Chinese customers. In addition, with a mature traffic network and sales network, the Company also helps overseas App developers' products to enter China to build a bridge between the East and the West.

As business grows, with its massive traffic ecosystem, the Company has built its ability to serve global customers step by step, aligning with its European and American counterparts. However, as the only leading programmatic platform from China, the Company will continue to take advantage of the opportunities emerging in the China-to-Global wave and form a competitive advantage different to its European and American competitors.

5.1.5.3 *Continuously strengthened technical strength*

The Company's R&D team consists of personnel specializing in data science, algorithm, architecture engineering and cloud computing. Team members are mainly graduates 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 doctoral and masters degrees and rich experience in related fields.

It is well-known that China is at the forefront of the global mobile internet industry and has mature experience and forward-looking judgment concerning mobile internet development. China is in a leading position compared with its European and American counterparts. In addition, leveraging Chinese engineers makes the Company's operating and management costs lower than its European and American competitors.

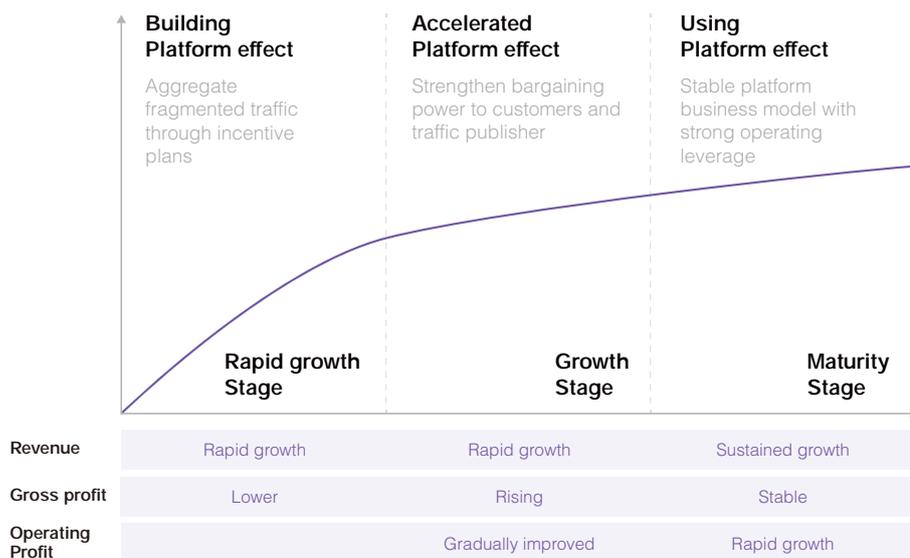
Benefiting from the huge supply of engineers from the Chinese mobile internet industry, we have formed a leading R&D team in the industry, consisting of data scientists, AI algorithm experts, engineering architects, and cloud experts with work experience in leading technology giants such as Amazon, Alibaba, Baidu, etc. The talent pool and technical strength enable the Company to continue to iterate in the technical fields, thereby further enhancing the Company's position and reputation in the industry. In certain fields, such as casual game, the Company has become the favourable platform for developers to promote and monetize their Apps.

5.1.5.4 Scale effect and operating leverage

From the operational and financial perspective, the flywheel effect of the Mintegral platform means:

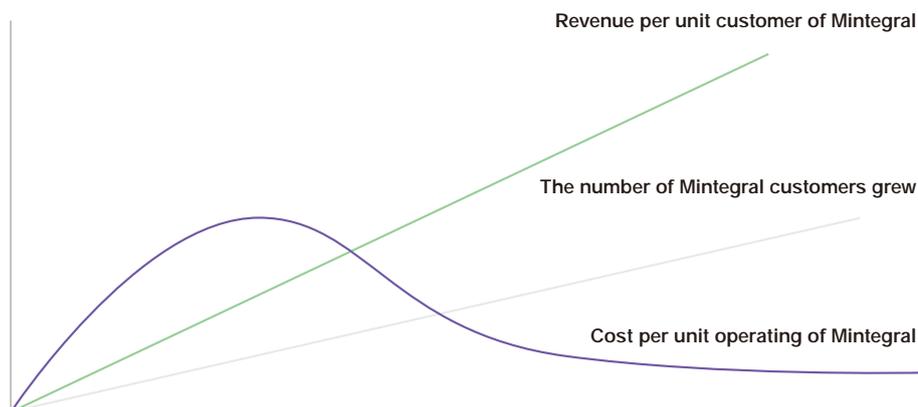
- (1) With the industry’s growing popularity, the number of new customers and the size of advertising budgets continue to rise. Existing customers’ retention and net expansion rates continue to rise, and the revenue scale grows sustainably;
- (2) As we continue to attract new traffic developers to access the Mintegral platform, the size of the traffic pool keeps growing, and the bargaining power of the platform continues to be strengthened with respect to App developers. Consequently, the unit traffic cost is reduced;
- (3) The growth of the size of the platform and the improvement of its algorithm efficiency drive the growth of the gross profit margin of the platform;

Figure 18: The monetization model of Mintegral



Source: Mobvista Inc.

- (4) As the unit cost driving the revenue growth reduces, the transaction size supported by the unit R&D expense keeps growing. The sales-to-expense ratio, management expense ratio, and R&D-to-sales ratio also continue to improve. All these forms obvious operating leverage.

Figure 19: Mintegral's operating leverage

Source: Mobvista Inc.

5.1.6 Competitive/Cooperative Relationship With Top Media Publishers

With the development of advertising technology, customers will typically advertise initially through top media traffic and medium and long-tail traffic, then reallocate the budget based on the actual advertising performance. Even though the allocation of the budget of advertisers varies, medium and long-tail traffic still account for more than 30% of the budget in the industry, and the proportion is increasing under the influence of privacy protection and anti-trust, with the industry as a whole showing a trend of decentralization. Due to the differences in technical specialties and data sources between medium and long-tail traffic platforms and top media, developers need to constantly look for more traffic with high ROI other than top media traffic. Although Mintegral focuses on medium and long-tail traffic in the advertising campaigns to meet customers' needs for one-step delivery, it will also participate in real-time bidding of traffic managed by top media. Therefore, Mintegral also has a cooperative relationship with top media publishers.

5.2. Ad-tech: Nativex

Nativex is the non-programmatic advertising business platform of Mobvista. This performance-based business covers global medium and long-tail media through affiliates, which can quickly and massively acquire users for global advertisers. The revenue model of Nativex is to help advertisers seek high-quality and low-cost traffic non-programmatically. Hence, it can profit from the price difference between purchasing and selling traffic.

Nativex is the original business of Mobvista and continues to maintain its leading role in the industry, providing customers with programmatic and non-programmatic advertising services, thereby creating a strong synergy with Mintegral.

As the company's strategic focus gradually shifts to Mintegral, the programmatic advertising platform, Nativex's revenue growth is affected by the macro environment since 2022, but it remains an important profit contributor for Mobvista.

5.3. Mar-tech: GameAnalytics

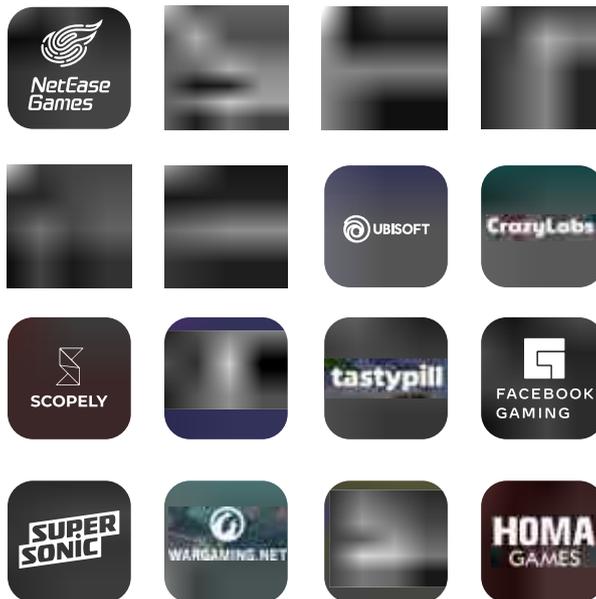
GameAnalytics ("**GA**") is our SaaS-based in-App data statistical analysis tool. It is one of the world's largest casual and hyper-casual game data statistical analysis platforms. GA can provide game developers with in-depth analysis and insights about their products. It enables them to understand business operations in real-time, track key in-App performance indicators, and improve user engagement.

The product charges monthly subscription fees based on different automation features and data analytics dimensions. Subscription fees range from US\$350 to US\$3,000 per month.

Figure 20: Major customers of GA

GameAnalytics's cooperative partners

Developer



Integration partners

GA offers 30+ different integrations covering most major game engines and services.



Source: Mobvista Inc.

During the Reporting Period, GA revenue increased 68.8% to US\$1.4 million on a year-on-year basis.

GA is strategically significant to consolidate the Group's core competitiveness in game advertising, helping the Group to reach potential game developer customers and high-quality advertising resources and improve the profile granularity of the advertising audience.

During the Reporting Period, among GA customers, there were 1,430 game developers with MAU greater than 100,000, of which 113 were Mintegral customers, contributing 23.7% of the Mintegral platform's revenue.

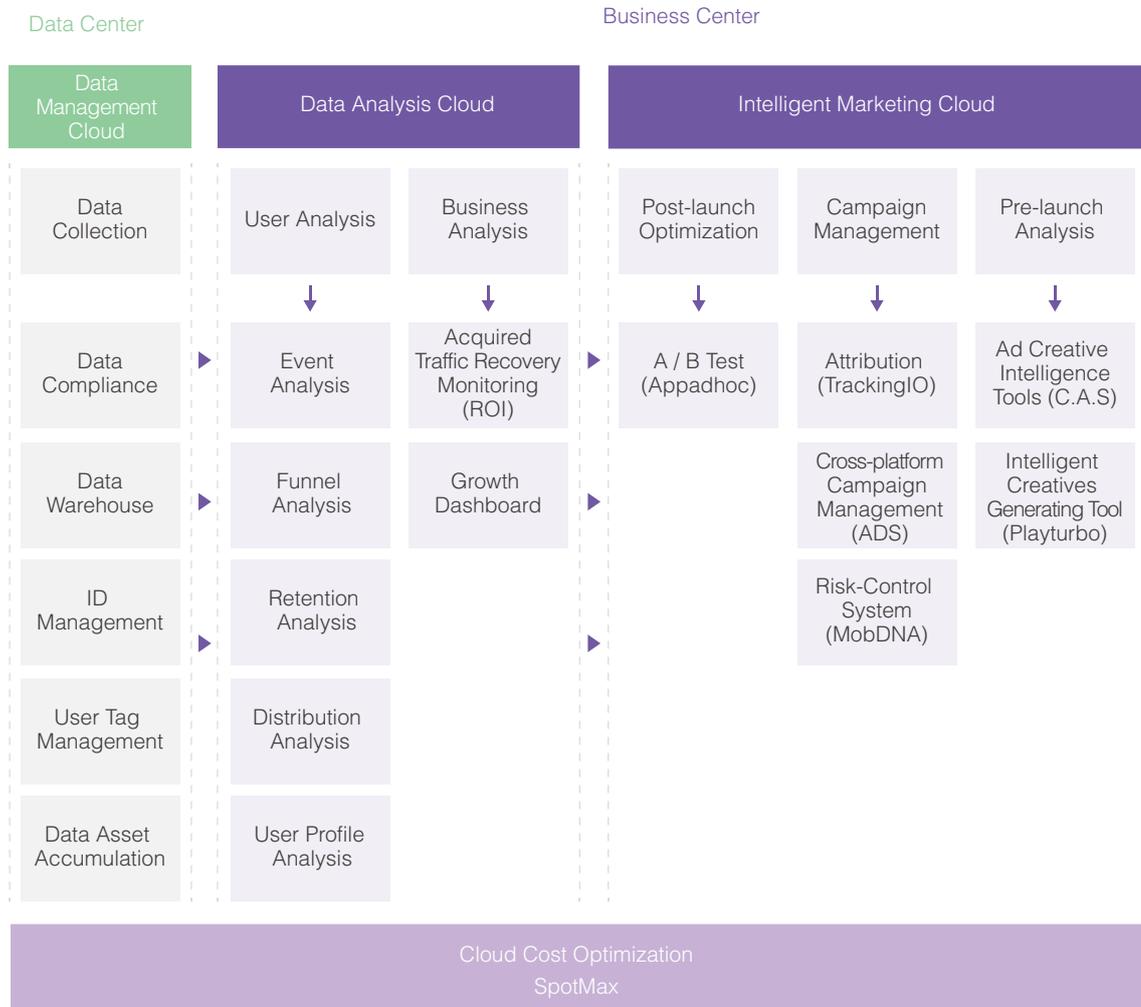
As of the end of the Reporting Period, among the customers who spent more than US\$100,000 on the Mintegral platform for the trailing twelve months, 56 used GA services.

5.4. Mar-tech: SolarEngine

SolarEngine has made comprehensive product and service upgrades based on Reyun Data, a third-party platform that focuses on monitoring mobile advertising delivery and data analysis. It leverages mobile advertising monitoring as the entry point to the platform. Also, it offers data collection and mining to help customers conduct advertising delivery data analysis, data management, intelligent material analysis, cloud computing resource optimization, etc., to optimize customers' marketing activities.

SolarEngine primarily offers SaaS tools, that is, cloud-hosted software, and charges fees based on pay-per-use and subscriptions.

Figure 21: SolarEngine Product Matrix



Source: Mobvista Inc.

Figure 22: Major customers of SolarEngine and Reyun Data



Source: Reyun Data

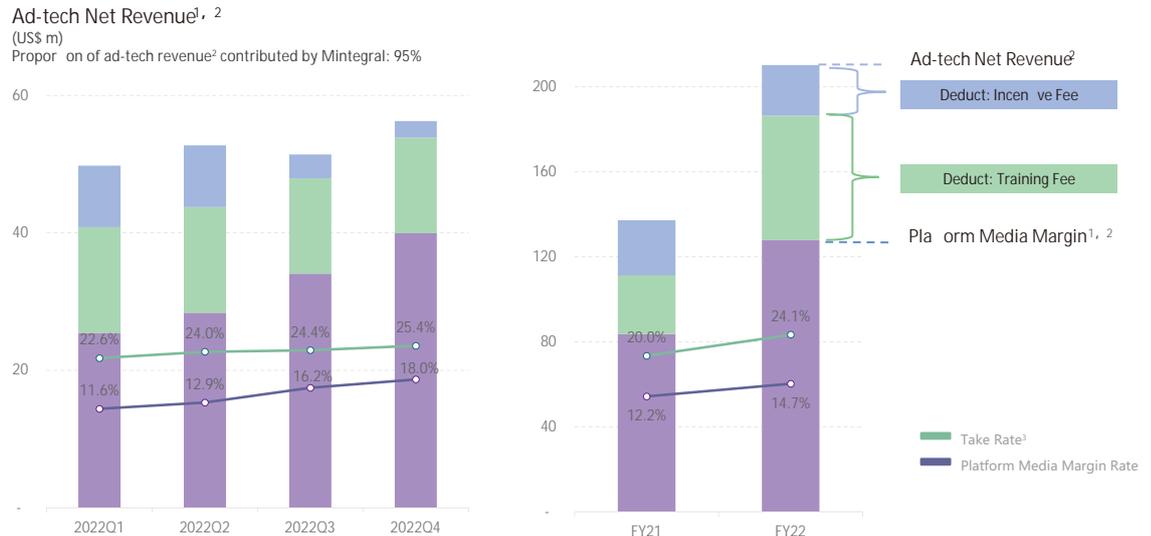
During the Reporting Period, SolarEngine recorded revenue of US\$11.2 million.

5.5. 2022 Summary: Focus on building our alpha capabilities

5.5.1 Full iterative upgrade of algorithm platform

2022 was the most significant infrastructure year ever of Mintegral, with a large number of talented algorithm scientists, big data engineers and senior technical architects joining us. Mintegral didn't stop evolving despite the economic uncertainty. In 2022, Mintegral launched a major restructured platform, with a new pricing bidding strategy. On the one hand, we fundamentally reduce the system bugs with simplified processes, and it brings down the cost to manual troubleshooting. Also it enable us to test out different bidding strategies quickly which bring us better efficiency on R&D; On the other hand, the launch gives us a more granular and clear view of the system, we have great control on the overall profitability of different vertical product lines, which makes it possible for us to scale continuously under the premise of controllable profits. With the successful launch of the new infrastructure and the continued optimisation of the bidding strategy model, all the efforts were validated on the financial data. Mintegral's revenue increased in Q4 2022, additionally, cost structure and expense items continued to be optimized, and profits reached an all-time high, with scale effects and operating leverage further highlighted.

Figure 23: Ad-tech net revenue
(US\$ million)



Notes:

1. We define platform media margin as Ad-tech net revenue minus incentive fee and training Fee;
2. Exclude the impact of top media agency business;
3. Take Rate=Ad-tech Net Revenue/Ad-tech Revenue.

Source: Mobvista Inc.

5.5.2 Focus on more profitable business to improve revenue quality

With a more volatile macro economy in the second half of 2022, we adopted ourselves to a prudent business strategy, by prioritizing profit over scale, hence we stopped delivering some of the loss-making verticals. In the second half of the year, Mintegral recorded a flatten revenue growth, however our cost structure has been significantly optimized.

5.5.3 R&D team continuous evolving with cost reduction for better efficiency

In 2022, we took an aggressive approach to optimize our expenses. On the one hand, we cut off some of the R&D projects with high business uncertainty. On the other hand, we invested in the informatization and automation of our back office systems to improve the efficiency of our back office functions significantly, thereby streamlining our staffing investment, with the number of people in our middle and back office functions falling by 14.7% compared to the beginning of the year. At the same time, Mobvista remains committed to being R&D driven. In Mintegral, our core business segment, we continued to bring in outstanding industry talent and grow the R&D team.

5.5.4 Stronger cash flow control, by a prudent investment and financing strategy under a high interest rate environment. Continuous stocks repurchase demonstrated the company's confidence in long term prospects

With US's skyrocketing interest rate since 2022, we have implemented stricter control in collection and leverage high-yield interests from deploying a variety of deposits, resulting in a significant increase in our interest income compared to previous period. On the other hand, we maintained a more prudent financial strategy and a strengthened cash flow control, we are cautious in the use of liquidity loans, reducing ourselves from the stress of high cost of financing. At the same time, with the Group's healthy cash flow, we have continued to repurchase company shares, demonstrating our management's long-term confidence in the Company.

5.6. Business Outlook for 2023

Since 2023, the company has experienced smooth progress across its various business ventures, with the groundwork laid in 2022 providing a solid foundation for continued success in 2023. The growing influence and competitive edge of the Mintegral platform have led to a steady increase in both the number of advertisers and their budgets. Despite macro-level uncertainties, Mintegral's revenue has maintained a year-on-year double-digit growth rate since the start of the year, and profit margins have improved significantly compared to 2022 due to the effects of scaling, reduced incentive, and lower model training costs. The company will also continue to pursue initiatives aimed at fostering rapid business growth.

5.6.1 Progress on Accessing Mintegral Traffic (Mediation)

As of now, Mintegral has integrated with multiple mainstream aggregation platforms such as AppLovin Max, DT FairBid, and Unity, among others. Additionally, in the fourth quarter of 2022, we resumed our partnership with ironSource and actively promoted cooperation with other mainstream aggregation platforms. This will further enrich our traffic pool, providing advertisers with more traffic options and boosting their ROI. We expect continuous access to high-quality traffic to become a significant driving force for our revenue growth in 2023.

5.6.2 Expansion of Non-Casual Game Categories

In 2022, the casual game category generated a revenue of \$459.4 million, contributing to the majority of Mintegral's income. The compound annual growth rate of the past two years reached 53%, and in 2023, we will continue to maintain Mintegral's leading position in the casual gaming industry. With the strengthening of Mintegral's platform capabilities, we are gradually expanding into other verticals such as midcore and hardcore games, e-commerce, utility, and others, increasing the proportion of non-casual game. It is worth emphasizing that the current Mintegral platform can firmly control the profit margins of each vertical, and we believe that in the future, the entire Mintegral programmatic trading platform will be able to achieve synchronized growth in revenue and profit.

5.6.3 Further Refining the Intelligent Bidding System

Due to macro-economic challenges, advertisers are increasingly focusing on the effectiveness of their ad investments and demanding better ROI. We are encouraging the shift towards a ROAS (return on advertising spend) model, where ad budgets are determined by target return rates rather than unit prices. The system evaluates each ad placement opportunity and automatically bids as closely as possible to the advertiser's target return.

We analyze the user behavior trajectory, starting with their initial access and request generation for the ad system, followed by the ad platform's bidding and winning process, which leads to exposure, user clicks, ad installation, potential retention, ad browsing (ad revenue generation), and in-App purchases. The system's bidding requirements are relatively low for shallow-level user behavior (from initial access to download), making it suitable for casual games and utility advertising. However, midcore and hardcore games and other vertical categories require an intelligent bidding product based on deep events (post-installation behavior). Since the second half of 2021, we have heavily invested in developing an intelligent bidding system, achieving positive results in the fourth quarter of 2022. We will continue to refine this system to raise the revenue and profit potential of various vertical categories.

5.6.4 Cloud Computing Infrastructure Construction: Personalized Computing Power Technology

Our cloud computing costs primarily stem from the Mintegral platform. When accounting for both the capitalization and expenses of cloud computing, Mintegral's total cloud computing costs comprised around 12% of its revenue at the beginning of 2021 and approximately 7% in 2022. In the latter half of 2021, we used more costly GPU computing power to train new algorithm models, conduct system testing, and perform complex model training. This led to a growth of over 100% in AI and big data-related expenses.

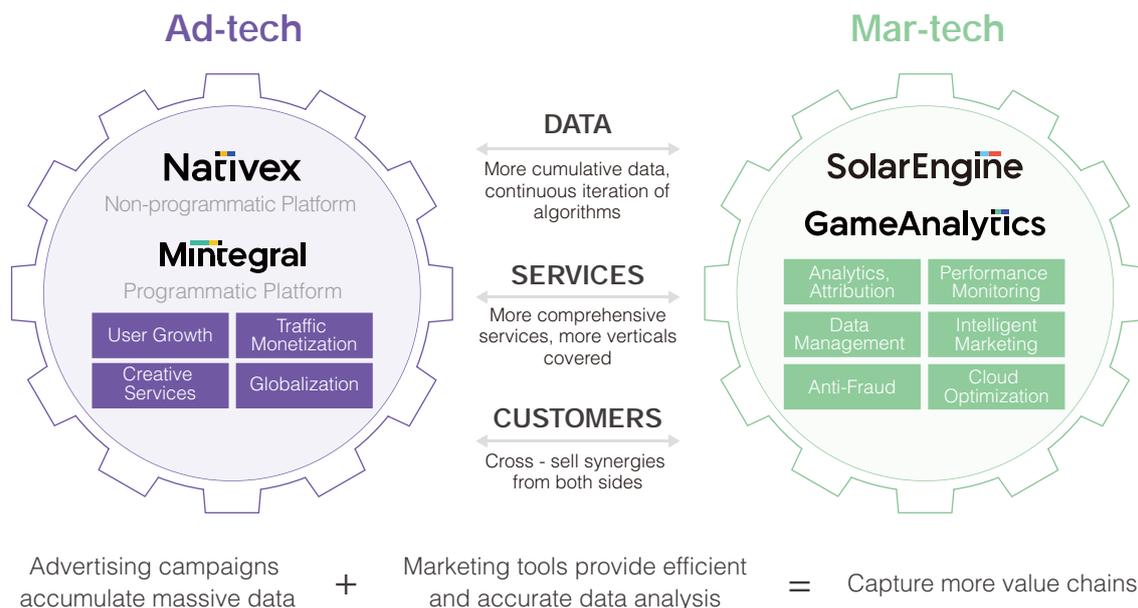
However, in 2022, thanks to the broader implementation of cloud-native technology (such as the MaxCloud-based cloud-native platform) and algorithm optimization, the cost of unit server consumption decreased significantly, reaching around 6% in December 2022. Our short-term goal is to optimize unit server further costs to 5% by the end of 2023. Moving forward, we will continue to focus on the following: 1) Optimizing the underlying cloud-native platform by implementing multi-cloud scheduling and introducing new types of computing power (such as ARM) to reduce resource usage costs; and 2) Personalized computing power technology first identifies effective traffic, evaluates its value, and then allocates computing power based on the traffic's value hierarchy. This approach will help us further reduce cloud computing expenses, ensuring that the growth rate of our cloud computing costs is lower than that of our revenue growth and that the marginal cost steadily declines.

VI. Medium and Long-term Development Strategy and Outlook of the Company

Future strategy: Building an ecosystem driven by dual-flywheel of Ad-tech and Mar-tech

Following our vision of "Be the Bridge", we hope to build a bridge between the East and West markets by creating an ecosystem driven by the dual-flywheel of Ad-tech and Mar-tech and be a global connector and promoter. Ad-tech leverages the Mintegral platform at its core, linking advertisers and traffic publishers through its programmatic platform and accumulating a large amount of advertising campaign data. Mar-tech utilizes SolarEngine at its core, providing various value-added services, including creative optimization, comparative analysis of ROI among channels, data insight, marketing automation, cloud cost optimization, etc., in the form of SaaS tools. Ad-tech and Mar-tech not only jointly cover the entire digital marketing chain of customers but also have a strong synergy effect through data.

Figure 24: Future strategy of Mobvista



Source: Mobvista Inc.

In the wave of globalization and digitalization, the “dual-flywheel driven ecosystem” we are building is the “new digital infrastructure” in the mobile internet era, which will help more companies, especially small and medium-sized companies, to overcome the bottleneck of digital growth. We work with companies to reach a broader global market, from promotion, monetization, and data insights to cloud architecture and cost optimization, achieving exceptional growth for our customers and Mobvista.

6.1. Continuously strengthen the competitive advantage of the Mintegral platform in the Ad-tech field

Algorithms and creativity are combined to improve product and technical strength continuously. As a programmatic platform, algorithm technology is the core driving force of Mintegral’s long-term growth, especially at the intersection of algorithm and creativity, which will lead to qualitative changes in marketing performance. To better help developers achieve global growth, Mintegral combines creativity with algorithms and continuously invests in dynamic creative optimization. As each ad request filters ads, the algorithm will automatically optimize creative elements that meet the needs of different users according to the user’s behavior preference. Dynamic creative optimization significantly improves user interaction and helps advertisers enhance the efficiency and quality of acquisition.

Data flywheel effects began to work, promoting business expansion across categories. Mintegral initially entered the programmatic advertising market from the field of casual games. With years of hard work, we are already the leader in this field. During this process, Mintegral has gained extensive access to the global programmatic advertising market and accumulated massive data sets on both sides of “traffic-user”. This bilateral accumulation has promoted the flywheel effect of Mintegral’s business. Our business has expanded into more vertical categories, including new categories such as midcore and hardcore games, e-commerce, and tools. The large amount of data samples accumulated can help our algorithm to learn faster and more efficiently, contributing to Mintegral’s cross-category expansion strategy.

6.2. Comprehensively upgrade the product portfolio of SolarEngine, and enhance the service capabilities of Mobvista in Mar-tech

Enrich the product matrix, strengthen the capability to monitor advertising performance, and deliver closed-loop service of purchasing traffic. After acquiring Reyun Data, we quickly built a more complete product matrix to achieve full-spectrum advertising services. With the help of SolarEngine, we are building a full-spectrum marketing technology business that will increase customer value and customer loyalty. These products include pre-launch market insight, multi-channel management, advertising transaction, creative production, performance tracking, channel analysis, creative analysis, and user data management in post-launch. The Mar-tech system data will help Mintegral form a closed cycle with our advertising business, providing feedback for optimization iterations.

We will also open up the domestic purchase traffic market and further implement the global strategy. The Company has been deeply engaged in overseas markets for many years. Currently, 44% of the customers come from China, and 96% of the traffic come from overseas. The acquisition of Reyun Data will help us further expand domestic traffic, realize the globalization strategy, and become one of the few third-party service platforms worldwide to build a multi-regional traffic network at home and abroad. SolarEngine was upgraded based on Reyun and will also launch overseas to provide Chinese and overseas customers with better, more cost-effective SaaS products and services.

6.3. Adhere to the globalization strategy based on the China-to-Global market

As a third-party mobile advertising platform connecting the East and West markets, we are in the current wave of the China-to-Global market and invest greater energy and resources to help enterprises preparing to go overseas to enter overseas markets at a lower cost. The solutions include supporting the introduction of corresponding overseas accelerator plans; making an overseas strategy tour with industry partners to help customers understand the key points of going overseas; integrating the overseas toolkit to empower the growth and commercialization of overseas users and optimizing ROI.

At the same time, we will adhere to the globalization platform strategy, so that platform technology can better serve all markets worldwide (including China). Over the years, the Group has continuously strengthened its brand image in the Asia-Pacific region and its cooperative relationship with customers and potential customers. We are also implementing localization strategies in EMEA and the Americas to expand our market share actively. Currently, the proportion of revenue between overseas and Chinese customers is balanced, which shows our system and ability to serve global customers.

6.4. Adhere to data and privacy protections

Data and privacy protections are crucial to business development and partner relationship management in the mobile advertising industry. As a market-leading mobile advertising platform, the Group always prioritizes data security and privacy protection in our business strategies.

As opposed to using the technology commonly leveraged in the industry that completely relies on IDFA to obtain long-term interest profiles of users, our algorithms for collecting and analyzing the data of mobile internet user behavior rely primarily on contextual information rather than private customer data. We will not identify specific individuals through the collected data, nor do we associate data and information with specific individuals.

At the same time, the core business of the Group, Mintegral open-sourced its SDK and obtained authoritative privacy certificates such as SOC2 Type1 and Type2, SOC3, ISO27001, kidSAFE + COPPA, etc., to continuously verify the effectiveness of products and technologies, build a moat for user data privacy, and protect user rights and interests.

We always insist on being a leader in practising data and privacy protections. We believe that protecting customer data is the backbone of the Company's sound corporate governance and long-term mutual trust with customers. This measure will benefit the Group in the long run.

VII. Testimonials

After years of development, Mobvista has won high praise from customers for its excellent products and services:



Mobile game

Domestic overseas enterprises

Shimmer Games is a Chinese game developer dedicated to creating innovative games for overseas markets.

Shimmer Games Testimonial:

Mintegral is a trusted and valued partner of ours. Their efforts in promoting our App "I Want to Be a Landlord" in Hong Kong and Taiwan have brought in high-quality users, enhancing our game's value and generating substantial revenue for our business. Working with such a professional platform has been a pleasure, and we eagerly anticipate future opportunities for collaboration.

— Mixing

Game Producer at Shimmer Games



Business Review



Hyper-casual games

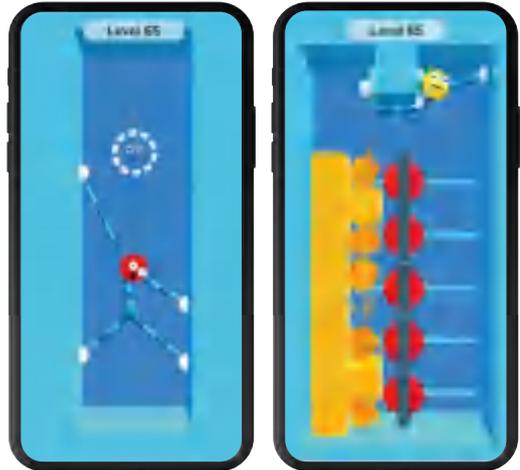
Overseas developers

YSO Corp is a French hyper-casual game publisher and developer.
600+ million downloads
50+ million MAUs

YSO Corp Testimonial:

Mintegral is a very strong user acquisition partner, and we have reached our ROAS goals through their high-quality traffic. They also help us deal with any issues quickly and professionally. We look forward to growing our future partnership with this platform and look forward to future growth. We were surprised to see how much Mintegral helped us boost our monetization efforts for our games, and Mintegral has become one of the most valuable partners worldwide.

— Jean-Claude Yalap
Co-founder of YSO Corp



Hyper-casual games

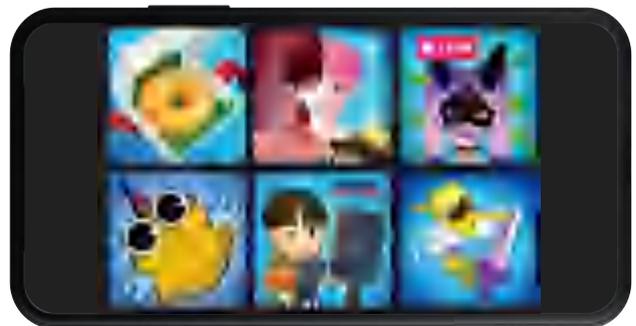
Overseas developers

Supercent is a mobile game publishing studio based in Seoul, South Korea.
A fast-paced, tight-knit team of game enthusiasts. Supercent creates and publishes hyper-casual games inspired by short-form content.

Supercent Testimonial:

With the help of XMP, we have built a robust advertising optimization system that utilizes XMP features such as Creative Reporting, data analysis, and batch creation to break down the barriers between departments and make media buying easier.

— Seyoung Yoon
Head of Growth of Supercent



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

Our business model consists of providing advertising services and a complementary SaaS marketing tool matrix. It is common that customers begin cooperation by leveraging one tool in our matrix, and typically engage with others over time.

For the year ended 31 December 2022, we recorded revenue of US\$894.4 million (corresponding period in 2021: US\$755.4 million), 18.4% higher on a YoY basis. Our revenue comes from the Ad-tech (advertising technology) segment which is centered around Nativex and Mintegral, and the Mar-tech (marketing technology) segment which is centered around SolarEngine (cloud business also integrated into SolarEngine) and GameAnalytics.

1.1. Revenue Model

1) *Ad-tech (advertising technology) segment*

Our advertising technology business revenue typically comes from mobile internet customers, especially mobile App developers which use our platform to promote their products (Apps). Typically, we charge a fee based on the performance of the promotion, that is, an agreed fee per install or download delivered.

2) *Mar-tech (marketing technology) segment*

i. GameAnalytics

The product charges monthly subscription fees based on which automation features and data analytics dimensions are unlocked. Subscription fees range from US\$350 to US\$3,000 per month.

ii. SolarEngine

SolarEngine primarily offers SaaS tools, which is a cloud-hosted software that charge fees based on usage as well as subscriptions.

1.2. Principles of Revenue Recognition

1) *Ad-tech (advertising technology) segment:*

Generally, we charge customers based on the performance of the services provided to them, and are responsible for fulfilling the obligation of advertising performance delivered. Therefore, our advertising technology business revenue recognition principle is generally the gross method;

2) *Mar-tech (marketing technology) segment:*

Our Mar-tech 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. SpotMax business is a consumption-based business model, and we will recognize revenue from the fee charged 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 revenue by type of service for the periods indicated:

	For the Twelve Months ended 31 December				
	2022		2021		YoY Change
	US\$'000	% of Total Revenue	US\$'000	% of Total Revenue	
Ad-tech revenue	881,813	98.6%	752,673	99.6%	17.2%
Mar-tech revenue	12,592	1.4%	2,739	0.4%	359.7%
Total	894,405	100.0%	755,412	100.0%	18.4%

2. Ad-tech (advertising technology) net revenue

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

	2022			2021		
	2022 US\$'000	2022H2 US\$'000	2022H1 US\$'000	2021 US\$'000	2021H2 US\$'000	2021H1 US\$'000
Advertising technology business revenue	881,813	432,656	449,157	752,673	445,386	307,287
– Advertising technology business net revenue ⁽¹⁾	212,125	107,666	104,459	146,212	90,984	55,228

Note:

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

As of 31 December 2022, the Group recorded advertising technology business revenue of US\$881.8 million and advertising technology business net revenue of US\$212.1 million.

3. Revenue from Advertising Technology by Software Platform Business Department

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

	For the Twelve Months Ended 31 December				
	2022		2021		YoY Change
	US\$'000	% of Advertising Technology Business Revenue	US\$'000	% of Advertising Technology Business Revenue	
Mintegral business revenue	825,168	93.6%	575,059	76.4%	43.5%
Nativex business revenue	56,645	6.4%	177,614	23.6%	-68.1%
Total advertising technology business revenue	881,813	100.0%	752,673	100.0%	17.2%

As of 31 December 2022, we recorded advertising technology business revenue of US\$881.8 million (corresponding period in 2021: US\$752.7 million), 17.2% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US\$825.2 million, accounting for 93.6% of the advertising technology business revenue. Revenue from the Nativex platform was US\$56.6 million, accounting for 6.4% of advertising technology business revenue.

During the Reporting Period, the revenue of Nativex platform decreased by 68.1% to US\$56.6 million (corresponding period in 2021: US\$177.6 million). The decrease is primarily due to our top media agency business being divested during the Reporting Period.

At the same time, benefiting from the Group's transformation strategy, 2022 Mintegral's scale-priority development strategy, and various factors such as the intensified scale effect and platform effect of the Mintegral platform, Mintegral platform revenue achieved an increase of 43.5% on a YoY basis to US\$825.2 million (corresponding period in 2021: US\$575.1 million).

Although the Group withdrew from the top media agency business from March 2022, the affiliates marketing business in Nativex has a good cash flow and is a stable source of profit for the Group; Therefore the Group will continue to develop this business. In addition, the industry which our programmatic business centered around Mintegral lies in, has grown rapidly with a relatively large addressable market. And we have leading technology in the industry, Mintegral's business grows fast and maintain healthy cash flow, which will become the key business of the Group.

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\$825.2 million (corresponding period in 2021: US\$575.1 million), a YoY increase of 43.5% compared to 2021. The first, second, third and fourth quarters of 2022, recorded revenue of US\$200.1 million, US\$210.6 million, US\$199.3 million and US\$215.2 million with a change of 5.1%, 5.2%, -5.4% and 8.0% from the prior period, respectively.

In addition, in order to further capture market share, establish first-mover advantages and strengthen the economics of scale, the Group regards the growth of platform scale and the expansion of multiple vertical categories as medium-term strategic goals. During the Reporting Period, the results of these strategic objectives have gradually emerged.

	Mintegral Platform Business Revenue (US\$'000)	Chain Growth Rate	YoY Growth Rate
2022H2	414,468	0.9%	18.3%
2022Q4	215,166	8.0%	13.0%
2022Q3	199,302	-5.4%	24.6%
2022H1	410,700	17.2%	82.8%
2022Q2	210,595	5.2%	64.1%
2022Q1	200,105	5.1%	107.7%

- 1) Further information on customers whose Mintegral platform revenue contribution more than US\$100,000⁽¹⁾.

We define customers as the subjects that generate revenue in a specific period of time.

We have counted the number of scaled enterprise customers that contributed more than US\$100,000⁽¹⁾ in revenue in the past twelve months. These scaled enterprise customers generally contribute majority of the revenue of the Mintegral platform. They have consistent spend and platform stickiness, which promotes the expansion of the platform scale and improves the economic leverage of the platform.

As of the trailing twelve months ended 31 December of 2021 and 2022, there were 267 and 390 scaled enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US\$100,000⁽¹⁾.

	31 December 2022 ⁽²⁾	30 September 2022 ⁽²⁾	30 June 2022 ⁽²⁾	31 March 2022 ⁽²⁾	31 December 2021 ⁽²⁾
The number of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾	390	361	320	288	267
Total revenue of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾ (US\$'000)	771,082.7	761,307.8	735,980.2	663,882.9	561,838.5
Average revenue contribution of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾ (US\$'000)	1,977.1	2,108.9	2,299.9	2,305.1	2,104.3
Proportion of Mintegral platform revenue of the customers that contributed more than US\$100,000 ⁽¹⁾	93.4%	95.1%	96.7%	97.8%	97.7%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾	-6.0%	19.0%	50.6%	64.9%	50.8%

Notes:

- (1) In the table and above, "more than US\$100,000" means US\$100,000 or more.
- (2) A date indicated in the table refers to the trailing twelve-month ended 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 the number of customers in the previous statistical period which 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-month as of 31 December 2021, the retention rate of customers with revenue contributions of more than US\$100,000⁽¹⁾ for the twelve-month as of 31 December 2022 was 96.3%, and the dollar-based net expansion rate⁽²⁾ was 125.1%. The details are as follows:

	Overall retention
The number of retained customers ⁽⁵⁾ for the current period ⁽³⁾ with revenue contribution of more than US\$100,000	343
The number ⁽⁵⁾ of customers for the base period ⁽⁴⁾ with revenue contribution of more than US\$100,000	356
Customer retention rate with revenue contribution of more than US\$100,000	96.3%
Dollar-based net expansion rate ⁽²⁾	125.1%

Notes:

- (1) In the table and above, "more than US\$100,000" means US\$100,000 or more.
- (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-month as of 31 December 2022.
- (4) Base period: twelve-month as of 31 December 2021.
- (5) The number of customers includes the customers whose base period was micro-sized customer, but revenue contribution in the current period exceeds US\$100,000.

- 3) Customers whose Mintegral platform revenue contribution exceeded US\$100,000, 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 (i.e. US\$1 million > revenue contribution ≥ US\$100,000), between US\$1 million and US\$10 million (i.e. US\$10 million > revenue contribution ≥ US\$1 million), and US\$10 million or more (i.e. revenue contribution ≥ US\$10 million) in the past twelve months. According to the scale of revenue contribution, we define them as small-sized enterprise customer, medium-sized enterprise customer and large-sized enterprise customer. 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 customer.

For the twelve months ended 31 December 2022, the number of customers including small-sized enterprise customers (i.e. US\$1 million > revenue contribution ≥ US\$100,000), medium-sized enterprise customers (i.e. US\$10 million > revenue contribution ≥ US\$1 million) and large-sized enterprise customers (i.e. 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	251	114	18
Total customer revenue (US\$'000)	81,865	289,650	388,230
Average revenue contribution of customers (US\$'000)	326	2,541	21,568
Percentage of Mintegral revenue	9.9%	35.1%	47.0%

- 4) Retention of customers whose Mintegral platform revenue contribution exceeded US\$100,000, divided by revenue scale

We have calculated the retention rates of customers of different revenue scale. By comparing the two consecutive twelve-month statistical periods, we have calculated the number of enterprise customers of different revenue scale in the previous statistical period that were considered as 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 scale and dollar-based net expansion rate, we can understand the internal growth of the business. In addition, the number of our customers in each group may be adjusted based on acquisitions, mergers, spin-offs and other market activities.

		Data for the 12 months period as of 31 December 2022 and 31 December 2021
Small-sized enterprise customer (US\$1 million > Revenue contribution ≥ US\$100,000)	Number of customers retained in the current period ⁽²⁾	173
	Number of customers in the base period ⁽³⁾	185
	Customer retention rate	93.5%
	Dollar-based net expansion rate ⁽¹⁾	154.8%
Medium-sized enterprise customer (US\$10 million > Revenue contribution ≥ US\$1 million)	Number of customers retained in the current period ⁽²⁾	71
	Number of customers in the base period ⁽³⁾	72
	Customer retention rate	98.6%
	Dollar-based net expansion rate ⁽¹⁾	138.4%
Large-sized enterprise customer (Revenue contribution ≥ US\$10 million)	Number of customers retained in the current period ⁽²⁾	10
	Number of customers in the base period ⁽³⁾	10
	Customer retention rate	100.0%
	Dollar-based net expansion rate ⁽¹⁾	87.0%

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-month as of 31 December 2022.
- (3) Base period: twelve-month as of 31 December 2021.

3.1.2. Main operational data

Quarter-to-quarter change	2022Q4	2022Q3	2022Q2	2022Q1
Cooperating traffic publishers ⁽¹⁾ retention rate	94.9%	95.2%	92.2%	93.5%
Changes in the number of new cooperating traffic publishers	16.6%	15.8%	19.0%	16.7%
Changes in the number of new cooperating traffic Apps	23.5%	23.6%	28.2%	26.2%

Note:

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

At the end of the Reporting Period, the publishers that Mintegral worked with were well retained and continued to grow. The quarter-on-quarter retention rates of cooperative publishers in 2022Q4 and 2022Q3 are 94.9% and 95.2% respectively, and the quarter-on-quarter growth of new cooperative publishers is 16.6% and 15.8% respectively; and the number of cooperative Apps increased by 23.5% and 23.6% quarter-on-quarter.

4. Revenue from Mintegral’s Business by Mobile App Category

The following table sets forth a breakdown of revenue from Mintegral platform business by mobile App category⁽¹⁾ for the periods indicated:

	For the Twelve Months Ended 31 December				
	2022		2021		YoY Change
	US\$'000	% of Mintegral platform business revenue	US\$'000	% of Mintegral platform business revenue	
Game	630,704	76.4%	444,238	77.3%	42.0%
E-commerce	48,777	5.9%	49,462	8.6%	-1.4%
Social and content	66,419	8.0%	54,736	9.5%	21.3%
Lifestyle	19,050	2.3%	12,131	2.1%	57.0%
Utility	34,449	4.2%	8,457	1.5%	307.3%
Others	25,769	3.2%	6,035	1.0%	327.0%
Total revenue from Mintegral platform business	825,168	100.0%	575,059	100.0%	43.5%

Note:

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

During the Reporting Period, the game category recorded revenue of US\$630.7 million (corresponding period in 2021: US\$444.2 million), a YoY increase of 42.0%, accounting for 76.4% of Mintegral’s revenue. During the Reporting Period, the Group continued to strengthen the synergies between GA and the 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. At the same time, the casual games that have already cooperated with us continued to increase their activity on the Mintegral platform, led to a steady climb in revenue from casual/hyper-casual games. In addition, the Group continued to grow the midcore and hardcore game segments. During the Reporting Period, the revenue contribution from medium and heavy game enterprise customers had a big breakthrough, up 132.0% in 2022 compared with 2021, which has accelerated the rapid growth of Mintegral’s game category revenue.

The e-commerce recorded revenue of US\$48.8 million (corresponding period in 2021: US\$49.5 million), a YoY decrease of 1.4%, accounting for 5.9% of Mintegral's business revenue.

The social and content category has grown substantially by 21.3% to US\$66.4 million (corresponding period in 2021: US\$54.7 million), this increase is primarily due to the increasing demand of some medium to large scale enterprise customers in China and the Asia-Pacific within the social and content category to go overseas, which resulted in accelerating growth of their budget allocated to the Mintegral platform.

The utility category recorded revenue of US\$34.4 million (corresponding period of 2021: US\$8.5 million), a YoY increase of 307.3%. The increase was primarily driven by the strong demand from Chinese customers in the small and medium-sized utility category aiming for global expansion of their business.

During the Reporting Period, the Group continued to improve the vertical 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 our Advertising Technology Business by Geography

The following table sets forth a breakdown of revenue from our advertising technology business by geography⁽¹⁾ for the periods indicated:

	For the Twelve Months Ended 31 December				
	2022		2021		YoY Change
	US\$'000	% of Advertising Technology Business Revenue	US\$'000	% of Advertising Technology Business Revenue	
China ⁽²⁾	296,837	33.7%	265,749	35.3%	11.7%
EMEA ⁽³⁾ and Americas ⁽⁴⁾	380,062	43.1%	328,966	43.7%	15.5%
Asia-Pacific ⁽⁵⁾	191,382	21.7%	145,746	19.4%	31.3%
Other regions ⁽⁶⁾	13,532	1.5%	12,212	1.6%	10.8%
Total advertising technology business revenue	881,813	100.0%	752,673	100.0%	17.2%

Notes:

- (1) The regions classified in the table refer to the location of our advertisers' main business departments.
- (2) Includes the PRC, Hong Kong, Macau and Taiwan.
- (3) Includes the United Kingdom, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.
- (4) Mainly includes the United States, Canada, Mexico, Brazil, Argentina, Chile and Colombia.
- (5) Other major 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 our advertising technology revenue was diversified. Among these, EMEA and the Americas accounted for a large proportion, China remained stable, and the rest of the world accounted for a relatively small proportion.

Among these, EMEA and the Americas are the largest sources of income, with a total revenue of US\$380.1 million (corresponding period of 2021: US\$329.0 million), accounting for 43.1% of advertising technology business revenue (among them, the Americas and the Middle East contributed to the revenue of advertising technology business 8% and 14% respectively). The share of revenue of the Ad-tech business remained basically stable. The revenue growth in EMEA and Americas is primarily due to the gradual enhancement of the Group's technology and the scale of traffic delivered in the casual game category, and casual game enterprise customers in the EMEA region continue to increase activity in the Mintegral platform leading to an increase of the number of large enterprise customers in the EMEA region. Moreover, the increase in the activity of large enterprise customers has fostered the growth of revenue in the EMEA region.

China is the second largest source of income, with revenue of US\$296.8 million (the same period in 2021: US\$265.7 million), an increase of 11.7% on a YoY basis, and the proportion of its contribution to the advertising technology business revenue has decreased to 33.7%. The revenue growth in China during the Reporting Period primarily stemmed from the lift in demand from Apps of the Chinese social and content category to advertise in overseas markets, which in turn attracted more small and medium-sized customers to use our services. This trend has fostered the rapid growth of the business of Mintegral in China as well.

In addition, revenue in Asia-Pacific has grown significantly to US\$191.4 million (corresponding period of 2021: US\$145.7 million), a YoY increase of 31.3%, and its contribution to advertising technology business revenue has increased slightly. The growth in revenue from Asia-Pacific was primarily due to: 1) during the Reporting Period, the revenue of Mintegral business from customers in Asia-Pacific increased rapidly due to the gradual enhancement of the platform's technical capabilities and scale of traffic in the casual game category, and the continuous increase in the number of customers and the size of game enterprises in Asia-Pacific; 2) due to the Group's continuous expansion in the e-commerce field in Asia-Pacific, 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 Asia-Pacific.

6. Revenue from our Marketing Technology Business by type

We divided our marketing technology business in 2022 into four revenue categories: statistics and analysis, creative, advertising, and cloud computing optimization. Among them, statistics and analysis have the highest proportion, accounting for 54.4% of the total revenue of marketing technology.

	Statistics and Analysis US\$'000	Creative US\$'000	Advertising US\$'000	Cloud Computing Optimization US\$'000	Total US\$'000
Revenue	6,848	2,993	2,405	346	12,592
% of marketing technology business revenue	54.4%	23.8%	19.1%	2.7%	100%

Cost of Sales

During the Reporting Period, our cost of sales increased by 13.2% YoY to US\$717.4 million (corresponding period in 2021: US\$633.5 million). The increase primarily comes from the advertising technology business, and is mostly due to the cost associated with increasing the scale of traffic.

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

	For the Twelve Months Ended 31 December				
	2022 US\$'000	% of respective business revenue	2021 US\$'000	% of respective business revenue	YoY Change
Ad-tech	713,311	80.9%	632,955	84.1%	12.7%
Traffic cost	669,688	75.9%	606,461	80.6%	10.4%
Other business cost	43,623	4.9%	26,494	3.5%	64.7%
Mar-tech	4,065	32.3%	535	19.5%	659.8%
Mar-tech business cost	4,065	32.3%	535	19.5%	659.8%
Total	717,376	80.2%	633,490	83.9%	13.2%

Management Discussion and Analysis

The main costs of advertising technology business include traffic costs and other business costs, with server costs being the primary component of the latter. The increase in server costs and traffic costs is primarily due to the expansion of the advertising technology platform.

The increase in marketing technology business costs is primarily due to: 1) data analytics business revenue increases, resulting in the corresponding increase in operation and maintenance costs; 2) Reyun Data began to be consolidated from December 2021.

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 Twelve Months Ended 31 December				
	2022		2021		YoY Change
	Gross profit US\$'000	Gross profit margin	Gross profit US\$'000	Gross profit margin	
Ad-tech (Advertising technology)	168,502	19.1%	119,718	15.9%	40.7%
Mar-tech (Marketing technology)	8,527	67.7%	2,204	80.5%	286.9%
Total	177,029	19.8%	121,922	16.1%	45.2%

During the Reporting Period, the Group recorded a gross profit of US\$177.0 million (corresponding period in 2021: US\$121.9 million), a YoY increase of 45.2%. Gross profit margin increased to 19.8% (corresponding period in 2021: 16.1%).

Among these, the gross profit of the advertising technology business increased by 40.7% to US\$168.5 million on a YoY basis, with a gross profit margin of 19.1%, which is a significant increase compared to the same period last year. Changes in the gross profit margin of the advertising technology business are primarily caused by: 1) in the first half of 2021, Mintegral's business was affected by the short-term impact of 2020. It adopted an active recovery and expansion strategy in the first half of 2021, resulting in a low gross margin (13.7%). As we began to recover the gradual results in the second half of 2021, and overall, a lower gross margin for the full year 2021 (15.9%); 2) during the Reporting Period, with the rapid growth of the Mintegral business and the enhancement of its algorithm capabilities, the gross profit margin of the platform increased significantly.

The gross profit of the marketing technology business was US\$8.5 million, and the gross profit margin was 67.7%. The primary reason for the change in the gross profit margin of the marketing technology business was due to the acquisition of Reyun Data, which led to changes in the business structure of other marketing technology business.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses increased by 40.3% YoY to US\$66.1 million (corresponding period in 2021: US\$47.1 million). The primary reasons for this increase are: 1) the expansion of new vertical categories of the programmatic advertising business which generates incentive costs and lays the foundation for the long-term rapid growth of the platform's transaction scale; 2) the development of SaaS business which prompted more sales investment.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US\$0.5 million.

R&D Expenditure

During the Reporting Period, our R&D expenses increased by 55.4% YoY to US\$106.9 million (corresponding period in 2021: US\$68.8 million). The increase in R&D expenditures primarily comes from: 1) upgrading our R&D team strength, increasing investment in the scientist, Algorithm Engineer and Cloud Architect teams, and accelerating our high-end R&D talent pool; 2) accelerated investment in R&D during the process of actively expanding into new vertical categories.

In addition, if we combine capitalized R&D expenses with expensed R&D expenditures, total R&D expenditures will be US\$186.1 million, an increase of 64.2% over the same period last year.

The Group continues to firmly believe that R&D and technological advancement are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives. During the Reporting Period, the share-based compensation included in research and development expenditure amounted to US\$7.7 million.

General and Administrative Expenses

During the Reporting Period, our general administrative expenses have increased by 76.7% YoY to US\$48.8 million (corresponding period in 2021: US\$27.6 million). The increase primarily stems from; 1) an increase in labor costs (including the share-based compensation) by US\$6.1 million to US\$25.7 million; 2) general and administrative expenses were at a lower level in 2021 as the Group continued to strengthen its accounts management, resulting in the reversal of bad debt accruals in the previous reporting period. There is no such events in the current year.

Operating expenses

We classify operating expenses into fixed expenses (excluding share-based compensation), variable expenses and share-based compensation. Fixed expenses mainly consist of labour costs (cash), rental expenses, business travel expenses, agency fees, welfare expenses and other daily operating expenses, and we merge the capitalized R&D expenditure and expensed R&D expenditure of labor costs in the current period. In 2022, the fixed expenses fluctuated slightly between quarters due to team restructuring, etc. and reached the lowest level in the fourth quarter of 2022. We expect future quarterly fixed expenses to continue at the same level as the fourth quarter of 2022 and remain relatively stable. Variable expenses are incentive fee directly related to advertising, training cost of advertising platform, asset impairment gains and losses, etc. The variable expenses in 2022 showed a significant decline between quarters, with a 18.5% decrease in the fourth quarter of 2022 compared to the first quarter of 2022. The part of variable expense is expected to decrease further as our advertising platform capabilities progress.

US\$'000	2022Q1	2022Q2	2022Q3	2022Q4	2022
Variable expenses	39,951	39,933	33,632	32,565	146,081
Fixed expenses (excluding share-based compensation)	24,117	22,004	22,115	20,651	88,887
Share-based compensation	2,435	2,434	3,654	3,958	12,481

Profit/(loss) from Operations

During the Reporting Period, our operating profit was US\$2.2 million (corresponding period in 2021: loss of US\$12.4 million). If we exclude the effects of share-based compensation expenses, depreciation and amortization, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and the media planning and procurement business during the Reporting Period, our operating profit increased by 53.6% YoY to US\$36.1 million (corresponding period in 2021: US\$23.5 million).

We split the 2022 profit profile between quarters, with Adjusted EBITDA rising significantly from quarter to quarter as platform capacity improved. Adjusted EBITDA of the fourth quarter of 2022 accounting for 52.2% of the full year.

Quarterly net profit, adjusted EBITDA

US\$'000	2022Q1	2022Q2	2022Q3	2022Q4	2022
Adjusted EBITDA	1,137	4,687	11,462	18,849	36,135
Net Profit	30,940	-9,290	-13,266	1,806	10,190

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 52, which has decreased compared to the previous year without considering assets held for sale. During the Reporting Period, the Group has always held a high value in trade receivable management, and most of the trade receivables of the Group's business could basically be collected within agreed upon terms.

(Unit: Days)	Total trade receivable turnover days
2022 ⁽¹⁾	52
2021 (including assets held for sale)	102
2020	124

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Trade payables turnover days

During the Reporting Period, the Group's overall trade payables turnover days was 90 days. A relatively stable level was also maintained over the past three years.

(Unit: Days)	Total trade payables turnover days
2022 ⁽¹⁾	90
2021 (including assets held for sale)	84
2020	82

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Net Cash Flow from the Operating Activities

During the Reporting Period, as the share of Mintegral business revenue continued to increase, the Group strategically divested the Nativex business which occupies more operating cash flow. At the same time, management of accounts receivable continued to be strengthened. In the second half of 2022, we launched a credit system to unified review and management of credit lines (credit lines refer to the maximum amount that a customer can postpay). We replaced manual controls with the system's capability to manage our customers by group, approve customers' credit lines, monitor the use of the credit lines, automate the collection and also raise alerts when new risks are found. We have greatly enhanced the control of our account receivables with a better company cash flow. During the Reporting Period, the amount of cash flow generated by the Group's operating activities was US\$97.9 million, a year-on-year increase of 130.4% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly.

	For the Twelve Months Ended 31 December		
	2022 US\$'000	2021 US\$'000	YoY Change
Net cash flow from the operating activities	97,889	42,479	130.4%

Finance Costs

During the Reporting Period, our financial costs increased by 20.8% to US\$5.3 million on a YoY basis (corresponding period in 2021: US\$4.4 million).

Income Tax

During the Reporting Period, we received tax expense of US\$1.0 million (corresponding period in 2021: tax benefits of US\$6.0 million).

Profit/(loss) Attributable to Equity Holder of the Company

During the Reporting Period, the profit attributable to equity shareholders of the Company was US\$15.0 million (corresponding period in 2021: loss of US\$25.0 million), after taking in account the gain on disposal of subsidiaries and the media planning and procurement business of US\$48.8 million (corresponding period in 2021: nil)

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 profit/(loss), 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 and adjusted net profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

	For the Twelve Months Ended 31 December				
	2022		2021		YoY Change
	US\$'000	% of Total Revenue	US\$'000	% of Total Revenue	
Profit/(loss) from operations	2,245	0.3%	(12,356)	-1.6%	118.2%
Add back:					
Depreciation and amortization	61,561	6.9%	29,049	3.9%	111.9%
EBITDA	63,806	7.1%	16,693	2.2%	282.2%
Add back:					
Share-based compensation ⁽¹⁾	12,481	1.4%	5,836	0.8%	113.9%
Restructuring expenses of R&D team ⁽²⁾	1,347	0.2%	—	—	—
Attorney expenses of acquisition of Reyun Data ⁽³⁾	619	0.1%	—	—	—
Foreign exchange loss ⁽⁴⁾	5,449	0.6%	—	—	—
Investment loss from financial assets at fair value through profit or loss ⁽⁵⁾	1,211	0.1%	1,004	0.1%	20.6%
Gain on disposal of subsidiaries and top media agency business ⁽⁶⁾	(48,778)	-5.5%	—	—	—
Adjusted EBITDA⁽⁷⁾	36,135	4.0%	23,533	3.1%	53.6%
Profit/(loss) for the period	10,190	1.1%	(24,764)	-3.3%	141.1%
Add back:					
Share-based compensation ⁽¹⁾	12,481	1.4%	5,836	0.8%	113.9%
Investment loss from financial assets at fair value through profit or loss ⁽⁵⁾	1,211	0.1%	1,004	0.1%	20.6%
(Gain)/loss from change in fair value of derivative financial liabilities ⁽⁸⁾	(14,183)	-1.6%	13,979	1.9%	201.5%
Adjusted net profit/(loss)⁽⁹⁾	9,699	1.1%	(3,945)	-0.5%	345.8%

Management Discussion and Analysis

Notes:

- (1) Share-based compensation are expenses arising from granting RSU and share options to selected executives and employees, the amount of which are non-cash in nature and commonly excluded in similar non-IFRS measures adopted by other companies in our industry.
- (2) Restructuring expenses of R&D team are employee termination costs for upgrading our research and development team strength, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.
- (3) Attorney expenses of acquisition of Reyun Data are service fees paid to lawyers relating to our acquisition of Reyun Data, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.
- (4) Foreign exchange loss is loss arising from exchange differences on translation of foreign currency monetary accounts. Foreign exchange loss may not directly correlate with the underlying performance of our business operations.
- (5) Investment loss from financial assets at fair value through profit or loss arises from fair value change of certain investments held by the Group, which was recognized at fair value change through profit or loss. Such investment loss is not directly related to our principal operating activities.
- (6) Gain on disposal of subsidiaries and top media agency business is the disposal gain arising from the business restructuring of the Group, which is an one-off gain and may not directly correlate with the underlying performance of our business operations.
- (7) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.
- (8) (Gain)/loss from change in fair value of derivative financial liabilities is (gain)/loss arising from the fair value remeasurement of the derivative component of convertible bonds. Such changes are not directly related to our principal operating activities.
- (9) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA of the Group was US\$36.1 million (corresponding period in 2021: US\$23.5 million), which has increased by 53.6% YoY, and the adjusted net profit was US\$9.7 million (corresponding period in 2021: loss of US\$3.9 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands. As of 31 December 2022, the Company's authorized share capital US\$100,000,000 was divided into 10,000,000,000 ordinary shares of US\$0.01 each. As of 31 December 2022, the number of issued Shares of the Company was 1,636,620,164, which have 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 2022, our total assets were US\$602.1 million (31 December 2021: US\$747.0 million), while our total liabilities were US\$354.0 million (31 December 2021: US\$387.6 million). The gearing ratio (total liabilities divided by total assets) has risen to 58.8% (31 December 2021: 51.9%).

We operate our business internationally and the major currencies of the receipt of our payments and the payments we make are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in 2022 is 1.2%–7.3% (corresponding period in 2021: 1.20%–4.35%).

Liquidity and 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 2022, our cash and cash equivalents amounted to US\$105.7 million (31 December 2021: US\$160.3 million). As of 31 December 2022, our bank loans balance amounted to US\$45.6 million (31 December 2021: US\$59.3 million), where 7.8% were at fixed interest rates. Bank loans of US\$44.1 million were denominated in US dollar, and US\$1.5 million were denominated in Chinese Yuan. The remaining maturity for the above bank loans is less than one year. The Group does not have seasonal borrowing requirements.

Capital Expenditure

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

	For the Twelve Months Ended 31 December	
	2022 US\$'000	2021 US\$'000
Property, plant and equipment	738	564
Intangible assets and development costs	79,571	54,755
Total	80,309	55,319

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 the acquisition agreements, respectively, pursuant to which the Company has conditionally agreed to acquire and the Vendors A and Vendors B have conditionally agreed to sell in aggregate 100% equity interest in Reyun Data. As of 31 December 2022, the Company and all Vendors B (who own approximately about 52.13% equity in Reyun Data) and part of Vendors A (who own a total of about 14.01% equity in Reyun Data) entered into certain supplemental agreements to adjust the acquisition consideration.

As of 31 December 2022, the acquisition of approximately 66.14% equity interest of Reyun Data has been completed by the Group. The Company is still under negotiation with the remaining Vendors A to adjust and agree on the remaining portion of the acquisition consideration.

For further details, please refer to the Company’s announcement dated 28 April 2021, 11 May 2021, 17 September 2021, 27 October 2021, 29 November 2021, 26 January 2022 and 6 June 2022, respectively.

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

On 17 November 2021, nine subsidiaries of the Company, as transferors, entered into the business restructuring agreement with Zhuhai Huiliang Investment Holdings Company Limited and Marketlogic Technology Limited, as transferees, Seamless and Guangzhou Huiliang Marketing Technology Company Limited, 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 (the “**Target Business**”), for the consideration of US\$100,352,000.

The consideration was satisfied by Seamless by way of transfer a total of 102,453,613 issued Shares to the RSU Schemes, which have been added to the share pools under the RSU Schemes.

Completion of the restructuring took place on 3 March 2022, and Guangzhou Huiliang Marketing ceased to be a subsidiary of the Company.

As disclosed in the circular of the Company dated 31 January 2022, the transferees agreed to return to the Company other payables as at completion on a dollar-for-dollar basis by cash. During the Reporting Period, the Group received receivables of US\$21,395,000 returned from the transferees.

Furthermore, pursuant to the business restructuring agreement, the transferors shall transfer all relevant business contracts under the media planning and procurement business to the transferees in the manner set out therein and to the satisfaction of the transferees. Subsequent to the completion of the disposal of the Target Business on 3 March 2022, the Group continued collecting receivables and settling payables arising from certain legacy business contracts with third parties customers or suppliers on behalf of the transferees due to the unwillingness of some third parties customers or suppliers to cooperate with the transfer of relevant business contracts in a timely manner.

As the receivables and payables mentioned above were incurred from contractual obligations before the business restructuring, and will continually be incurred before the completion of transfer or contractual obligations of the relevant contracts, the transferees and the Group agreed to settle the amounts aforesaid and subsequent amounts on a net basis after all the contractual obligations have been completed.

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

Save as the above disclosure, there were no significant investments held by the Group, nor any, material acquisitions and disposal of subsidiaries, associates and joint ventures by the Group, during the Reporting Period.

Charges on Group's Assets

As at 31 December 2022, except for the restricted cash of US\$4.8 million pledged for the bank loan, a facility of US\$75 million from Hongkong and Shanghai Banking Corporation Limited were secured by charged cash in bank accounts of certain subsidiaries of the Group, by charged shares of certain oversea subsidiaries of the Group, by pledged shares in certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group.

Save as the above disclosure, none of the Group's assets were charged to any parties or financial institutions.

Specific Performance Obligation on Mr. Duan Wei as a Controlling Shareholder

On 10 March 2022, the Company, as borrower, and the Hongkong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement, pursuant to which the lender agreed to provide the Company non-revolving loan facilities of up to US\$75 million.

Under the facility agreement, if Mr. Duan Wei and Mr. Cao Xiaohuan 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 canceled and all outstanding amounts accrued under the facilities shall become immediately due and payable.

According to the facility agreement, the final repayment date is the date falling 364 days from the date of the facility agreement, except that the term of US\$40 million of the facilities is extendable for further two years. For further details, please refer to the Company's announcement dated 10 March 2022.

Material Investments or Future Plans for Major Investment

As of 31 December 2022, the Group did not hold any material investment and had no specific plan for material investments or capital assets, except for the acquisition of the non-controlling interest of Reyun Data mentioned above.

Contingent Liabilities and Financial Guarantees

As of 31 December 2022, there was no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As of 31 December 2022, after the acquisition of Reyun Data, the Group had 17 offices around the world, with 777 full-time employees (31 December 2021: 925 employees (833 if exclude employees in the top media agency business)), primarily based in the headquarter in Guangzhou, China. We had 491 employees engaged in R&D activities, accounting for 63.2% of total full-time employees. The number of employees employed by the Group is subject to change from time to time based on needs, and employee salaries are determined with reference to market conditions and the performance, qualification and experience of individual employees.

In order to nurture and retain talent, the Group has formulated systematic recruitment procedures and offers competitive benefits and training opportunities. The remuneration policy and packages are reviewed on a regular basis. Employees will be evaluated according to their appraisals, which in turn determine their performance bonus and share awards.

Foreign Exchange Risk Management

We operate our business internationally and the major currencies of receipt of our payments and the payments we make are denominated in US dollars. We are exposed to non-US dollar currency risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency. The Group manage foreign exchange risk by performing regular reviews of our foreign exchange exposure, and has not established any financial instruments to hedge against risks related to interest rate and exchange rate fluctuations.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS

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

Name	Age	Position	Date of Appointment
Mr. DUAN Wei	37	Executive Director and chairman of the Board	16 April 2018
Mr. CAO Xiaohuan	37	Executive Director	16 April 2018
Mr. FANG Zikai	38	Executive Director	13 June 2018
Mr. SONG Xiaofei	36	Executive Director	31 March 2021
Mr. WONG Tak-Wai	46	Non-executive Director	19 February 2021
Mr. HU Jie	47	Independent non-executive Director	31 October 2018 <i>(resigned on 17 April 2023)</i>
Mr. SUN Hongbin	47	Independent non-executive Director	7 July 2020
Ms. CHEUNG Ho Ling Honnus	51	Independent non-executive Director	13 May 2022
Mr. WONG Ka Fai Jimmy	54	Independent non-executive Director	17 April 2023

Executive Directors

Mr. DUAN Wei (段威)

Mr. Duan, aged 37, 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 37, joined the Group in 2014. He is one of our co-founders, an executive Director and the chief executive officer of the Company and is mainly responsible for overall management of the operations of the Group. He serves as director of various subsidiaries of the Company.

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

Profile Of Directors and Senior Management

Mr. FANG Zikai (方子愷)

Mr. Fang, aged 38, joined the Group in 2015. He is an executive Director and the chief product officer of the Company, primarily responsible for product research and the management of the advertising business line of the Group.

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

Mr. SONG Xiaofei (宋笑飛)

Mr. Song, aged 36, 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 the 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 Director

Mr. WONG Tak-Wai (黃德煒)

Mr. Wong, aged 46, 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 13 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 on the Stock Exchange (stock code: 2168)) since April 2017 and was appointed as the chairman of the Board of AirPower Technologies Limited (a merged company of Yingde Gases Group Company Limited and Baosteel Gas LLC.) in Apr 2021. 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. HU Jie (胡杰)

Mr. Hu, aged 47, was appointed as an independent non-executive Director of our Group in October 2018 and resigned on 17 April 2023. 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 economics from Jinan University in 2000.

Mr. SUN Hongbin (孫洪斌)

Mr. Sun, aged 47, 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.

Ms. CHEUNG Ho Ling Honnus (張可玲)

Ms. CHEUNG, aged 51, was appointed as an independent non-executive Director of our Group in May 2022. Ms. CHEUNG is responsible for providing independent advice and judgment to our Board.

Ms. CHEUNG has over 20 years of working experience, specializes in building operations, providing financial leadership and spearheading mergers and acquisitions and fundraising across the global media, mobile, e-commerce, internet and fintech industries and has expertise in digital transformation, environmental, social and governance (ESG), finance, and start-up topics.

Ms. CHEUNG is the co-founder and the current chief strategy officer of Mojodomo Group, a financial technology startup. She is primarily responsible for fundraising and providing strategic direction to expand Mojodomo Group’s business in Asia. Since August 2022, Ms. CHEUNG has been an independent non-executive director of STELUX Holdings International Limited (Stock code: 0084). From 2017 to March 2021, Ms. CHEUNG was an independent non-executive director and the chairman of the audit committee of iClick Interactive Asia Group Limited (NASDAQ: ICLK), an independent online marketing technology platform, and was primarily responsible for advising its overall direction and strategies covering areas such as investments, finance, governance and products. From September 2007 to July 2019, Ms. CHEUNG was the chief financial officer, Asia of Travelzoo (NASDAQ: TZOO), a global internet media company, and served as its general manager, China from October 2017 to July 2019. She was also the co-owner of Travelzoo Asia and contributed to its establishment. Prior to joining Travelzoo, she was a founding executive of Yahoo Asia and worked as the regional finance director for Yahoo Asia from April 1999 to August 2007. From July 1996 to April 1999, she was a senior auditor, Asia in American Standard Inc. Asia. From January 1993 to July 1996, she was a senior auditor in PricewaterhouseCoopers, Hong Kong. Ms. CHEUNG is a fellow member of the Hong Kong Institute of Certified Public Accountants, Certified Practising Accountants of Australia and the Hong Kong Institute of Directors (HKIoD).

Profile Of Directors and Senior Management

Ms. CHEUNG received her bachelor of commerce degree from the University of Queensland, Australia in 1992 and her master of business administration degree from the Northwestern University — Kellogg School of Management in 2003. Moreover, she obtained the Certificate of Sustainability Leadership from University of Cambridge, Executive Diploma in Corporate Governance and Sustainability Directorship from Hong Kong Institute of Directors and Financial Times Non-Executive Director Diploma in 2018.

Mr. WONG Ka Fai Jimmy (黃家輝)

Mr. WONG, aged 54, has over 20 years of working experience in investment banking. He is responsible for providing independent advice and judgment to our Board.

Mr. WONG spent 14 years at UBS AG, Hong Kong Branch between 2006 and 2020. He became a Managing Director in 2011, and served as the Head of Financial Institutions Group, Asia Pacific from 2015 to 2020. In his role, he managed a team of over 25 professionals across the APAC region, overseeing corporate finance and mergers and acquisitions advisory transactions. Prior to UBS AG, Mr. WONG worked as an Assistant Director at the Financial Institutions Group, Asia of ABN AMRO Bank NV, Hong Kong Branch from 2003 to 2006, and as an Associate in Telecom & Media Group of Credit Suisse First Boston (Hong Kong) Limited from 1999 to 2002. Before joining the investment banking sector, Mr. WONG was an engineer and worked as product manager for Data Services at Hong Kong Telecommunications Limited from 1992 to 1997.

Mr. WONG received his master's and bachelor's degree of arts from the University of Cambridge in 1997 and 1992, respectively, and his master's degree of business administration from the Australian Graduate School of Management in 1998.

Now Mr. WONG is an adjunct lecturer at the UNSW Business School, University of New South Wales, Australia.

SENIOR MANAGEMENT

Mr. CAI Chao (蔡超)

Mr. Cai, aged 46, 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.

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 2022.

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 committed to providing global customers (in particular Chinese customers aiming for global expansion) with advertising technology service and marketing technology service required for developing mobile internet ecosystem.

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 41 to 64 in this annual report and note 3 to the financial statement.

FIVE YEARS FINANCIAL SUMMARY

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

RESULTS

The financial results of the Group for the year ended 31 December 2022 are set out on pages 119 to 126 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 2022 (31 December 2021: nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2022 is set out as below:

Section(s) in this Annual Report	Sections of the 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 compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report; Report of the Directors

The discussion of the Company's environmental policies and performance for the year ended 31 December 2022 is set out in the Company's 2022 Environment, Social and Governance Report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, the Group's five largest customers in aggregate accounted for approximately 19.1% of the Group's total revenue. The Group's largest customer accounted for 6.1% of the Group's total revenue.

During the year ended 31 December 2022, the Group's five largest suppliers in aggregate accounted for approximately 22.9% of the Group's total purchase. The Group's largest supplier accounted for 6.4% of the Group's total purchase.

To the best of the knowledge of the Directors, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued 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 2022 are set out in note 10 to the financial statements on pages 167 to 168 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2022 are set out in note 26 to the financial statements on pages 193 to 195 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 2022 are set out on pages 123 to 124 and in note 27 to the financial statements on pages 196 to 199 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's distributable reserves were US\$312,449,000.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, particulars of bank loans and other borrowings of the Company are set out in note 20 and 22 to the financial statements on page 185 to 186 of this annual report.

DONATIONS

The total donations made by the Group during the year ended 31 December 2022 amounted to approximately US\$5,600.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Interests of Directors and Chief Executive in Securities" and "RSU Scheme", at no time during the year ended 31 December 2022 was the Company, any of its subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any body corporate.

DIRECTORS

The Directors during the Reporting Period and up to the 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. SUN Hongbin
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy (*appointed on 17 April 2023*)
Mr. HU Jie (*resigned on 17 April 2023*)

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

Ms. CHEUNG Ho Ling Honnus was appointed as an independent non-executive director of STELUX Holdings International Limited (stock code: 0084) in August 2022. Save for the foregoing, 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 65 to 68.

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, 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.

(b) Non-executive Director

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

(c) Independent non-executive Directors

Mr. HU Jie, as an independent non-executive Director, has 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. Hu Jie resigned as an independent non-executive Director on 17 April 2023.

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

Ms. CHEUNG Ho Ling Honnus, as an independent non-executive Director, has entered into an appointment letter with the Company for an initial term of three years on 13 May 2022 (subject always to re-election as and when required under the Articles of Association) until termination.

Mr. WONG Ka Fai Jimmy, as an independent non-executive Director, has entered into an appointment letter with the Company for an initial term of three years on 17 April 2023 (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 Directors and comparable market statistics. The Company has adopted the Employee RSU Scheme, the Management RSU Scheme and the Share Option Scheme to align the interest of the Directors and employees with that of the Company, and to incentivise them to work towards increasing the value of the Company and its Shares.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in notes 7 and 8 to the financial statements on pages 162 to 164 of this annual report.

Details of the senior management's emoluments of the Group are set out in the corporate governance report on page 107 of this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2022, 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 188 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 2022.

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 2022.

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 2022 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 2022 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 2022. No new business opportunity was informed by them as at 31 December 2022. 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 2022.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2022.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2022, 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⁾	Interest in controlled corporation	1,028,464,229 (L)	62.84%
	Beneficial owner	1,838,000 (L)	0.11%
Mr. CAO Xiaohuan	Interest in controlled corporation	2,875,000 (L)	0.18%
Mr. FANG Zikai	Interest in controlled corporation	2,969,100 (L)	0.18%
	Beneficial owner	300,000 (L)	0.02%
Mr. SONG Xiaofei ⁽²⁾	Interest in controlled corporation	2,492,400 (L)	0.15%

Note:

L: Long Position

- (1) Guangzhou Mobvista, through its wholly-owned subsidiary Seamless, holds 1,028,464,229 Shares of the Company, representing 62.84% of total issued shares. Mr. Duan, Guangzhou Huimao, Horgos Duanshi Pearl River Equity Investment Co., Ltd. and Guangzhou Huihong directly holds 12.94%、17.97%、4.20% and 6.90% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. 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 42.01% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,028,464,229 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 2,492,400 shares which Mr. Song Xiaofei is interested in, 300,000 shares are underlying shares in respect of 300,000 unvested RSUs granted to Mr. Song under the Management RSU Scheme.

(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	RMB372,644,072	Beneficial owner	48,207,872 (L)	12.94%
	Mobvista	RMB372,644,072	Interest in controlled corporation	108,330,551 (L)	29.07%
Mr. CAO Xiaohuan ⁽²⁾	Guangzhou	RMB372,644,072	Beneficial owner	2,410,496 (L)	0.65%
	Mobvista	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 6.90% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. 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% interest in Guangzhou Mobvista, respectively. Horgos Huichun Equity Investment Co., Ltd. is a company wholly-owned by Mr. Cao. The general partner of Guangzhou Huiqian is Mr. Cao, who held 1% interest in Guangzhou Huiqian. The limited partners of Guangzhou Huiqian are Mr. Xi Yuan, Mr. Fang, Mr. WANG Ping and Horgos Duanshi Pearl River Equity Investment Co., Ltd. (a company wholly-owned by Mr. Duan), holding 27.26%, 27.26%, 27.26% and 17.21% interest in Guangzhou Huiqian, respectively. Currently the general partner, namely Mr. Cao, holds the entire voting and disposition power in Guangzhou Huiqian.

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SECURITIES

As at 31 December 2022, 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 our company
Seamless ⁽¹⁾	Beneficial owner	1,028,464,229 (L)	62.84%
Guangzhou Mobvista ⁽¹⁾	Interest in controlled corporation	1,028,464,229 (L)	62.84%
Mr. DUAN Wei ⁽²⁾	Interest in controlled corporation	1,028,464,229 (L)	62.84%
	Beneficial owner	1,838,000 (L)	0.11%
GIC Private Limited	Investment Manager	131,481,000 (L)	8.03%

Notes:

L: Long Position

- (1) Seamless holds 1,028,464,229 Shares in the Company, representing 62.84% of the issued shares. Seamless is wholly-owned by Guangzhou Mobvista. Therefore, Guangzhou Mobvista is deemed to be interested in the 1,028,464,229 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 6.90% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%; Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. 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 42.01% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,028,464,229 Shares which Guangzhou Mobvista is interested in. Apart from that, Mr Duan owns 1,838,000 Shares in the Company directly.

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

RSU SCHEMES

(a) Employee RSU Scheme

We adopted the Employee RSU Scheme on 27 September 2018 and amended on 19 November 2018, 7 December 2020 and 22 February 2022. The purpose of the Employee RSU Scheme is to motivate employees and consultants to contribute to the Group and to attract and retain talent for the future growth of the Group. 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 RSU Scheme at its discretion. On a poll on a matter which is required by the Listing Rules to be approved by shareholders, the trustee shall abstain from voting on the unvested shares held by him/her. The Employee RSU Scheme is a share scheme funded by existing Shares.

Details of the Employee RSU Scheme are as follows:

(1) **Scheme Participants**

Persons eligible to receive RSUs under the Employee RSU Scheme (the “**Employee RSU Eligible Persons**”) include existing employees and consultants of the Company or any of its subsidiaries, excluding persons who are directors, members of senior management and core connected persons of the Company or who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Employee RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Employee RSU Administrator or the Employee RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. The Employee RSU Administrator selects the Employee RSU Eligible Persons to receive RSUs under the Employee RSU Scheme at its discretion.

(2) **Maximum number of underlying shares that may be granted**

At the EGM on 22 February 2022, the shareholders of the Company approved and adopted an increase in the maximum number of underlying shares that may be granted under the Employee RSU Scheme from an aggregate of 79,249,858 Shares to 139,249,858 Shares, representing approximately 8.55% of the issued Share capital of the Company (i.e. 1,627,722,164 Shares) as at the Latest Practicable Date.

(3) **Vesting period for the grant of RSUs**

The vesting period is determined at the discretion of the Employee RSU Administrator. The Employee RSU Scheme does not specify a minimum vesting period.

(4) **Payment on acceptance of the RSUs**

An RSU gives an Employee RSU participant a conditional right when the RSU vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable. Participants are not required to pay any fees in connection with the acceptance of RSUs but are required to pay or deduct any taxes, levies, stamp duties and other expenses applicable to the transfer or sale of Shares.

(5) Maximum entitlement of each participant

There is no specific limitation the maximum entitlement of each participant under the Employee RSU Scheme.

(6) Term of the Employee RSU Scheme

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.

As at 31 December 2022, the Company has granted a total of 120,734,490 RSUs to participants under the Employee RSU Scheme, of which 79,947,482 RSUs had been vested and 20,153,175 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 the Latest Practicable Date, the total number of RSUs available for grant under the Employee RSU Scheme is 32,402,001 Shares (including RSUs that have lapsed and are available for re-granting), representing approximately 1.99% of the Shares in issue (i.e. 1,627,722,164 Shares) as at the Latest Practicable Date.

As at 31 December 2022, here below are the details of the RSUs granted and outstanding under the Employee RSU Scheme:

Participant name/category	Date of grant	Vesting period	Unvested as of 1 January 2022	Granted in the year	Vested in the year	Lapsed in the year	Unvested as of 31 December 2022
Five employees with the highest emoluments	2022 ³	30 October 2022 to 30 December 2022	0	2,760,000	2,760,000	0	0
Other employees	1 December 2019	2 January 2022 to 2 January 2024	533,750	0	143,750	230,000	160,000
	20 January 2020	31 January 2022	22,500	0	22,500	0	0
	1 April 2020	2 January 2022	25,000	0	25,000	0	0
	10 June 2020	31 January 2024 to 31 January 2024	1,777,966	0	423,267	768,639	586,060
	10 September 2020	31 January 2023 to 31 January 2023	80,000	0	40,000	40,000	0
	10 December 2020	2 January 2022 to 2 January 2025	140,000	0	35,000	45,000	60,000
	11 December 2020	2 January 2022 to 30 December 2022	12,503,735	0	12,503,735	0	0
	10 January 2021	30 January 2022	30,000	0	30,000	0	0
	10 March 2021	2 January 2022 to 2 January 2025	79,700	0	31,100	16,100	32,500
	21 June 2021	30 June 2022	80,000	0	80,000	0	0
	1 August 2021	31 January 2022 to 29 July 2022	29,165	0	4,167	24,998	0
	10 September 2021	30 September 2025 to 30 September 2022	54,800	0	0	54,800	0
	10 December 2021	2 January 2022 to 29 April 2022	700,515	0	700,515	0	0
	2022 ³	10 April 2022 to 31 July 2026	0	25,797,033	4,731,258	1,270,502	19,795,273
Total			16,057,131	28,557,033	21,530,292	2,450,039	20,633,833

Note:

1. With respect to the five employees with the highest emoluments, the weighted average closing market price per share immediately prior to the date of vesting in 2022 was HK\$3.98 per share.
2. With respect to other employees, the weighted average closing market price per share immediately prior to the date of vesting in 2022 was HK\$6.21 per share.
3. The grants listed below were made during the year 2022:

Participant name/category	Date of grant	Date of vesting	Granted in the year	Closing market price per share immediately prior to the grant date (HK\$)	Fair value per share on grant date (US\$)
Five employees with the highest emoluments	10 June 2022	30 October 2022	760,000	5.01	0.66
	13 September 2022	30 October 2022	1,000,000	4.82	0.61
	10 November 2022	30 December 2022	1,000,000	4.32	0.53
Other employees	10 January 2022	30 April 2022	1,246,460	6.85	0.86
	22 February 2022	30 June 2022	30,000	6.11	0.77
	22 February 2022	29 July 2022	543,000	6.11	0.77
	22 February 2022	2 January 2023	40,600	6.11	0.77
	22 February 2022	30 June 2023	110,000	6.11	0.77
	22 February 2022	2 January 2024	32,500	6.11	0.77
	22 February 2022	28 June 2024	110,000	6.11	0.77
	22 February 2022	2 January 2025	27,500	6.11	0.77
	22 February 2022	30 June 2025	110,000	6.11	0.77
	10 March 2022	10 April 2022	442,750	5.15	0.67
	10 March 2022	30 November 2022	70,000	5.15	0.67
	10 March 2022	30 November 2023	70,000	5.15	0.67
	10 March 2022	30 November 2024	70,000	5.15	0.67
	10 March 2022	29 November 2025	70,000	5.15	0.67
	11 April 2022	31 May 2022	250,000	5.51	0.68
	10 May 2022	30 June 2022	140,048	4.69	0.58
	10 June 2022	30 October 2022	1,490,000	5.01	0.66
	10 June 2022	2 January 2023	10,000	5.01	0.66
	10 June 2022	31 January 2023	535,500	5.01	0.66
	10 June 2022	30 April 2023	159,755	5.01	0.66
	10 June 2022	2 January 2024	10,000	5.01	0.66
	10 June 2022	31 January 2024	535,495	5.01	0.66
	10 June 2022	30 April 2024	159,752	5.01	0.66
	10 June 2022	2 January 2025	10,000	5.01	0.66
	10 June 2022	31 January 2025	535,478	5.01	0.66
	10 June 2022	30 April 2025	159,750	5.01	0.66
	10 June 2022	2 January 2026	10,000	5.01	0.66
10 June 2022	30 April 2026	118,475	5.01	0.66	
10 July 2022	31 January 2023	200,000	5.26	0.64	
10 July 2022	31 January 2024	200,000	5.26	0.64	
10 July 2022	31 January 2025	200,000	5.26	0.64	
10 July 2022	31 January 2026	200,000	5.26	0.64	

Participant name/category	Date of grant	Date of vesting	Granted in the year	Closing market price per share immediately prior to the grant date (HK\$)	Fair value per share on grant date (US\$)
	10 August 2022	30 September 2022	684,000	4.53	0.56
	10 August 2022	2 January 2023	9,701,075	4.53	0.56
	10 August 2022	30 April 2023	15,255	4.53	0.56
	10 August 2022	31 July 2023	20,000	4.53	0.56
	10 August 2022	30 April 2024	15,255	4.53	0.56
	10 August 2022	31 July 2024	20,000	4.53	0.56
	10 August 2022	30 April 2025	15,254	4.53	0.56
	10 August 2022	31 July 2025	20,000	4.53	0.56
	10 August 2022	30 April 2026	15,254	4.53	0.56
	10 August 2022	31 July 2026	20,000	4.53	0.56
	10 October 2022	31 January 2023	200,000	4.14	0.52
	10 October 2022	28 February 2023	600,000	4.14	0.52
	10 October 2022	30 April 2023	12,913	4.14	0.52
	10 October 2022	31 January 2024	200,000	4.14	0.52
	10 October 2022	30 April 2024	12,913	4.14	0.52
	10 October 2022	31 January 2025	200,000	4.14	0.52
	10 October 2022	30 April 2025	12,913	4.14	0.52
	10 October 2022	31 January 2026	200,000	4.14	0.52
	10 October 2022	30 April 2026	12,913	4.14	0.52
	10 November 2022	30 December 2022	684,000	4.32	0.53
	10 November 2022	2 January 2023	274,050	4.32	0.53
	10 November 2022	31 January 2023	760,150	4.32	0.53
	10 November 2022	30 April 2023	2,835,725	4.32	0.53
	10 November 2022	30 April 2024	30,000	4.32	0.53
	10 November 2022	30 April 2025	30,000	4.32	0.53
	10 November 2022	30 April 2026	30,000	4.32	0.53
	10 December 2022	2 January 2023	792,800	4.33	0.56
	10 December 2022	31 January 2023	55,000	4.33	0.56
	10 December 2022	30 April 2023	430,500	4.33	0.56
Total			28,557,033		

(b) Management RSU Scheme

We adopted the Management RSU Scheme on 19 November 2018, as amended on 7 December 2021 and 22 February 2022. The purpose of the Management RSU Scheme is to motivate the directors, senior management, executives and consultants of the Company and its subsidiaries to contribute to the Group and to attract and retain talent for the future growth of 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. On a poll on a matter which is required by the Listing Rules to be approved by shareholders, the trustee shall abstain from voting on the unvested shares held by him/her. The Management RSU Scheme is a share scheme funded by existing Shares.

Details of the Management Restricted Share Unit Scheme are as follows:

(1) Scheme Participants

Persons eligible to receive RSUs under the Management RSU Scheme (the “**Management RSU Eligible Persons**”) include senior management, Directors (whether executive or non-executive but excluding independent non-executive Directors) and officers of the Company or any of its subsidiaries, excluding any person who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Management RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Management RSU Administrator or the Management RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. The Management RSU Administrator selects the Management RSU Eligible Persons to receive RSUs under the Management RSU Scheme at its discretion.

(2) Maximum number of underlying shares that may be granted

At the EGM on 22 February 2022, the shareholders of the Company approved and adopted an increase in the maximum number of underlying shares that may be granted under the Management RSU Scheme from an aggregate of 15,750,300 shares to 58,203,913 shares, representing approximately 3.58% of the issued share capital of the Company (i.e. 1,627,722,164 shares) as at the Latest Practicable Date.

(3) Vesting period for the grant of RSUs

The vesting period is determined at the discretion of the Management RSU Administrator. The Management RSU Scheme does not specify a minimum vesting period.

(4) Payment on acceptance of the RSUs

An RSU gives a Management RSU participant a conditional right when the RSU vests to obtain either shares or an equivalent value in cash with reference to the market value of the shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable. Participants are not required to pay any fees in connection with the acceptance of RSUs but are required to pay or deduct any taxes, levies, stamp duties and other expenses applicable to the transfer or sale of shares.

(5) Maximum entitlement of each participant

There is no specific limit on the maximum entitlement of each participant under the Management RSU Scheme.

(6) Term of 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.

As at 31 December 2022, the Company has granted a total of 20,377,200 RSUs to participants under the Management RSU Scheme, of which 16,579,600 RSUs had been vested and 2,567,000 RSUs had been lapsed. As at the Latest Practicable Date, the total number of RSUs available for grant under the Management RSU Scheme is 40,574,313 Shares (including RSUs that have lapsed and are available for re-granting), representing approximately 2.49% of the shares in issue (i.e. 1,627,722,164 Shares) as at the Latest Practicable Date.

As at 31 December 2022, here below are the details of the RSUs granted and outstanding under the Management RSU Scheme:

Participant name/category	Date of grant	Date of vesting	Unvested as of 1 January 2022	Granted in the year	Vested in the year	Lapsed in the year	Unvested as of 31 December 2022
Director							
SONG Xiaofei	11 December 2020	30 April 2022	250,000	0	250,000 ¹	0	0
	10 November 2022	30 April 2023	0	300,000 ²	0	0	300,000
Five employees with the highest emoluments							
	22 February 2022	29 April 2022	0	500,000 ³	500,000 ⁴	0	0
	10 March 2022	29 April 2022	0	1,000,000 ⁵	1,000,000 ⁴	0	0
	10 November 2022	30 April 2023	0	750,000 ²	0	0	750,000
	Other managements						
	11 December 2020	30 April 2022	471,250	0	226,250 ⁶	245,000	0
	11 December 2020	30 April 2023	180,600	0	0	0	180,600
	28 December 2021	2 January 2022	245,000	0	245,000 ⁶	0	0
	11 April 2022	31 May 2022	0	202,000 ⁷	202,000 ⁶	0	0
Total			1,146,850	2,752,000	2,423,250	245,000	1,230,600

Note:

- The weighted average closing market price immediately prior to the vesting on 30 April 2022 was HK\$5.12 per share.
- The closing market price immediately prior to the grant on 10 November 2022 was HK\$4.32 per share, with a fair value of US\$0.53 on the grant date.
- The closing market price immediately prior to the grant on 22 February 2022 was HK\$6.11 per share, with a fair value of US\$0.77 on the grant date.
- With respect to the five employees with the highest emoluments, the weighted average closing market price immediately prior to the vesting on 29 April 2022 was HK\$5.25 per share.
- The closing market price immediately prior to the grant on 10 March 2022 was HK\$5.15 per share, with a fair value of US\$0.67 on the grant date.
- With respect to the other managements, the weighted average closing market price immediately prior to the vesting in 2022 was HK\$5.64 per share.
- The closing market price immediately prior to the grant on 11 April 2022 was HK\$5.51 per share, with a fair value of US\$0.68 on the grant date.

SHARE OPTION SCHEME

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

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

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 9.33% of the Shares in issue (i.e. 1,627,722,164 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 of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person who, as specifically identified by the Board, would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval from the Shareholders.

3) Maximum entitlement of each individual

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

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

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

4) Option Period

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

5) Exercise Period of Share Options

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

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

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

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

7) Basis of determining the exercise price

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

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

8) Remaining life of the Share Option Scheme

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

Should the Company decide to grant any share option under the Share Option Scheme in the future, such grant(s) will be made in compliance with the amended Chapter 17 of the Listing Rules which took effect on 1 January 2023 (the "**Amended Chapter 17**"). The Company will amend the terms of the Share Option Scheme to comply with the Amended Chapter 17 in accordance with guidance materials published by the Stock Exchange if and when the need arises.

During the year ended 31 December 2022, details of movements in the share options under the Share Option Scheme are as follows:

Category and name of grantees	Options to subscribe for Shares						Outstanding at 31 December 2022	Exercise price per Share HK\$	Date of grant	Validity period	Exercisable period ⁽²⁾
	Outstanding at 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Cancelled during the year					
Employees of the Group	5,000,000	–	–	–	5,000,000	0	7.24	30 July 2021 ⁽¹⁾	10 years	from 31 August 2022 to 29 July 2031	
	5,000,000	–	–	–	5,000,000	0	7.24	30 July 2021 ⁽¹⁾	10 years	from 31 August 2023 to 29 July 2031	
	5,000,000	–	–	–	5,000,000	0	7.24	30 July 2021 ⁽¹⁾	10 years	from 31 August 2024 to 29 July 2031	
	5,000,000	–	–	–	5,000,000	0	7.24	30 July 2021 ⁽¹⁾	10 years	from 31 August 2025 to 29 July 2031	
Total	20,000,000	–	–	–	20,000,000	0					

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.

MATERIAL RELATED PARTY TRANSACTIONS

The material 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 during 1 January 2021 to 31 December 2023. Guangzhou Ruisou is wholly-owned by Guangzhou Mobvista, while Guangzhou Huichun and Duanshi Investment are controlled by Mr. Cao and Mr. Duan, respectively. Therefore, 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 2022, the actual rentals paid by Mobvista Technology under the Renewed Property Lease Agreements amount to RMB19.3 million.

Restructuring of the Top Media Agency Business (the Media Planning and Procurement Business)

On 17 November 2021, nine subsidiaries of the Group, as transferors, entered into the Business restructuring agreement with Zhuhai Huiliang Investment Holdings Company Limited and Marketlogic Technology Limited, as transferees, Seamless and Guangzhou Huiliang Marketing. As Seamless is a controlling shareholder of the Company and each of the transferees is beneficial owned by Mr. Duan as to more than 30%, each of them is a connected person of the Company under Chapter 14A of the Listing Rules. Please refer to the "Management Discussion and Analysis" section of this annual report for details.

Continuing Connected Transactions Relating to the Digital Marketing Service

On 30 August 2022, Mintegral International, an indirect wholly-owned subsidiary of the Company, and Marketlogic Technology entered into (i) the Digital Marketing Service (Mintegral) Master Agreement, pursuant to which, among others, Mintegral International agreed to provide digital marketing services to Marketlogic Technology on Mintegral platform; and (ii) the Digital Marketing Service (Top Media) Master Agreement, pursuant to which Marketlogic Technology agreed to provide digital marketing services to Mintegral International on top media platforms.

Mr. Duan is interested in approximately 42.01% of the issued share capital of Marketlogic Technology. Therefore, according to Chapter 14A of the Listing Rules, Marketlogic Technology is a connected person of the Company.

Details of the agreements are set out below:

Agreement	Time Limit	Principal terms	Pricing policies
Digital Marketing Service (Mintegral) Master Agreement	From August 30, 2022, to December 31, 2024	Marketlogic Technology (and/or its affiliates) entrusts Mintegral International (and/or its affiliates) to perform digital marketing and other related services on Mintegral platform. Mintegral International guarantees that the services it provides shall be in compliance, in all material aspects, with all applicable laws enacted in the countries and regions in which it provides services to Marketlogic Technology.	Charged on a Cost Per Action or Cost Per Install basis as elected by Mintegral International based on the data collected by Mintegral International.
Digital Marketing Service (Top Media) Master Agreement	From August 30, 2022, to December 31, 2024	Mintegral International (and/or its affiliates) entrusts Marketlogic Technology (and/or its affiliates) to perform digital marketing and other related services on top media platforms. Marketlogic Technology guarantees that the products and digital marketing content it provides to Mintegral International shall be in compliance with all applicable laws and media platform policies, and shall not be in violation of the rights of any third party.	Charged on a Cost Per Click or Cost Per Install basis as elected by Marketlogic Technology based on the data collected by Marketlogic Technology.

Director's Report

The proposed annual caps for the service fees payable by Marketlogic Technology to Mintegral International under the Digital Marketing Service (Mintegral) Master Agreement and the same payable by Mintegral International to Marketlogic Technology under the Digital Marketing Service (Top Media) Master Agreement are as follows:

	From 30 August 2022 to 31 December 2022 (US\$'000)	For the year ending 31 December 2023 (US\$'000)	For the year ending 31 December 2024 (US\$'000)
Proposed annual caps of the Digital Marketing Service (Mintegral) Master Agreement	8,000	20,000	20,000
Proposed annual caps of the Digital Marketing Service (Top Media) Master Agreement	2,000	2,500	2,500

As of 31 December 2022, the actual transaction amount under the Digital Marketing Service (Mintegral) Master Agreement was US\$6.643 million, and the actual transaction amount under the Digital Marketing Service (Top Media) Master Agreement was US\$0.295 million.

The Company's independent non-executive Directors have reviewed the continuing connected transactions in accordance with Chapter 14A.55 of the Listing Rules and confirmed that they were entered into in the ordinary and usual course of the Group's business, on normal commercial terms or better, and according to the Digital Marketing Service (Mintegral) Master Agreement and the Digital Marketing Service (Top Media) Master Agreement on terms that are fair and reasonable and in the overall interests of the Company and its shareholders.

The Board has engaged auditor to perform an annual review of the continuing connected transactions, and the auditor has confirmed nothing has come to their attention that causes them to believe that the continuing connected transactions (i) have not been approved by the Board of directors; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) the actual transaction amount have exceeded the cap.

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.

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 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 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.
- 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 against China, it may adversely affect our overseas business.

- The global economic environment remained sluggish with high inflation in the current year. If the global macroeconomic environment continues to deteriorate, it may cause a decline in customer budgets, which could have an adverse impact on our business operations.

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

During the Reporting Period, the Company has purchased a total of 27,415,000 Shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK\$140.25 million. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
January 2022	3,564,000	7.04	6.65	24,519.10
February 2022	984,000	6.25	6.04	6,061.84
April 2022	8,760,000	5.70	5.04	47,590.59
July 2022	3,208,000	5.00	4.72	15,648.53
September 2022	4,390,000	4.88	3.91	19,799.61
October 2022	2,571,000	4.29	3.84	10,410.68
November 2022	2,287,000	4.50	3.89	9,530.34
December 2022	1,651,000	4.25	3.94	6,684.78
Total	27,415,000			140,245.47

The Shares Repurchased were canceled by 27 February 2023.

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 NET PROCEEDS OF THE PLACING

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).

On 15 April 2021, the completion of the Placing took place, as a result of which 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. A total of 72,481,000 new Subscription Shares (being the same number as the Sale Shares) were allotted and issued to the Seamless at the Subscription Price on 21 April 2021. The net proceeds, after deducting all related fees and expenses, from the Subscription amounted to approximately US\$54.6 million.

The following table sets out the breakdown of the use of net proceeds from the Placing as at 31 December 2022:

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	11.5	2.1
The development and expansion of SaaS tooling matrix	41.0	36.3	4.7
Total of net proceeds	54.6	47.8	6.8

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\$6.8 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 Company's 2022 Environmental, Social and Governance Report published on the same date as this annual report.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting ("**AGM**") will be held on Thursday, 15 June 2023. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in April 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Thursday 15 June 2023, 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 Friday, 9 June 2023.

SUBSEQUENT EVENTS

On 12 January 2023, an indirect wholly-owned subsidiary of the Company, Guangzhou Huiliang Cloud Computing Technology Co., Ltd (the “**WFOE**”), entered into certain contractual arrangements with, inter alia, Mobvista Cloud (Beijing) Technology Company Limited (the “**OPCO**”, and together with its subsidiaries, the “**OPCO Group**”) and its registered shareholders Mr. Cao Xiaohuan and Mr. Song Xiaofei (who are both executive Directors), to enable the Company to control and enjoy substantially all economic benefits of the visual development and operations (DevOps) service platform business operated by the OPCO Group (the “**VIE Structure**”). Such business falls within the “B11 internet data center” business scope which is prohibited from foreign investment under the PRC laws. Under the VIE Structure, the financial results of the OPCO Group will be accounted for and consolidated into the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company. For further details, please refer to the Company’s announcement dated 12 January 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022.

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 2022 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, 30 March 2023

CORPORATE GOVERNANCE REPORT

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 2022, the Company has complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

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 position of the chairman of the Company is held by Mr. Duan Wei and the position of the chief executive officer of the Company is held by Mr. Cao Xiaohuan. The roles of the chairman and the chief executive officer are clearly segregated and are not exercised by the same individual. The chairman of the Company provides leadership for the Board and ensures that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. It also ensures that the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategies and policies and that Board decisions taken are in the Group’s best interests and fairly reflect the Board’s consensus. The chief executive officer of the Company leads the management in the day-to-day operation of the Group’s business in accordance with the business plans and develops and proposes the Group’s strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board’s approval.

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 Board 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. SUN Hongbin, Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy 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. All directors are able to devote sufficient time and contribute to the Company in accordance with their roles and responsibilities as members of the Board.

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 candidate will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board consists of one female Director, representing 12.5% of the Board. The Board targets to maintain at least the current level of female representation and will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Group has also taken, and continues to take steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Female employees represent approximately 44.6% of the Group's total employee as of 31 December 2022. Although all members of our senior management are male, approximately 40% of our management positions are held by female employees. The Company aims to maintain at least 40% of female employees among total employees. The Board is mindful of the objectives for the factors set out above and will ensure that any successors to the Board shall follow the gender diversity policy. The Board will also take into consideration of the gender diversity when assessing the candidates of the senior management of the Company.

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 before making recommendations to the Board.

Relationship between Board Member

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.

Induction and Continuous Professional Development of Directors

According to code provision C.1.1 of the CG Code, all newly appointed Directors are given a comprehensive, formal and tailored induction programme to ensure their proper understanding of the Company's operations and business, awareness of their responsibilities and obligations under the Listing Rules and relevant laws.

All Directors attended various trainings during the year ended 31 December 2022, 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 code provision e.14 of the CG Code, the company has received from all directors of their respective training records. The Directors, a summary of training participated in continuous professional development by the Directors during the year ended 31 December 2022 is as follows:

Name of Directors	Participated in continuous professional development⁽¹⁾
<i>Executive Directors</i>	
Mr. DUAN Wei	√
Mr. CAO Xiaohuan	√
Mr. FANG Zikai	√
Mr. SONG Xiaofei	√
<i>Non-executive Director</i>	
Mr. WONG Tak-Wai	√
<i>Independent Non-executive Directors</i>	
Mr. HU Jie (resigned on 17 April 2023)	√
Mr. SUN Hongbin	√
Ms. CHEUNG Ho Ling Honnus	√

Note:

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

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

Appointment and Re-election of Directors

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 the initial term of office for each director is three years and 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 operates in accordance with the nomination policy and the Board's diversity policy and 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.

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.

Corporate Governance Report

The Board held 8 Board meetings during the year ended 31 December 2022. 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:

Name of director	Attendance/No. of Board Meetings, Committee Meetings or General Meetings eligible to attend					
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
Mr. DUAN Wei (<i>Chairman</i>)	8/8	—	2/2	—	1/1	1/1
Mr. CAO Xiaohuan	8/8	—	—	2/2	1/1	1/1
Mr. FANG Zika	8/8	—	—	—	1/1	1/1
Mr. SONG Xiaofei	8/8	—	—	—	1/1	1/1
Non-executive Director						
Mr. WONG Tak-Wai	8/8	—	—	—	1/1	1/1
Independent Non-executive Directors						
Mr. HU Jie	8/8	2/2	2/2	2/2	1/1	1/1
Mr. SUN Hongbin	8/8	2/2	—	—	1/1	1/1
Mr. YING Lei ⁽¹⁾	4/4	1/1	1/1	1/1	0/0	1/1
Ms. CHEUNG Ho Ling Honnus ⁽²⁾	4/4	1/1	1/1	1/1	1/1	0/0

Note:

(1) Mr. YING Lei resigned from independent non-executive Director on 13 May 2022

(2) Ms. CHEUNG Ho Ling Honnusi was appointed as an independent non-executive Director on 13 May 2022.

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 2022. The Board reviewed the effectiveness of the Company's shareholder communication policy, whistleblower policy and anti-bribery policy, approved revisions to the duties of the Remuneration Committee, and conducted performance evaluations of the Board, Board members, and functional committees.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises three members, Mr. SUN Hongbin (Chairman), Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy, 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 2022 includes:

- (a) reviewing the 2022 annual report and annual results announcement;
- (b) reviewing the 2022 interim report and interim results announcement;
- (c) reviewing the Company's compliance with the CG Code;
- (d) reviewing the relationship with the external auditor with reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- (e) reviewing the continuing connected transaction of the Group during the year ended 31 December 2022; and
- (f) 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 2022.

The Audit Committee held 2 meetings during the year ended 31 December 2022. 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 Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy.

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 2022 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 is satisfied that the Board diversity policy is successfully implemented.

The Nomination Committee held 2 meetings during the year ended 31 December 2022. 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. WONG Ka Fai Jimmy (chairman) and Ms. CHEUNG Ho Ling Honnus.

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;
- (i) to ensure that no director of the Company or any of his or her associates is involved in deciding his or her own remuneration; and
- (j) to review and/or approve matters relating to share schemes as set out in Chapter 17 of the Listing Rules.

The Remuneration Committee’s major work during the year ended 31 December 2022 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 Independent non-executive Directors; and
- (e) ensuring no Director or any of his or her associates is involved in deciding his or her own remuneration.

In conducting its work in relation to the remuneration of Directors and 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 2 meetings during the year ended 31 December 2022. 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 2022 is set out below:

	Number of persons
HK\$6,000,001 to HK\$6,500,000	1

Note:

- (1) 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 162 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 162 to 164 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 2022, 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 2022 is set out below:

Service Category	Fee Paid (US\$'000)
Audit services	460
Interim review ⁽¹⁾	187
Tax services ⁽²⁾	113
Other non-audit services ⁽³⁾	122
Total	882

Note:

- (1) Interim review is a review report conducted by the independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants.
- (2) Tax services include the tax transfer pricing service and the preparation and submission of tax returns service for certain subsidiaries of the Group.
- (3) Other non-audit services include SOC2 report, an attestation report on an examination of controls at a service organization relevant to security, availability, processing integrity, confidentiality and privacy, and other miscellaneous services.

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 2022.

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 2022.

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 2022, 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 2022, 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 (including environmental, social and governance risks) 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 is the company secretary of the Company. She is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

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

Ms. SO has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year ended 31 December 2022.

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.

To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a full understanding of the Group's operations, business, and financial information, the Company has adopted a shareholder communication policy aimed at ensuring that shareholders and other stakeholders as a whole can receive important information about the Group in a timely, equal, regular, and prompt manner. The policy includes various channels to ensure effective and efficient communication with shareholders and other stakeholders, including but not limited to financial results announcements, responding to shareholder inquiries, corporate communications, posting relevant materials on the Company website, shareholder meetings, and communication with the investment market. To communicate with shareholders on matters affecting the Company and to hear and understand their views, the Company has adopted multiple mechanisms, including encouraging shareholders to attend shareholder meetings or appointing representatives to attend and vote at meetings if they cannot attend, and making appropriate arrangements for annual general meetings to encourage and facilitate shareholder participation. The Company will also arrange investor and analyst briefings, domestic and international roadshows, media interviews, or industry forums from time to time, attended by the Company's directors or designated spokespersons, to strengthen communication and exchange between the Company and its shareholders and potential investors. In addition, the company's website (www.mobvista.com) serves as a designated platform for publishing the Company's announcements, news releases, and other corporate communications for shareholder reference.

During the year ended 31 December 2022, the Board reviewed and updated the Shareholders' Communication Policy. Having considered the multiple channels of communication and engagements in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place and effectively implemented.

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

The Company's new articles of association outline and particulars were approved and adopted at the AGM of shareholders on 8 June 2022. For details on the amendments made, please refer to the circular of the Company dated 28 April 2022 and the "Second Amended and Restated Memorandum and Articles of Association" published by the Company on 8 June 2022.

INDEPENDENT AUDITOR'S REPORT



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 119 to 216, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022 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 (“**HKSA**s”) 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 148–151.

The Key Audit Matter

The Group's revenue, which comprises primarily income from provision of advertising technology services during the year ended 31 December 2022.

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 advertising technology 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.

How the matter was addressed in our audit

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 accuracy of revenue based on the pre-defined formulae built into the technology platform and the related parameters (including unit price and transaction volume) used in the calculation of advertising technology service charges;
- with the assistance of our internal IT specialists, performing data analysis to identify revenue detailed items suspiciously fulfill certain designated criteria and further inquiries and inspections relating to the selected items are to perform to evaluate whether they have reasonable commercial substance;

Key audit matters (Continued)

Revenue recognition

Refer to note 3(a) to the financial statements and the accounting policies on page 148–151.

The Key Audit Matter	How the matter was addressed in our audit
<p>Records of advertising technology services charges are generated, in an aggregated amount of each category, and input into the accounting system automatically. Manual adjustment will be made if any variance exists after reconciling with customers on a monthly basis.</p>	<ul style="list-style-type: none">• comparing the details of the monthly journal entries relating to the input into the accounting system of aggregate advertising technology services revenue with the reports generated by the IT systems, on a sample basis;• 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 manual journal entries relating to revenue which were considered to be material or met other specific risk-based criteria.
<p>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.</p>	

Key audit matters (Continued)

Assessment of potential impairment of goodwill

Refer to note 12 to the financial statements and the accounting policies on page 133, 140–141.

The Key Audit Matter

The carrying values of the Group's goodwill as at 31 December 2022 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 assesses the recoverable amount of the relevant CGUs, engaging an external valuer for certain business 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.

How the matter was addressed in our audit

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

Refer to note 12 to the financial statements and the accounting policies on page 133, 140–141.

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">obtaining from management sensitivity analysis of the revenue growth rate, financial budget 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; andconsidering 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.

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 HKSAAs 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 HKSAAs, 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.

Independent Auditor's Report

- 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

30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022
(Expressed in United States dollar)

	Note	2022 US\$'000	2021 US\$'000
Revenue	3	894,405	755,412
Cost of sales		(717,376)	(633,490)
Gross profit		177,029	121,922
Selling and marketing expenses		(66,131)	(47,146)
Research and development expenses		(106,890)	(68,771)
General and administrative expenses		(48,827)	(27,633)
Other net income	4	47,064	9,272
Profit/(loss) from operations		2,245	(12,356)
Change in fair value of derivative financial liabilities	22	14,183	(13,979)
Finance costs	5(a)	(5,288)	(4,379)
Profit/(loss) before taxation	5	11,140	(30,714)
Income tax	6	(950)	5,950
Profit/(loss) for the year		10,190	(24,764)
Attributable to:			
Equity shareholders of the Company		14,994	(24,958)
Non-controlling interests		(4,804)	194
Profit/(loss) for the year		10,190	(24,764)
Earnings/(loss) per share	9		
Basic (United States dollar cents)		0.97	(1.59)
Diluted (United States dollar cents)		0.20	(1.59)

The notes on pages 127 to 216 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 2022

(Expressed in United States dollar)

	2022 US\$'000	2021 US\$'000
Profit/(loss) for the year	10,190	(24,764)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(498)	824
Total comprehensive income for the year	9,692	(23,940)
Attributable to:		
Equity shareholders of the Company	14,496	(24,134)
Non-controlling interests	(4,804)	194
Total comprehensive income for the year	9,692	(23,940)

The notes on pages 127 to 216 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022
(Expressed in United States dollar)

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
Non-current assets			
Property, plant and equipment	10	11,679	7,613
Intangible assets	11	137,587	117,668
Goodwill	12	115,342	115,342
Deferred tax assets	23(b)	20,357	22,040
Financial assets measured at fair value through profit or loss (FVPL)	14	1,235	1,663
		286,200	264,326
Current assets			
Financial assets measured at FVPL	14	31,564	12,199
Contract costs	15	—	552
Trade and other receivables	16(a)	141,104	170,158
Prepayments	16(b)	32,179	12,668
Restricted cash	17(a)	4,783	6,320
Cash and cash equivalents	17(b)	105,716	160,322
Current tax recoverable	23(a)	528	1,226
Assets held for sale	18	—	119,197
		315,874	482,642
Current liabilities			
Trade and other payables	19	251,164	214,846
Current tax payable	23(a)	7,331	8,040
Bank loans and overdrafts	20	45,555	59,269
Lease liabilities	21	4,991	3,992
Derivative financial liabilities	22	2,194	16,377
Liabilities held for sale	18	—	47,007
		311,235	349,531
Net current assets		4,639	133,111
Total assets less current liabilities		290,839	397,437

Consolidated Statement of Financial Position

at 31 December 2022 (Continued)
(Expressed in United States dollar)

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
Non-current liabilities			
Convertible bonds	22	29,980	27,509
Deferred tax liabilities	23(b)	5,867	7,558
Lease liabilities	21	6,932	2,854
Other non-current liabilities		21	158
		42,800	38,079
NET ASSETS			
		248,039	359,358
CAPITAL AND RESERVES			
Share capital	26	16,366	16,640
Reserves		219,037	320,164
Total equity attributable to equity shareholders of the Company			
		235,403	336,804
Non-controlling interests			
		12,636	22,554
TOTAL EQUITY			
		248,039	359,358

The consolidated financial statements on page 119 to 216 were approved and authorized for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Duan Wei
Director

Cao Xiaohuan
Director

The notes on pages 127 to 216 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(Expressed in United States dollar)

Attributable to equity shareholders of the Company											
Note	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Reserve for treasury shares	Share-based payments reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	US\$'000 (note 26)	US\$'000 (note 27(b))	US\$'000 (note 27(a))	US\$'000 (note 27(c))	US\$'000 (note 27(d))	US\$'000 (note 27(f))	US\$'000 (note 27(e))	US\$'000	US\$'000	US\$'000	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)/profit for the year	–	–	–	–	–	–	–	(24,958)	(24,958)	194	(24,764)
Other comprehensive income	–	–	–	–	824	–	–	–	824	–	824
Total comprehensive income	–	–	–	–	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)(i)	725	53,912	–	–	–	–	–	54,637	–	54,637
Issuance of ordinary share related to business combination, net of issuance cost	26(b)(ii)	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
Shares repurchased for RSUs	27(f)	–	–	–	–	(10,991)	–	–	(10,991)	–	(10,991)
Shares repurchased for cancellation	26(b)(iii)	–	–	–	–	(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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022 (Continued)
(Expressed in United States dollar)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Reserve for treasury shares	Share-based payments reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
Note		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		(note 26)	(note 27(b))	(note 27(a))	(note 27(c))	(note 27(d))	(note 27(f))	(note 27(e))				
	As at 1 January 2022	16,640	268,389	36	1,653	41	(19,108)	18,623	50,530	336,804	22,554	359,358
	Changes in equity for the year ended 31 December 2022:											
	Profit/(loss) for the year	-	-	-	-	-	-	-	14,994	14,994	(4,804)	10,190
	Other comprehensive income	-	-	-	-	(498)	-	-	-	(498)	-	(498)
	Total comprehensive income	-	-	-	-	(498)	-	-	14,994	14,496	(4,804)	9,692
	Vested RSUs	-	(665)	-	-	-	13,997	(13,332)	-	-	-	-
	Share-based compensation	27(e)	-	-	-	-	-	12,481	-	12,481	-	12,481
	Shares repurchased for cancellation	26(b)(iii)	-	-	-	-	(17,959)	-	-	(17,959)	-	(17,959)
	Shares transferred from Seamless Technology Limited (" Seamless ") as a consideration of business restructuring	18	-	-	-	-	(100,352)	-	-	(100,352)	-	(100,352)
	Disposal of subsidiaries		-	-	-	160	-	-	-	160	-	160
	Acquisition of non-controlling interests without a change in control	13	-	(10,191)	(36)	-	-	-	-	(10,227)	(5,114)	(15,341)
	Cancellation of ordinary shares	26(b)(iii)	(274)	(20,146)	-	-	20,420	-	-	-	-	-
	Balance at 31 December 2022	16,366	237,387	-	1,653	(297)	(103,002)	17,772	65,524	235,403	12,636	248,039

The notes on pages 127 to 216 form part of these financial statement.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022
(Expressed in United States dollars)

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
Operating activities			
Cash generated from operations	17(c)	99,194	45,641
Tax paid:			
— PRC income tax paid		(118)	(681)
— Overseas tax paid		(1,187)	(2,481)
Net cash generated from operating activities		97,889	42,479
Investing activities			
Investment in other financial assets		(30,733)	(14,932)
Proceeds from disposal of other financial assets		10,883	127,899
Payment for the purchase of property, plant and equipment		(738)	(564)
Proceeds from disposal of property, plant and equipment		117	24
Disposal of subsidiaries		(1,577)	(101)
Payment for intangible assets and development costs		(79,571)	(54,755)
Business combination	28(c)	—	(45,511)
Interest received		1,906	6,118
Net cash (used in)/generated from investing activities		(99,713)	18,178

Consolidated Cash Flow Statement

for the year ended 31 December 2022 (Continued)
(Expressed in United States dollars)

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
Financing activities			
Proceeds from bank loans	17(d)	219,653	270,766
Repayment of bank loans	17(d)	(235,027)	(266,849)
Payment for acquisition of non-controlling interests		(15,341)	—
Capital element of lease rentals paid	17(d)	(4,508)	(4,460)
Interest element of lease rentals paid	17(d)	(518)	(423)
Interests and other borrowing cost paid	17(d)	(2,066)	(1,188)
Proceeds from issuance of ordinary share upon subscription, net of issuance cost	26(b)(i)	—	54,637
Payment of share repurchased for RSUs	27(f)	—	(10,991)
Payment of share repurchased for cancellation	26(b)(iii)	(17,959)	(6,634)
Change in restricted and pledged deposits		1,537	(1,433)
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 (used in)/generated from financing activities		(54,229)	61,144
Net (decrease)/increase in cash and cash equivalents		(56,053)	121,801
Cash and cash equivalents at the beginning of the year		160,322	39,311
Effect of foreign exchange rate changes		(670)	(680)
Cash and cash equivalents at the end of the year		103,599	160,432
Analysis of balance of cash and cash equivalents:			
Cash and cash equivalents		103,599	160,322
Cash and cash equivalents included in assets classified as held-for-sale	18	—	110
	17(b)	103,599	160,432

The notes on pages 127 to 216 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

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 (IASs) 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 amendments to 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 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, which is the functional currency of the subsidiaries carrying out the principal activities of the Group. The functional currency of the Company is US\$.

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 as explained in note 1(f).
- share-based payments (see note 1(t)(ii)).
- derivative financial liabilities (see note 1(s)).

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(z)).

Notes to the Consolidated Financial Statements

(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 IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. 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.

(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 note 1(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 note 1(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 cash flows 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.

Notes to the Consolidated Financial Statements

(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(z)).

(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(w)(ii)(a)).
- 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 through 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 irrevocable 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 income remains in the fair value reserve (non-recycling) until the investment is disposed 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(w)(ii)(c).

Notes to the Consolidated Financial Statements

(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.

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

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.

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, that 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.

Notes to the Consolidated Financial Statements

(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 assets 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(w)(ii)(a) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

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 conditions 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 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 the following discount 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;
- variable-rate financial assets: current effective interest rate;
- 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.

Notes to the Consolidated Financial Statements

(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(w)(ii)(a) 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 past due event;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- 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.

Notes to the Consolidated Financial Statements

(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)

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 three years 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.

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 an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year 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.

Notes to the Consolidated Financial Statements

(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)(ii)).

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(w).

(l) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(w)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)(i)).

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(m) 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 measured 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)).

(n) Software-as-a-service (SaaS) arrangement costs

A SaaS arrangement is a service arrangement where the Group has a right to access to the supplier's application software running on the supplier's cloud infrastructure during the term of the arrangement, but not control over the underlying software asset.

Costs to implement a SaaS arrangement, including those incurred in configuring or customising the access to the supplier's application software, are evaluated to determine if they give rise to a separate asset that the Group controls. Any resulting asset is recognised and accounted for in accordance with the policy for intangible assets as set out in note 1(h)(ii). Implementation costs that do not give rise to an asset are recognised in profit or loss as incurred, which may be over the period the configuration or customisation services are received to the extent that such services are distinct from the SaaS, or over the term of the SaaS arrangement to the extent the configuration or customisation services are not distinct from the SaaS.

Payment made in advance of receiving the related services is recognised as prepayment.

(o) 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).

(p) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(r) 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 bonds 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.

(s) 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.

1 Significant accounting policies (Continued)

(t) 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 year 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 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, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. 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) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the shares is vested (when it is included in the amount recognised in share capital for the shares issued) or the shares 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(u) 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, and any adjustment to tax payable in respect of previous years.

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)

(u) 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.

(v) Provisions and contingent liabilities

Provisions are recognised 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(w) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the resources related to the services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Revenue from advertising technology services

Advertising technology services revenues primarily include revenues from provisions of advertising technology 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

(a) Revenue from advertising technology services (Continued)

Agreed rebates to be earned from certain publishers

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

(b) Revenue from marketing technology services

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; (4) providing developers with data neutrality, algorithm science related services, (5) 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 (6) 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 revenue from marketing technology services is recognised as follows:

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

(b) Revenue from marketing technology services (Continued)

The Group develops and sells customized 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.

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.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. 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)).

(b) 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(ii) Revenue from other sources and other income (Continued)

(c) 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.

(x) Translation of foreign currencies

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

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

The results of foreign operations are translated into US\$ at the average exchange rates for the year which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into US\$ 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.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(z) 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 noncurrent asset is not depreciated or amortised.

(aa) 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.

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(aa) Related parties (Continued)

- (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.

(ab) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies (Continued)

(ab) Segment reporting (Continued)

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 services, the type or class of customers, the methods used to 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

Notes 12, 25 and 29 contain information about the assumptions and their risk factors relating to valuation of goodwill impairment, fair value of restricted stock units and share options granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Principal versus agent considerations – revenue from provision of advertising technology services

In determining whether the Group is acting as a principal or as an agent in the provision of advertising technology 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) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the actual current and deferred income tax in the period in which such determination is made.

In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised upon the likely timing and the level of future taxable profits of the individual entities together with the tax planning strategies.

3 Revenue and Segment Reporting

(a) Revenue

The principal services of the Group are the provisions of advertising technology related services and marketing technology related 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:

	2022 US\$'000	2021 US\$'000
Revenue from advertising technology related services	881,813	752,673
Revenue from marketing technology related services	12,592	2,739
	894,405	755,412

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 2022, no (2021: one) single customer contributed to 10% or more of the Group's revenue. Details of concentrations of credit risk arising from these customers are set out in note 29(a).

Notes to the Consolidated Financial Statements

(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 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US\$32,106,000 (2021: US\$19,389,000). This amount represents revenue expected to be recognised in the future upon expiration of the subscription periods to the Group's data analytics platform or provision of advertising technology service. The Group will recognise the expected revenue in future as the expiring of subscription periods or the provision of advertising technology service, which is expected to occur over the next 1 to 12 months (2021: 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 two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Advertising technology business: this segment provides its customers globally with mobile advertising services through a programmatic advertising platform and affiliate ad-serving platform.
- Marketing technology business: this segment provides its customers globally with mobile application data analytics service through SaaS platforms of the Group and Cloud-native technology services; develops and sells customised data analytics software; and authorises customers to use the Group's SaaS platforms.

(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.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below:

	Advertising technology business		Marketing technology business		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Disaggregated by timing of revenue recognition						
Point in time	881,813	752,673	10,830	1,888	892,643	754,561
Over time	—	—	1,762	851	1,762	851
Reportable segment revenue	881,813	752,673	12,592	2,739	894,405	755,412
Reportable segment costs	(713,311)	(632,955)	(4,065)	(535)	(717,376)	(633,490)
Gross profit	168,502	119,718	8,527	2,204	177,029	121,922

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

(ii) Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to CODM of the Group on making decision for resources allocation and performance assessment.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and Segment Reporting (Continued)

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location of the customers' headquarters.

	Revenue from external customers	
	2022 US\$'000	2021 US\$'000
China (note (i))	305,543	266,276
EMEA (note (ii)) and Americas (note (iii))	383,379	330,492
Asia-Pacific (note (iv))	191,714	146,236
Other regions	13,769	12,408
	894,405	755,412

Notes:

- (i) Includes Mainland China, the Hong Kong Special Administrative Region of the People's Republic of China (the "PRC"), the Macau Special Administrative Region of the PRC and Chinese Taiwan.
- (ii) Primarily includes the United Kingdom, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.
- (iii) Primarily includes United States, Canada, Mexico, Brazil, Argentina, Chile and Colombia.
- (iv) Primarily includes other Asian countries or regions excluding China.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

4 Other net income

	2022 US\$'000	2021 US\$'000
Gain on the disposal of the Target Business (defined in note 18)	46,708	—
Net foreign exchange loss	(5,449)	(45)
Net gain on disposal of subsidiaries	2,070	452
Net fair value loss on financial assets at FVPL	(1,211)	(1,004)
Interest income on financial assets measured at amortised cost	743	5,742
Government grants (note)	544	1,336
Net fair value gain on contingent consideration	346	—
Loss on disposal of financial assets at FVPL	(276)	—
Net gain/(loss) on disposal of property, plant and equipment	16	(2)
Others	3,573	2,793
	47,064	9,272

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 2022 and 2021. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

5 Profit/(loss) before taxation

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

	Note	2022 US\$'000	2021 US\$'000
(a) Finance costs			
Interests on bank loans		2,299	1,768
Interests on lease liabilities		518	423
Interest on convertible bonds		2,471	2,188
		5,288	4,379
(b) Staff costs			
Contributions to defined contribution retirement plans		4,144	2,847
Share-based compensation expenses		12,481	5,836
Salaries, wages and other benefits		39,939	34,852
		56,564	43,535
(c) Other items			
Depreciation charge			
– property, plant and equipment	10	584	325
– right-of-use assets	10	5,619	4,378
Amortisation of intangible assets	11	55,358	24,346
Impairment losses on trade receivables	29(a)	3,707	(8,190)
Auditors' remuneration			
– Audit services		460	573
– Interim review		187	232
– Tax advisory and other services		235	148

Notes to the Consolidated Financial Statements

(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:

	2022 US\$'000	2021 US\$'000
Current tax	1,446	855
Deferred tax	(496)	(6,805)
	950	(5,950)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the British Virgin 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 2022 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 (2021: S\$10,000 for the year of assessment 2022–2023) and 50% of the tax payable subject to a maximum reduction of S\$190,000 (2021: S\$190,000 for the year of assessment 2022–2023) for the year of assessment 2023–2024.
- (iii) USCore, Inc. and Mintegral North America 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 2022 and 31 December 2021, 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 and Adeer, LLC, wholly-owned subsidiaries of USCore, Inc., are treated as disregarded entities for income tax purpose and their 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 (1) Guangzhou Huiliang Information Technology Company Limited, Beijing Huiliang Shanhe 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% during the year ended 31 December 2022; and (2) Hainan Huiliang Information Technology Company Limited and Hainan Juyi Information Technology Co., Ltd, which are applicable to Preferential Policies of Corporate Income Tax in Hainan Free Trade Port and applicable for a preferential enterprise income tax rate of 15% during the year ended 31 December 2022.
- (v) The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HK\$10,000 for each business (2021: a maximum reduction of HK\$10,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for 2021).
- (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 2022 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.

Notes to the Consolidated Financial Statements

(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 profit/(loss) at applicable tax rates:

	2022 US\$'000	2021 US\$'000
Profit/(loss) before taxation	11,140	(30,714)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to loss in the countries concerned	948	(4,600)
Tax effect of non-deductible expenses	496	82
Tax effect of non-taxable income	(1,127)	(27)
Tax effect of unrecognised tax loss in current year	4,747	667
Utilisation of previously unrecognised tax loss	(11)	(229)
Tax concession	(1,156)	(11)
Super Deduction of research and development expenses	(1,709)	(1,593)
Over-provision in prior years	(1,238)	(239)
Actual tax credit	950	(5,950)

7 Directors' emoluments

Directors' emoluments are disclosed as follows:

Directors	Year ended 31 December 2022						
	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	58	15	–	82	–	82
Cao Xiaohuan	–	287	69	173	529	–	529
Fang Zikai	–	245	50	186	481	–	481
Song Xiaofei	–	205	37	84	326	66	392
Non-executive director							
Wong Tak-Wai	–	–	–	–	–	–	–
Independent non-executive directors							
Ying Lei (note i)	12	–	–	–	12	–	12
Hu Jie	35	–	–	–	35	–	35
Sun Hongbin	35	–	–	–	35	–	35
Cheung Ho Ling Honnus (note ii)	23	–	–	–	23	–	23
	114	795	171	443	1,523	66	1,589

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

7 Directors' emoluments (Continued)

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	—	—	—	—	—	—	—
Independent non-executive directors							
Ying Lei (note i)	35	—	—	—	35	—	35
Hu Jie	35	—	—	—	35	—	35
Sun Hongbin	35	—	—	—	35	—	35
	114	411	27	13	565	165	730

Notes:

- i. Mr. Ying Lei resigned from his position as an independent non-executive director on 13 May 2022.
- ii. Ms. Cheung Ho Ling Honnus was appointed as an independent non-executive director on 13 May 2022.

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

8 Individual with highest emoluments

Of the five individuals with the highest emoluments, none of them is the director for the year ended 31 December 2022 (2021: one), whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2022 US\$'000	2021 US\$'000
Salaries and other emoluments	1,492	1,152
Discretionary bonuses	587	38
Share-based compensation	2,658	2,037
Retirement scheme contributions	77	51
	4,814	3,278

The emoluments of the above individuals with the highest emoluments for the year ended 31 December 2022, respectively are within the following band:

	2022	2021
HK\$3,500,001 to HK\$4,000,000	—	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	1
HK\$6,500,001 to HK\$7,000,000	1	1
HK\$8,500,001 to HK\$9,000,000	—	1
HK\$13,500,001 to HK\$14,000,000	1	—

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

9 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of US\$14,994,000 (2021: loss of US\$24,958,000) and the weighted average of 1,549,970,313 shares (2021: 1,568,526,930 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2022	2021
At 1 January (note)	1,633,671,546	1,503,437,750
Effect of vested RSUs (note 25(a))	17,491,022	19,821,162
Effect of share repurchase for RSUs (note 27(f))	—	(12,746,964)
Effect of share repurchase for cancellation (note 27(f))	(14,176,858)	(347,748)
Effect of shares transferred from Seamless as a consideration of business restructuring (note 27(f))	(87,015,397)	—
Effect of Issuance of ordinary share upon subscription (note 26(b)(i))	—	52,226,036
Effect of Issuance of ordinary share related to business combination (note 26(b)(ii))	—	6,136,694
Weighted average number of ordinary shares at 31 December	1,549,970,313	1,568,526,930

Note:

The number of ordinary shares as at 1 January 2022 represents 1,664,118,164 (2021: 1,534,204,000) outstanding ordinary shares as of the date netting of 30,446,618 (2021: 30,766,250) treasury shares held by RSU trustees as at 1 January 2022.

(b) Diluted earnings/(loss) per share

For the year ended 31 December 2022, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US\$3,282,000 and the weighted average number of ordinary shares of 1,617,298,596 shares in issue adjusted for the potential dilutive effect caused by convertible bonds and the shares granted under the share award scheme.

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

9 Earnings/(loss) per share (Continued)

(b) Diluted earnings/(loss) per share (Continued)

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2022 US\$'000
Profit attributable to ordinary equity shareholders	14,994
After tax effect of effective interest on the liability component of convertible bonds	2,471
After tax effect of gains recognised on the derivative component of convertible bonds	(14,183)
Profit attributable to ordinary equity shareholders (diluted)	<u>3,282</u>

(ii) Weighted average number of ordinary shares (diluted)

	2022
Weighted average number of ordinary shares as at 31 December	1,549,970,313
Effect of convertible bonds	41,978,339
Effect of unvested shares under the Company's share-based compensation scheme	25,349,944
Weighted average number of ordinary shares (diluted) as at 31 December	<u>1,617,298,596</u>

Notes to the Consolidated Financial Statements

(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 2021	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
Additions	713	25	10,920	11,658
Modifications on lease contracts	—	—	(957)	(957)
Disposals	(194)	(13)	(4,304)	(4,511)
Disposal of subsidiaries	(27)	—	—	(27)
Exchange difference	(170)	(88)	(1,115)	(1,373)
At 31 December 2022	2,294	1,099	23,061	26,454
Accumulated depreciation:				
At 1 January 2021	(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)
Charge for the year	(464)	(120)	(5,619)	(6,203)
Written back on disposals	93	13	4,304	4,410
Exchange difference	245	81	743	1,069
At 31 December 2022	(1,244)	(1,076)	(12,455)	(14,775)
Net book value:				
At 31 December 2022	1,050	23	10,606	11,679
At 31 December 2021	854	125	6,634	7,613

Notes to the Consolidated Financial Statements

(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 2022 US\$'000	At 31 December 2021 US\$'000
Other properties leased for own use, carried at depreciated cost	10,606	6,634

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 5 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:

	2022 US\$'000	2021 US\$'000
Depreciation charge of other properties leased for own use	5,619	4,378
Interest on lease liabilities (note 5(a))	518	423
Expense relating to short-term leases and leases of low-value assets	1,195	394

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.

Notes to the Consolidated Financial Statements

(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 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 and 1 January 2022	26,154	737	2,069	28,232	1,882	100,011	159,085
Additions	—	410	1	—	—	—	411
R&D capitalization	—	—	—	—	—	79,160	79,160
Disposal of subsidiaries	—	(90)	—	—	—	(2,446)	(2,536)
Exchange difference	(1,207)	(83)	14	(16)	(1)	(821)	(2,114)
At 31 December 2022	24,947	974	2,084	28,216	1,881	175,904	234,006
Accumulated amortisation:							
At 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 and 1 January 2022	(3,416)	(327)	(1,033)	(588)	(38)	(36,015)	(41,417)
Charge for the year	(2,332)	(53)	(244)	(7,061)	(471)	(45,197)	(55,358)
Disposal of subsidiaries	—	31	—	—	—	—	31
Exchange difference	167	22	(18)	7	—	147	325
At 31 December 2022	(5,581)	(327)	(1,295)	(7,642)	(509)	(81,065)	(96,419)
Net book value:							
At 31 December 2022	19,366	647	789	20,574	1,372	94,839	137,587
At 31 December 2021	22,738	410	1,036	27,644	1,844	63,996	117,668

The amortisation charge for the year is included in “Cost of sales”, “Selling and marketing expenses”, “Research and development expenses” and “General and administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

12 Goodwill

	2022 US\$'000	2021 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	86,344
Carrying amount	115,342	115,342

(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 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.

	2022	2021
Pre-tax discount rate	33.3%	33.3%
Terminal value growth rate	2.5%	2.5%
Budgeted revenue growth rate (average of financial forecasts period)	8.4%	9.9%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US\$7,658,000 as at 31 December 2022 (2021: US\$4,211,000).

As at 31 December 2022, if the pre-tax discount rate rose to 37.8% (2021: 36.4%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 4.0% (2021: 7.6%), 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 2022 and 2021, respectively.

(Expressed in United States dollars unless otherwise indicated)

12 Goodwill (Continued)**(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 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 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.

	2022	2021
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)	7.0%	6.3%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US\$8,082,000 as at 31 December 2022 (2021: US\$1,994,000).

As at 31 December 2022, if the pre-tax discount rate rose to 26.5% (2021: 20.2%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 4.5% (2021: 4.8%), 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 2022 and 2021, respectively.

Notes to the Consolidated Financial Statements

(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.

	2022	2021
Pre-tax discount rate	21.8%	22.4%
Terminal value growth rate	2.5%	2.5%
Budgeted revenue growth rate (average of financial forecasts period)	14.9%	50.0%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately US\$23,777,000 as at 31 December 2022 (2021: US\$23,869,000).

As at 31 December 2022, if the pre-tax discount rate rose to 24.6% (2021: 25.2%) or budgeted revenue growth rate (average of financial forecasts period) decreased to 11.6% (2021: 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 2022 and 2021, respectively.

Notes to the Consolidated Financial Statements

(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%	Advertising technology services
Advertter Technology Company Limited	Seychelles 24 June 2015	US\$100	—	100%	Advertising technology services
Flash Banner Technology Company Limited	Seychelles 24 June 2015	US\$100	—	100%	Advertising technology services
Mintegral Limited (formerly known as Pointer Ad Technology Company Limited)	Seychelles 24 June 2015	US\$100	—	100%	Advertising technology services
Adlogic Technology Pte. Ltd.	Singapore 14 October 2015	S\$50,000	—	100%	Advertising technology services
Mintegral International Limited (formerly known as Dime Freak Technology Limited)	Hong Kong 24 May 2013	HK\$10,000	—	100%	Advertising technology services
Mobvista-Japan Co., Ltd.	Japan 22 September 2017	Japanese Yen 1,000,000	—	100%	Advertising technology services
Guangzhou Huiliang Information Technology Company Limited (i)	PRC 2 April 2015	US\$1,000,000	—	100%	Technology 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
Mintegral North America Inc.	US 19 October 2017	US\$1	—	100%	Advertising technology services
Adeer, LLC	US 19 October 2017	US\$1	—	100%	Advertising technology services
Game Analytics ApS	Denmark 20 October 2011	Euro 74,067	—	100%	Marketing technology services
nativeX, LLC	US 9 June 2010	US\$1	—	100%	Advertising technology services
Game Analytics Ltd.	England and Wales 11 September 2014	British Pound 1	—	100%	Marketing technology services
Beijing Huiliang Shanhe Information Technology Company Limited	PRC 6 May 2020	RMB 6,000,000	—	100%	Advertising technology services
Beijing Reyun	PRC 15 November 2013	RMB 2,728,938.91	—	54.46%	Marketing technology services

Notes to the Consolidated Financial Statements

(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) In January 2022, the Group disposed GT Full Stack GmbH and GT Full Stack Inc., two subsidiaries in Europe and US respectively.
- (iii) In March 2022, the Group disposed Guangzhou Huiliang Marketing Technology Company Limited (note 18), a subsidiary in Mainland China.

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 (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2022 US\$'000	31 December 2021/ From 30 November 2021 to 31 December 2021 US\$'000
NCI percentage	33.86%	45.54%
Current assets	11,554	28,188
Non-current assets	41,887	48,605
Current liabilities	11,396	18,580
Non-current liabilities	4,727	8,688
Net assets	37,318	49,525
Carrying amount of NCI	12,636	22,554
Revenue	10,883	1,595
(Loss)/profit for the year/period	(12,458)	425
Total comprehensive income	(12,458)	425
(Loss)/profit allocated to NCI	(4,804)	194
Cash flows from operating activities	(3,467)	(13)
Cash flows from investing activities	(1,373)	(9,299)
Cash flows from financing activities	(491)	—

During the year ended 31 December 2022, the Group acquired additional 11.68% equity interests in Beijing Reyun from the non-controlling shareholders at cash consideration of RMB103,597,000 (equivalent to approximately US\$15,341,000). This resulted in an increase in the Group's equity interests in Beijing Reyun from 54.46% to 66.14%. Difference of US\$10,227,000 between the carrying amounts of the interests acquired of US\$5,114,000 and the consideration of US\$15,341,000 paid for the acquisition of additional interests was debited to capital reserve of US\$36,000 and share premium of US\$10,191,000 respectively.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

14 Financial assets measured at FVPL

	2022 US\$'000	2021 US\$'000
Financial assets at FVPL		
— current portion	31,564	12,199
— non-current portion	1,235	1,663
Total	32,799	13,862

Notes:

Financial assets at FVPL at 31 December 2022 mainly included:

- (i) An investment in a limited company in PRC with initial principal amount of US\$1,532,000 in August 2019, among which US\$287,000 has been exited in 2022. 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 2022, the fair value of the financial asset at FVPL is US\$1,149,000 (2021: US\$1,569,000).
- (ii) An investment in a wealth management product with principal amount of US\$3,000,000 issued by a financial institution in Hong Kong in 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 2022, the fair value of the investment in the wealth management product is US\$1,287,000 (2021: US\$2,300,000).
- (iii) An investment in an exchangeable bond with principal amount of US\$30,000,000 issued by a SaaS company during the year ended 31 December 2022. The Group has an option to convert the exchangeable bond into ordinary shares from the expiration of the 12 months period from the issue date. The exchangeable bond has been entirely classified to financial assets at FVPL in accordance with IFRS 9. As at 31 December 2022, the fair value of the exchangeable bond is US\$30,000,000.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

15 Contract costs

	2022 US\$'000	2021 US\$'000
Contract costs	—	552

Contract costs capitalised 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. Capitalised contract costs of US\$552,000 were recognised in profit or loss during the year (2021: US\$96,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2021: Nil).

16 Trade receivables, other receivables and prepayments

(a) Trade and other receivables

	2022 US\$'000	2021 US\$'000
Trade receivables	116,321	153,127
Less: Allowance for doubtful debts	(6,305)	(3,963)
	110,016	149,164
Deposits	—	769
Amounts due from related parties (note 31(a))	17,212	—
Other receivables	13,876	20,225
	141,104	170,158

All of the trade and other receivables included in current assets are expected to be recovered or recognised as expense within one year.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

16 Trade receivables, other receivables and prepayments (Continued)

(a) Trade and other receivables (Continued)

Ageing analysis

As at 31 December 2022, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2022 US\$'000	2021 US\$'000
Within 3 months	83,422	129,930
3 to 6 months	5,603	2,946
6 to 12 months	7,791	4,772
Over 12 months	13,200	11,516
	110,016	149,164

Trade receivables are due within 30 to 90 days from the date of revenue recognition. Further details on the Group's credit policy are set out in note 29(a).

(b) Prepayments

	2022 US\$'000	2021 US\$'000
Prepayments for:		
— Media traffic sources	27,168	8,347
— Others	5,011	4,321
	32,179	12,668

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

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.

	2022 US\$'000	2021 US\$'000
Deposits pledged for bank borrowings	4,151	4,151
Other deposits in banks	632	2,169
	4,783	6,320

(b) Cash and cash equivalents

	2022 US\$'000	2021 US\$'000
Cash at bank and on hand	105,716	160,322
Cash and cash equivalents in the consolidated statement of financial position	105,716	160,322
Bank overdrafts (note 20)	(2,117)	—
Cash and cash equivalents included in assets classified as held for sale	—	110
Cash and cash equivalents in the consolidated cash flow statement	103,599	160,432

As at 31 December 2022, cash and cash equivalents placed with banks in Mainland China amounted to US\$6,139,000 (2021: US\$38,498,000). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

17 Cash and bank balances (Continued)

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

	Note	2022 US\$'000	2021 US\$'000
Profit/(loss) before taxation		11,140	(30,714)
Adjustments for:			
Depreciation	5(c)	6,203	4,703
Amortisation	5(c)	55,358	24,346
Interest expenses	5(a)	5,288	4,379
Interest income	4	(743)	(5,742)
Net (gain)/loss on disposal of property, plant and equipment	4	(16)	2
Net fair value change on financial assets at FVPL	4	1,211	1,004
Gain on the disposal of the Target Business (defined in Note 18)	4	(46,708)	—
Equity-settled share-based payment expenses	5(b)	12,481	5,836
Impairment losses recognised/(reversed)	5(c)	3,707	(8,190)
Gain on disposal of subsidiaries	4	(2,070)	(452)
Change in fair value of contingent consideration	4	(346)	—
Loss on disposal of financial assets at FVPL	4	276	—
Change in fair value of derivative financial liabilities	22	(14,183)	13,979
Unrealised exchange gain		1,547	792
Changes in working capital:			
Decrease/(increase) in contract cost		552	(97)
Decrease/(increase) in trade and other receivables		25,925	(65,676)
Increase in trade and other payables		39,572	101,471
Cash generated from operations		99,194	45,641

Notes to the Consolidated Financial Statements

(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 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

Notes to the Consolidated Financial Statements

(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
Changes from financing cash flows:							
Proceeds from bank loans	219,653	—	—	—	—	—	219,653
Repayment of bank loans	(235,027)	—	—	—	—	—	(235,027)
Capital element of lease rentals paid	—	—	—	—	—	(4,508)	(4,508)
Interest element of lease rentals paid	—	—	—	—	—	(518)	(518)
Interest and other borrowing cost paid	—	—	—	(2,066)	—	—	(2,066)
Total changes from financing cash flows	(15,374)	—	—	(2,066)	—	(5,026)	(22,466)
Exchange adjustment							
	(457)	—	—	—	—	(378)	(835)
Other changes:							
Increase in lease liabilities from entering into new leases during the year	—	—	—	—	—	10,920	10,920
Modifications on lease contracts	—	—	—	—	—	(957)	(957)
Business restructuring	—	—	—	—	(192)	—	(192)
Changes in fair value (note 22)	—	—	(14,183)	—	—	—	(14,183)
Interest expenses (note 5(a))	—	2,471	—	2,299	—	518	5,288
Total other changes	—	2,471	(14,183)	2,299	(192)	10,481	876
At 31 December 2022	43,438	29,980	2,194	853	—	11,923	88,388

Notes to the Consolidated Financial Statements

(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:

	2022 US\$'000	2021 US\$'000
Within operating cash flows	1,195	394
Within financing cash flows	5,026	4,883
	6,221	5,277

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 (“**the Target Business**”) at an aggregate 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 (note 27(f)). Further to the above, the Transferees agreed to return to the Company the other payables due from the Target Business to the Group as at completion by cash.

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 loans		(1,495)
Liabilities held for sale		(47,007)

There was no impairment loss relating to disposal group held for sale before disposal and as at 31 December 2021.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

18 Disposal group held for sale (Continued)

The disposal of the Target Business of the Group was completed in March 2022, and a gain of US\$46,708,000, representing the excess of the consideration of US\$100,352,000 over the carrying value of the Target Business of US\$53,644,000 on the date of disposal was recognised in the "Other net income" line item in the consolidated statement of profit or loss for the year ended 31 December 2022.

19 Trade and other payables

	2022 US\$'000	2021 US\$'000
Trade payables (note (a))	206,639	176,576
Bills payable (note (a))	—	4,706
Amounts due to related parties (note 31(a))	—	192
Other payables	2,391	4,356
Contract liabilities (note (b))	32,106	19,389
Staff costs payables	4,960	6,294
Contingent consideration (note 29(e))	—	346
Value added tax ("VAT") and other tax payables	5,068	2,987
	251,164	214,846

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, 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, which was fully settled during the year ended 31 December 2022.

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

	2022 US\$'000	2021 US\$'000
Within 1 month	47,499	65,311
1 to 2 months	53,929	44,478
2 to 3 months	31,211	21,768
Over 3 months	74,000	49,725
	206,639	181,282

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

19 Trade and other payables (Continued)

(b) Contract liabilities

	2022 US\$'000	2021 US\$'000
Advertising technology business contracts – Billings in advance of performance	25,108	12,905
Marketing technology business contracts – Billings in advance of performance	6,998	6,484
	32,106	19,389

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Advertising technology business and marketing technology business contracts

When the Group receives a deposit before the advertising technology and marketing technology services commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the contracts exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	2022 US\$'000	2021 US\$'000
Balance at 1 January	19,389	11,198
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(19,389)	(11,198)
Increase in contract liabilities as a result of billing in advance of advertising technology business	25,108	12,905
Increase in contract liabilities as a result of billing in advance of marketing technology business	6,998	6,484
Balance at 31 December	32,106	19,389

All of the contract liabilities are expected to be recognised as income within one year.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

20 Bank loans and overdrafts

The analysis of the repayment schedule of bank loans and overdrafts is as follows:

	2022 US\$'000	2021 US\$'000
Within 1 year or on demand	45,555	59,269

As at 31 December 2022 and 2021, the bank loans and overdrafts were secured as follows:

	2022 US\$'000	2021 US\$'000
Secured bank overdrafts (note (b)/(c) & note 17(b))	2,117	—
Unsecured bank loans (note (a))	1,433	16,817
Secured bank loans (note (b)/(c))	42,005	42,452
	45,555	59,269

Notes:

- (a) At 31 December 2022, unsecured banking facilities of the Group amounted to US\$52,976,000 (2021: US\$52,548,000). The facilities were utilised to the extent of US\$1,433,000 (2021: US\$16,817,000).
- (b) At 31 December 2022, secured banking facilities of the Group amounted to US\$140,000,000 (31 December 2021: US\$62,000,000), among which, (1) US\$65,000,000 (31 December 2021: US\$62,000,000) were secured by restricted cash of US\$4,151,000 (31 December 2021: US\$4,151,000) and guaranteed by Mobvista Inc.; and (2) US\$75,000,000 (31 December 2021: Nil) were secured by charged cash in bank accounts of certain subsidiaries of the Group, by charged shares of certain oversea subsidiaries of the Group, by pledged shares of certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group. The facilities were utilised to the extent of US\$44,122,000 as at 31 December 2022 (31 December 2021: US\$42,452,000).
- (c) The Group's banking facilities of US\$140,000,000 (31 December 2021: 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, and at the same time, of which US\$75,000,000 further requires the controlling shareholder and one of the directors to maintain their equity interest and voting rights in the Company at certain level. 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 2022, none of the covenants relating to drawn down facilities had been breached (2021: none).

21 Lease liabilities

At 31 December 2022 and 2021, the lease liabilities were repayable as follows:

	31 December 2022 \$'000	31 December 2021 \$'000
Within 1 year	4,991	3,992
After 1 year but within 5 years	6,932	2,854
	11,923	6,846

Notes to the Consolidated Financial Statements

(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)
At 31 December 2021	27,509	16,377	43,886
Gain arising on changes of fair value	—	(14,183)	(14,183)
Interest charge	2,471	—	2,471
31 December 2022	29,980	2,194	32,174

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 2022 (2021: Nil).

23 Income tax in the consolidated statements of financial position

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

	2022 US\$'000	2021 US\$'000
Current tax payable	7,331	8,040
Current tax recoverable	(528)	(1,226)
	6,803	6,814

Notes to the Consolidated Financial Statements

(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 2021	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
Credited/(charged) to profit or loss	(600)	441	120	1,411	(1,069)	(293)	486	496
Disposal of subsidiaries	(725)	275	–	–	–	–	–	(450)
Exchange difference	(42)	–	4	–	–	–	–	(38)
At 31 December 2022	18,825	4,775	1,405	(4,730)	(4,618)	(2,032)	865	14,490

(ii) Reconciliation to the consolidated statements of financial position

	2022 US\$'000	2021 US\$'000
Net deferred tax asset recognised in the consolidated statements of financial position	20,357	22,040
Net deferred tax liabilities recognised in the consolidated statements of financial position	(5,867)	(7,558)
	14,490	14,482

Notes to the Consolidated Financial Statements

(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(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of US\$20,436,000 as at 31 December 2022 (2021: US\$5,600,000), 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 2022, deferred tax liabilities in respect of temporary differences relating to such undistributed profits of US\$9,160,000 (2021: US\$4,072,000) 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 7 December 2020 separately, 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 would 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 were made to employees in cash and 322,042 shares of the Company with identical market value were vested under the 2020 Scheme, which were credited from treasury shares. During the year ended 31 December 2022, there were no such payment and vested share incurred.

During the year ended 31 December 2022, the RSU Trustees did not purchase any shares (2021: 14,972,000 shares of US\$10,991,000) 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 2022, the Group granted 31,309,033 (2021: 3,503,625) RSUs to certain employees of the Group under the 2018 Scheme. Each RSUs is settled by transfer of one ordinary share of the Company from the RSU trustees to the grantee upon its vesting.

Pursuant to the RSUs agreements under 2018 Share Incentive Plan, subject to grantee’s continued service to the Group through the applicable vesting date, the RSUs shall become vested after 1 month to 49 months from the date of grant.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

25 Share-based payment (Continued)

(a) Share-based compensation scheme of the Group (Continued)

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:

	2022		2021	
	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	17,203,981	0.51	45,274,174	0.52
Granted during the year	31,309,033	0.60	3,503,625	0.85
Forfeited during the year	(2,695,039)	0.61	(8,227,186)	0.48
Vested during the year	(23,953,542)	0.56	(23,346,632)	0.57
Outstanding as of 31 December	21,864,433	0.58	17,203,981	0.51

Share-based compensation expense relating to awards granted to employees is based on the grant date fair value of the RSUs and is recognised on a straight-line basis over the entire vesting period. The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares of the Company on the date of grant. The grant date fair value was determined 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.

(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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

25 Share-based payment (Continued)

(b) Share option scheme of the Group (Continued)

(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		<u>20,000,000</u>		

(ii) The number and weighted average exercise prices of Share Options are as follows:

	2022		2021	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding as of 1 January	7.24	20,000,000	—	—
Granted during the year	—	—	7.24	20,000,000
Forfeited during the year	7.24	(20,000,000)	—	—
Outstanding as of 31 December	—	—	7.24	<u>20,000,000</u>
Exercisable as of 31 December	—	—	7.24	<u>20,000,000</u>

There was no outstanding or exercisable Share Options at 31 December 2022 (2021: 20,000,000 Share Options with an exercise price of HK\$7.24 and a weighted-average remaining contractual life of 9.6 years).

The Group reversed Share Option expenses of US\$647,000 during the year ended 31 December 2022 due to certain employees failing to meet the service condition. (2021: recognised Share Option expenses of US\$647,000).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

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.

31 December 2021

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	10 years	10 years	10 years	10 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 at effective the date of the forfeiture. There were no market conditions associated with the Share Option grants.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

26 Share capital

(a) Authorised

	2022		2021	
	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

	Note	Ordinary shares	
		Number of ordinary shares	Nominal value of fully paid ordinary shares US\$'000
As at 1 January 2021		1,534,204,000	15,341
Issuance of ordinary shares upon subscription	i	72,481,000	725
Issuance of ordinary shares related to business combination	ii	57,433,164	574
As at 31 December 2021		1,664,118,164	16,640
Cancellation of ordinary shares	iii	(27,498,000)	(274)
As at 31 December 2022		1,636,620,164	16,366

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(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) On 13 April 2021, the Company, 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.

(ii) 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.

(iii) **Repurchase and cancellation of own shares**

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 general mandate (the "**Share Repurchase Mandate**") for cancellation purpose.

On 29 August 2022, the Board of the Company has approved a share repurchase plan pursuant to which the Company will further 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

26 Share capital (Continued)

(b) Issued and fully paid (Continued)

(iii) Repurchase and cancellation of own shares (Continued)

During the year, the Company repurchased its own shares on the Stock Exchange as follows:

31 December 2022

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
January 2022	3,564,000	7.04	6.65	24,519
February 2022	984,000	6.25	6.04	6,062
April 2022	8,760,000	5.70	5.04	47,591
July 2022	3,208,000	5.00	4.72	15,649
September 2022	4,390,000	4.88	3.91	19,800
October 2022	2,571,000	4.29	3.84	10,411
November 2022	2,287,000	4.50	3.89	9,531
December 2022	1,651,000	4.25	3.94	6,685
	27,415,000			140,248

31 December 2021

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

During the year ended 31 December 2022, the Company repurchased a total of 27,415,000 (2021: 8,055,000) shares of the Company on the Stock Exchange at an aggregate consideration excluding transaction costs of approximately HK\$140,248,000 equivalent to US\$17,959,000 (2021: HK\$51,536,000 (equivalent to US\$6,634,000)).

During the year ended 31 December 2022, the Company cancelled 27,498,000 (2021: nil) shares of the Company. The total carrying amount of these treasury shares were US\$20,420,000. Consequently, US\$274,000 was debited to share capital, US\$20,146,000 was debited to share premium.

Notes to the Consolidated Financial Statements

(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 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 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 income	—	—	—	—	—	(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 and 1 January 2022	16,640	60,207	268,389	(19,108)	6,971	(7,926)	325,173
Profit for the year	—	—	—	—	—	6,470	6,470
Total comprehensive income	—	—	—	—	—	6,470	6,470
Vested RSUs	—	—	(665)	13,997	(13,332)	—	—
Share-based compensation	—	—	—	—	12,481	—	12,481
Share repurchased for cancellation	—	—	—	(17,959)	—	—	(17,959)
Share transferred from Seamless as a consideration of business restructuring	—	—	—	(100,352)	—	—	(100,352)
Cancellation of ordinary shares	(274)	—	(20,146)	20,420	—	—	—
At 31 December 2022	16,366	60,207	247,578	(103,002)	6,120	(1,456)	225,813

(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(x).

(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(t)(ii).

(f) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees and shares repurchased in the open market under the Share Repurchase Mandate.

Notes to the Consolidated Financial Statements

(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 years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Outstanding as of 1 January	30,446,618	30,766,250
Purchased from the market for RSUs during the year	—	14,972,000
Purchased from the market for cancellation during the year (note 26(b)(iii))	27,415,000	8,055,000
Transferred from Seamless as a consideration of business restructuring during the year (note 18)	102,453,613	—
Cancellation of ordinary shares (note 26(b)(iii))	(27,498,000)	—
Decrease due to RSU vested during the year (note 25(a))	(23,953,542)	(23,346,632)
Outstanding as of 31 December	108,863,689	30,446,618

(g) Distributability of reserves

At 31 December 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US\$312,449,000 (2021: US\$327,641,000).

(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 2022 and 2021. 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 2022 and 2021 was 59% and 52%, respectively.

Notes to the Consolidated Financial Statements

(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 2022 and 2021 was as follows:

	31 December 2022 US\$'000	31 December 2021 US\$'000
Current liabilities:		
Trade and other payables	251,164	214,846
Current tax payable	7,331	8,040
Bank loans and overdrafts	45,555	59,269
Lease liabilities	4,991	3,992
Derivative financial liabilities	2,194	16,377
Liabilities held for sale	—	47,007
Non-current liabilities:		
Convertible bonds	29,980	27,509
Deferred tax liabilities	5,867	7,558
Lease liabilities	6,932	2,854
Other non-current liabilities	21	158
Total debt	354,035	387,610
Total Asset	602,074	746,968
Debt to asset ratio	59%	52%

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

28 Business combination (Continued)

(a) Consideration transferred

The following table summarizes 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)(ii)	50,288
Contingent consideration	(ii)&19	346
Total consideration transferred		<u>111,292</u>

(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. Given Beijing Reyun did not meet the conditions agreed on the completion date of performance assessment period, the fair value of this contingent consideration is adjusted to nil as at 31 December 2022 (31 December 2021: RMB2,208,000 (equivalent to US\$346,000)).

(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.

Notes to the Consolidated Financial Statements

(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		<u>49,100</u>
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		<u>(15,147)</u>
Net cash outflow in respect of business combination		<u>45,511</u>

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

28 Business combination (Continued)

(d) Goodwill

Goodwill arising 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 asset	(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 presented in the "Other net income" line item in the consolidated statement of profit or loss.

The goodwill is attributable mainly to the skills and technical talent of the Reyun SaaS business' s work force and future benefits of Reyun SaaS business from the continuing development and commercialization of SaaS matrix embedded in SaaS platforms. 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 trade and other receivables. 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 and there has been no recent history of default in relation to these financial institutions. Thus the Group's exposure to credit risk arising from cash and cash equivalents and restricted cash is limited and low. 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.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Notes to the Consolidated Financial Statements

(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, 7% (2021: 9%) and 22% (2021: 28%) 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 2022:

	2022		
	Expected loss rate	Gross carrying amount US\$'000	Loss allowance US\$'000
Current (not past due)	0.46%	58,554	(267)
Less than 3 months past due	0.81%	25,340	(205)
3 to 12 months past due	2.76%	13,774	(380)
13 to 24 months past due	17.08%	13,046	(2,228)
25 to 36 months past due	57.52%	5,607	(3,225)
Over 36 months past due	100.00%	—	—
		116,321	(6,305)

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

	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)

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:

	2022 US\$'000	2021 US\$'000
Balance at 1 January	3,963	17,744
Impairment loss recognised/(reversed)	3,707	(8,190)
Uncollectable amounts written off	(1,365)	(1,698)
Reclassified as disposal group held for sale	—	(3,893)
Balance at 31 December	6,305	3,963

Notes to the Consolidated Financial Statements

(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 2022 and 2021 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 2022			
	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 contract liabilities)	219,058	—	219,058	219,058
Lease liabilities	5,412	7,463	12,875	11,923
Convertible bonds	2,700	30,000	32,700	29,980
Bank loans and overdrafts	46,146	—	46,146	45,555
	273,316	37,463	310,779	306,516
	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 contract liabilities 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 and overdrafts	59,582	—	59,582	59,269
	260,018	34,705	294,723	288,735

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings, other receivables, lease liabilities and convertible bonds at the end of the reporting period:

	Notional amount	
	2022 US\$'000	2021 US\$'000
Fixed rate borrowings:		
Bank loans	1,433	1,568
Other receivables	1,787	1,017
Lease liabilities	11,923	6,846
Convertible bonds	29,980	27,509
	45,123	36,940
Variable rate borrowings:		
Bank overdrafts	2,117	—
Bank loans	42,005	57,701
Other receivables	517	—
	44,639	57,701

(ii) Sensitivity analysis

As at 31 December 2022, 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\$442,000 (2021: increased/decreased the Group's loss after taxation for the period by approximately US\$485,000) 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.

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(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). The currencies giving rise to this risk are primarily US\$, RMB and HK\$. The Group manages this risk as follows:

(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 2022			
	US\$ US\$'000	HK\$ US\$'000	RMB US\$'000	Total US\$'000
Trade and other receivables	8,595	5,733	1,050	15,378
Cash and cash equivalents	129	723	1,134	1,986
Trade and other payables	(27,433)	(1,933)	(1,731)	(31,097)
Net exposure to currency risk	(18,709)	4,523	453	(13,733)
	At 31 December 2021			
	US\$ US\$'000	HK\$ US\$'000	RMB US\$'000	Total US\$'000
Trade and other receivables	21,835	2,794	1,103	25,732
Cash and cash equivalents	88	7,853	613	8,554
Trade and other payables	(11,286)	(2,438)	(257)	(13,981)
Net exposure to currency risk	10,637	8,209	1,459	20,305

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

29 Financial risk management and fair values (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

A 10% strengthening of functional currency 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.

	2022	2021
US\$	(1,437)	772
HK\$	378	761
RMB	38	122

A 10% weakening of functional currency 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.

Notes to the Consolidated Financial Statements

(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 2022

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Assets				
Financial asset at FVPL	277	2,522	30,000	32,799
Liabilities				
Derivative financial liabilities — derivative component of convertible bonds	—	2,194	—	2,194

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

During the years ended 31 December 2021 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Notes to the Consolidated Financial Statements

(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 2022 are discount rate of 10.22% (2021: 4.80%) and expected volatility of 44.95% (2021: 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 date backward from the end of reporting period by the remaining term of convertible bonds 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

31 December 2022

Financial instruments	Valuation technique	Significant unobservable inputs	Weighted average	Relationship of unobservable inputs to fair value
Unlisted exchangeable bonds	Option pricing model	Volatility	55%	The higher of volatility, the higher of fair value

31 December 2021

Financial instruments	Valuation technique	Significant unobservable inputs	Weighted average	Relationship of unobservable inputs to fair value
Contingent consideration	Black Scholes pricing model	Revenue of Beijing Reyun for the year ended 31 December 2022	US\$22,517,000	The higher of revenue of Beijing Reyun for the year ended 31 December 2022, the higher of fair value

Notes to the Consolidated Financial Statements

(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)

The fair value of unlisted exchangeable bonds is determined using option pricing model. The significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 31 December 2022, it is estimated that with all other variables held constant, an increase in the expected volatility by 5% would have increased the Group's profit by US\$1,000,000, while a decrease in the expected volatility by 5% would have decreased the Group's profit by US\$500,000.

The fair value of the contingent consideration relating to the business combination of Reyun SaaS business is determined considering the expected shares needed to be issued under probability for cases of revenue for the year ended 31 December 2022 assessed by management and option price estimated by the Black Scholes pricing model.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2022 US\$'000	2021 US\$'000
Unlisted exchangeable bonds:		
Balance at 1 January	—	—
Payment for purchases	30,000	—
Balance at 31 December	30,000	—
Contingent consideration:		
Balance at 1 January	346	—
Assumed in a business combination	—	346
Gain arising on changes of fair value	(346)	—
Balance at 31 December	—	346

The gain arising from the remeasurement of the contingent consideration are presented in the "Other net income" line item in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

(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 2021 and 31 December 2022 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 31 December 2022		At 31 December 2021	
	Carrying amount US\$'000	Level 2 Fair value US\$'000	Carrying amount US\$'000	Level 2 Fair value US\$'000
Convertible bonds	29,980	28,651	27,509	29,851

Valuation techniques and inputs used in Level 3 fair value measurements

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 2022 (2021: nil).

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
Mobvista Co., Ltd. ("Guangzhou Mobvista")	Ultimate controlling party
Guangzhou Ruisou Information Technology Co., Ltd. ("Guangzhou Ruisou")	Entity controlled by the ultimate controlling party
Duanshi Industrial Investment (Guangzhou) Co., Ltd. (Duanshi Investment)	Indirectly wholly-owned by Mr. Duan, one of the executive directors of the Company
Guangzhou Huichun Industrial Investment Co., Ltd. ("Guangzhou Huichun")	Indirectly wholly-owned by Mr. Cao, one of the executive directors of the Company
Marketlogic Technology Limited ("Marketlogic Technology")	Entity controlled by the ultimate controlling party
Zhuhai Huiliang Investment Holdings Company Limited	Entity controlled by the ultimate controlling party

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

31 Material related party transactions (Continued)

(a) Balances with related parties

As at 31 December 2021 and 2022, the Group had the following balances with related parties:

	2022 US\$'000	2021 US\$'000
Amounts due from related parties		
– Marketlogic Technology	17,212	–
Lease Liabilities		
– Guangzhou Ruisou	2,632	4,587
– Guangzhou Huichun	128	302
– Duanshi Investment	128	301
	2,888	5,190
Amounts due to related parties		
– Guangzhou Mobvista	–	29
– Seamless	–	163
	–	192

(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:

	2022 US\$'000	2021 US\$'000
Short-term employee benefits	1,492	1,561
Discretionary bonus	587	48
Share-based compensation expenses	2,658	2,128
Contributions to retirement benefit scheme	77	55
	4,814	3,792

Total remuneration is included in "staff costs" (see note 5(b)).

Notes to the Consolidated Financial Statements

(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 the 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 in the third year respectively. As at 31 December 2022, the total amounts of right-of-use assets and the amount of lease liabilities are US\$2,436,000 (31 December 2021: US\$5,367,000) and US\$2,888,000 (31 December 2021: US\$5,190,000) respectively.

(d) Other material related party transactions

Upon completion of the disposal of the Target Business disclosed in Note 18, the amounts due from the Transferees amounted to US\$22,392,000. Subsequent to the disposal of the Target Business on 3 March 2022, the Group continued collecting receivables and settling payables arising from certain legacy business contracts with third parties on behalf of the Transferees amounted to US\$32,570,000 and US\$46,701,000 respectively during the year ended 31 December 2022. The Transferees and the Group agreed to settle the receivables and payables aforesaid on a net basis. The Group received amounts due from the Transferees amounted to US\$21,395,000 during the year ended 31 December 2022. As at 31 December 2022, the balance of amounts due from the Transferees amounted to US\$15,128,000.

On 30 August 2022, the Group and Marketlogic Technology entered into (i) the Digital Marketing Service Agreement, pursuant to which, among others, the Group agreed to provide digital marketing services to Marketlogic Technology on a programmatic advertising platform; and (ii) the Digital Marketing Service (Top Media) Master Agreement, pursuant to which Marketlogic Technology agreed to provide digital marketing services to the Group on major media platforms. Subsequent to the signoff of the both agreements on 30 August 2022, the Group provided digital marketing services to Marketlogic Technology amounted to US\$6,643,000 and received digital marketing services from Marketlogic Technology amounted to US\$295,000 during the year ended 31 December 2022. As at 31 December 2022, the balance of amounts due from Marketlogic Technology amounted to US\$2,084,000.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

32 Company-level statement of financial position

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
Non-current assets			
Investment in subsidiaries		240,039	212,218
		240,039	212,218
Current assets			
Prepayments		1,880	—
Other receivables		144,598	93,711
Financial assets measured at FVPL		31,287	2,300
Cash and cash equivalents		11,631	78,161
Restricted cash		11	—
		189,407	174,172
Current liabilities			
Bank loans		42,005	4,000
Derivative financial liabilities		2,194	16,377
Other payables		129,454	13,331
		173,653	33,708
Net current assets		15,754	140,464
Total assets less current liabilities		255,793	352,682
Non-current liabilities			
Convertible bonds		29,980	27,509
		29,980	27,509
NET ASSETS		225,813	325,173
Share capital	26	16,366	16,640
Reserves	27	209,447	308,533
TOTAL EQUITY		225,813	325,173

Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

33 Non-adjusting events after the reporting period

After the end of the reporting period, the Group reached an agreement with its banker to extend a loan facility of US\$40,000,000 originally due within 12 months of the end of the reporting period. The extended loan facility is now due on 9 March 2025. No adjustments have been made to these financial statements as a result of this extension and therefore the loan related to the loan facility is presented as a current liability as at the end of the reporting period.

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 2022

Up to date of issue of the financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 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
IFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to IAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to IAS 1, <i>Presentation of financial statements</i> and IFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to IAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to IAS 12, <i>Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments 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.

DEFINITIONS

“AI”	artificial intelligence
“AGM”	annual general meeting
“Articles or Articles of Association”	the articles of association of our Company as amended from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code” or “Corporate Governance Code”	the “Corporate Governance Code” as contained in Appendix 14 to the Listing Rules
“China”, “PRC” or “Mainland China”	the Peoples Republic of China, which for the purpose of this annual report only excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”, “our Company”, “the Company” or “Mobvista”	Mobvista Inc. (匯量科技有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 16 April 2018
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Seamless, Guangzhou Mobvista and Mr. Duan
“Director(s)”	the director(s) of our Company
“Duanshi Investment”	Duanshi Industrial Investment (Guangzhou) Co., Ltd., a company established in the PRC on 21 July 2017 and de facto controlled by Mr. Duan
“EGM”	extraordinary general meeting
“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, 7 December 2020 and 22 February 2022
“FVPL”	fair value through profit or loss

Definitions

“Game Analytics” or “GA”	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 de facto controlled by Mr. Cao
“Guangzhou Huihong”	Guangzhou Huihong Capital Management Partnership (Limited Partnership), a partnership established in the PRC on 28 June 2020 and de facto controlled by Mr. Duan
“Guangzhou Huimao”	Guangzhou Huimao Investment Management Center (Limited Partnership) a partnership established in the PRC on 13 May 2015 and de facto controlled by Mr. Duan
“Guangzhou Huimu”	Guangzhou Huimu Enterprise Management Consulting 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 de facto 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 (i.e. Guangzhou Huitao), 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”	24 April 2023, 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 and amended on 7 December 2021 and 22 February 2022
“MAU”	monthly active user
“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, one of our co-founders and Controlling Shareholders, an executive Director and the chairman of the Company
“Mr. Fang”	Mr. FANG Zikai, an executive Director and the chief product officer of our Company
“Nomination Committee”	the nomination committee of the Company
“programmatic advertising”	the automatic buying and selling of ad inventories and automatic ad delivery through SDK or API
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	from 1 January 2022 to 31 December 2022
“RMB”	Renminbi yuan, the lawful currency of China

Definitions

“RSU”	a restricted share unit award granted to a participant under the RSU Scheme
“RSU Schemes”	the Employee RSU Scheme and the Management RSU Scheme
“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
“Marketlogic Technology”	Marketlogic Technology Limited, a business company incorporated in the Hong Kong with limited liability on 19 June 2020 and wholly-owned by Seamless
“Mintegral International”	Mintegral International Limited, a business company incorporated in the Hong Kong with limited liability on 24 May 2013 and an indirect wholly-owned subsidiary of our Company
“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
“%” or “pct”	per cent