Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2020	2019	
	US$'000	*US$'000*	
	(Unaudited)	*(Unaudited)*	**YoY Change**
Revenue	**266,907**	225,087	18.6%
Gross Profit	**58,248**	50,140	16.2%
Profit for the period	**13,098**	7,588	72.6%
Non-IFRS measures			
Adjusted EBITDA [(1)]	31,232	22,965	36.0%
Adjusted net profit [(2)]	23,306	17,363	34.2%

Notes:

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

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

BUSINESS HIGHLIGHTS

Revenue of Programmatic Advertising

191.9 Million (US$)

Increased by 51.4%

Profit for the Period

13.1 Million (US$)

Increased by 72.6%

Clients on the Mintegral Platform

Retention Rate: 91.3%

Growth Rate: 43.0%

Publishers on the Mintegral Platform

Retention Rate: 91.6%

Growth Rate: 36.3%

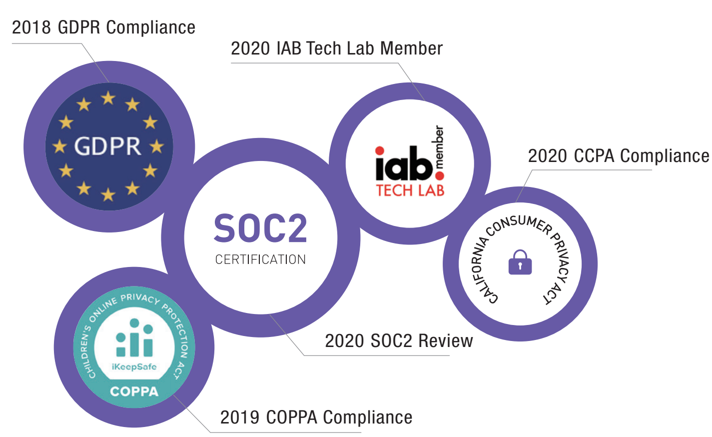
Apps on the Mintegral Platform

Apps 33,000+

Increased by 27.6%

(Compared with the end of 2019)

Data Privacy and Compliance



Notes:

1. GDPR: General Data Protection Regulation
2. IAB Tech Lab: IAB Technology Laboratory
3. SOC2: the Service Organization Control 2, the International Standard. Assurance Engagement 3000 stipulates that the internal control system of a service organization is a policy and program designed, implemented and recorded by the management to provide the service described in such service organization control report to the user entities.
4. CCPA: California Consumer Privacy Act
5. COPPA: Children's Online Privacy Protection Act

The board (the "**Board**") of directors (the "**Directors**") of Mobvista Inc. (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**"). The interim results have been reviewed by the Audit Committee of the Company and the external auditor.

Business Review

I. Company Overview and Industry Overview

Company Overview

We are a comprehensive technology platform providing mobile advertising and data analytics services to mobile application ("**App**") developers.

Through our cloud-based performance advertising platform, we provide mobile App advertisers globally with advertising services across a variety of ad formats, aggregated access to different traffic channels and devices worldwide, so as to help advertisers acquire high-quality users at scale. Meanwhile, we empower global mobile App publishers to acquire higher fill rate and purchasing price of ad inventories.

Our clients are mainly mobile App developers. Based on advertising effects, we charge clients for performance-based advertising fee which is calculated by number of users (i.e., the number of mobile App downloads or installations) acquired with the campaign. In addition, during the Reporting Period, we launched our SaaS-based self-serve performance advertising platform, which generates revenue by charging clients platform fee calculated as a percentage of their ad spend.

Meanwhile, the Group owns gaming data analytics platform GameAnalytics ("**GA**"). GA provides gamer data analytics service for game developers, and is one of the world's largest light/ultra-light gaming data analytics platforms. The platform has strategic meaning to the Group in terms of consolidating our core competitiveness in gaming advertising, enabling the Group to access potential clients and premium inventories, improving the granularity of advertising audiences' user profiles.

Main Platform

We launched our programmatic performance advertising platform Mintegral in 2016. This platform enables our clients to conduct data-driven, more targeting and transparent advertising campaign, and further obtain higher returns on their advertising spend with auto-optimized predictive models. Besides, the platform provides a comprehensive performance reporting of campaign. With the report, our clients can gain insight into campaign matrix, and thus develop better campaign strategies and achieve greater outcomes. The stated functionalities increased our clients' reliance on us and their advertising budgets in the platform.

In the meanwhile, our platform's integrated access to a variety of multichannel ad inventories enable us to help ad buyers better allocate their budgets, and enable us to improve matching and better estimate the pricing of ad inventories on a real-time basis, optimizing our bidding engine which can lead to lower impression cost and higher gross profit.

Industry Overview

During the Reporting Period, the global pandemic of COVID-19 continued to cause a slowdown in global economic activities and led to more challenging business environment. However, we are confident in our position and ability to face the ever-changing market environment.

In the short run, an uncertain economy drives advertisers to shift their focus towards the direct economic effects of their advertising, resulting in an increasing budget allocated to performance advertising. Meanwhile, the growing traffic creates significantly more demand for leisure and entertainment products. For taking up more market shares, advertisers in categories like gaming are increasing their advertising budgets rapidly.

In the long run, the increase of users' online activities accelerates the digitalization of media channels and shifts advertising budget from offline to online. Additionally, the diverse and opaque nature of mobile traffic increases the complexity of distribution, which leads to advertisers' action to move a greater percentage of their advertising budgets to the traffic integration platforms like us. Last but not least, advertisers are realizing the value of performance-based advertising due to their emphasis on having a measurable outcome tied to their advertising spend. As a result, the demand for data and algorithm-driven programmatic advertising continues to grow.

II. Financial Performance

— For the six months ended 30 June 2020, the Group's unaudited revenue increased by 18.6% to US$266.9 million (six months ended 30 June 2019: US$225.1 million); During the Reporting Period, the Group continued to invest in programmatic advertising business, leading to the continuing growth in the business and we achieved programmatic revenue of US$191.9 million and gross revenue (i.e. advertising spend of advertisers) of US$257.5 million.

— For the six months ended 30 June 2020, the Group's unaudited gross profit increased by 16.2% to US$58.2 million (six months ended 30 June 2019: US$50.1 million); The gross profit of programmatic advertising was US$39.9 million, increased by 54.3% compared with the same period in 2019 which was US$25.9 million.

— For the six months ended 30 June 2020, the Group's unaudited equity holders of the Group's earnings have an increase of approximately 72.6% to US$13.1 million (six months ended 30 June 2019: US$7.6 million); Non-IFRS measure adjusted net profit has an increase of 34.2% to US$23.3 million (six months ended 30 June 2019: US$17.4 million).

III. Business Review

1. We witnessed a surge in demand from gaming category, with the support of GA in our business layout in the field

1) We continued to grow our business in the gaming category and leveraged the growing industry trend.

During the Reporting Period, gaming category revenue increased by 91.1% on a year-on-year basis (“**YOY**”) from US$87.5 million to US$167.2 million, representing 62.6% compared with 38.9% of total revenue for the same period last year.

Benefiting from the increase of global traffic, the mobile gaming industry has witnessed massive growth in advertising demand. From the category perspective, with breakouts such as “play and earn”, the casual gaming segment continues to develop. Based on the advantages of proprietary user behavior data and potential clients brought by GA in the field of casual/hyper-casual games, the Group quickly seized the market share of gaming ad spend. In addition, the Group is actively developing the moderate and hardcore game vertical segment and has made progress in relevant data accumulation and traffic expansion.

2) *The development of GA platform laid foundation for the Group's business expansion.*

By the end of the Reporting Period, GA served more than 105,000 active games from over 80,000 game developers, increased 19.3% and 39.0% respectively comparing to those by the end of 2019.

2. ***We recorded a rapid growth in our client base and acceleration of flywheel effect in our programmatic advertising business***

1) *The programmatic business grew rapidly and the flywheel effect accelerated.*

During the Reporting Period, programmatic advertising revenue increased by 51.4% from US$126.8 million to US$191.9 million from the same period last year.

Our expansion of high-quality traffic increased our ad exposure and resulted in increased velocity of data accumulation and algorithm iteration, which led to the improvement in the return on investment ("**ROI**") of advertisers and thus attracted more budgets from advertisers.

2) *Client and traffic base grew rapidly and high retention rate of those strengthened our competitiveness*

During the Reporting Period, the Group's client base continued to increase. In the first half of 2020, the retention rate of advertisers on the Mintegral platform reached 91.3%, and the total number of advertisers increased by 43.0% compared to the second half of 2019. Moreover, the gross ad spend from existing advertisers increased by 85.0% compared to the second half of 2019.

In terms of traffic, by the end of the Reporting Period, Mintegral platform had 4,175 publishers, with an increase of 36.3% compared to the end of 2019. Meanwhile, the platform reached more than 33,000 mobile traffic, with an increase of 27.6% compared to the second half of 2019 and a retention rate of 91.6%.

Our client base and traffic base on the Mintegral platform have both grew rapidly, and the network effect of our platform has become even more apparent.

3. ***Our business platformization decided diminishing marginal operational expense ratio.***

During the Reporting Period, in spite of rapid growth of our revenue, our selling and marketing expense, research and development expense and general and administrative expense ratio have all been decreasing. Among the expenses, selling and marketing expense as percentage of total revenue was 1.5% (as at 30 June 2019: 2.0%), research and development expense (capitalization part included) was 9.0% of our total revenue (as at 30 June 2019: 10.1%), general and administrative expense was 6.8% of our total revenue (as at 30 June 2019: 8.6%). The Group's Non-IFRS adjusted expense ratio is defined as above stated expenses adjusted for share-based compensation expenses and capitalized research and development spending as percentage of revenue. Our Non-IFRS adjusted expense ratio decreased by 2.5 pct. (i.e. we use "pct." to represent absolute change in percentages) on a YoY basis. The platformization nature of our business led to diminishing marginal operational expense ratio (i.e. above expenses as percentage of our total revenue).

IV. Long Term Strategy

In the first half of 2020, despite various challenges in business climate, we maintained solid growth in our client base, revenue, and net profit. Also, we pushed forward with and implemented a number of strategies to drive long term growth of the Group.

Our Company's strategies include:

1. Globalization: We have been and will continue to adhere to the globalization strategy. The Group has been always keeping our focus on establishing a sound brand image among advertisers in the Asia-Pacific region, strengthening our cooperation with the existing and potential clients. In addition, we implemented localization strategies in EMEA and the Americas to actively explore those markets.

2. Acquisition of quality traffic globally: We believe that in the context of increasingly fragmented global traffic, advertisers are shifting more of their budgets to advertising platforms with integrated access to quality traffic resources. Therefore, since 2018, the Group began to implement the App developer incentive plan in order to increase the supply of particularly high-quality programmatic traffic.

3. Focus on technology, innovation, and building a tooling ecosystem:

    1) We launched SaaS-based self-serve performance advertising platform NativeX: Advertisers could utilize this platform independently to create, conduct, manage, and optimize their mobile advertising activities, as well as execute cross-mobile devices and cross-channel campaigns. Additionally, they can rely on our strong data and artificial intelligence algorithm capabilities to optimize their advertising effects.

2) We have been improving our gaming data analytics platform GameAnalytics: We plan to further improve our GameAnalytics platform to enhance its functionalities. We view data as one of our core advantages and our access to a large number of game developers will provide solid foundation of sable traffic for the Group's business extension. Thus, we will continue to invest GA to grow our proprietary data and actively extend our business.

3) We have been building our tooling system: With profound insight and understanding of App developers' business and technological needs at different stage of life-cycle, the Group has been consistently building tooling ecosystem. Based on customized needs, advertisers could use tailored tool pack to fulfill their requests in data analytics, user acquisition, creative design, campaign strategy, in-house cloud deployment and operation and so on. Our platform's tooling ecosystem allows us to provide differentiated services to our clients, and thus strengthen long-term relationship with our clients.

4. Protecting data privacy: Protection of data privacy has been of paramount importance in our business operation. Our platform collects and analyzes behavioral data of mobile Internet users, but we do not identify or associate data with specific individuals through collecting data.

   As a global company, our data collection and privacy protection are subject to the supervision of global legislative and regulatory bodies, such as the GDPR (General Data Protection Regulations) of the European Union. At present, more and more digital media and advertising platforms are required to comply with these regulations, and companies that do not comply with these regulations will face the risk of being forced to terminate their businesses. Further, the Group already completed the SOC2 privacy principle audit of "security", "confidentiality", and "privacy" at the end of August 2020 (the report was issued by KPMG). We believe that the protection of data and privacy is of great importance to the Group in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue by Purchasing Model

During the six months ended 30 June 2020, we recorded total revenue of US$266.9 million (six months ended 30 June 2019: US$225.1 million), increased by 18.6% on a YoY basis. Revenue from programmatic advertising was US$191.9 million (six months ended 30 June 2019: US$126.8 million), increased by 51.4% on a YoY basis. The revenue contribution from programmatic advertising increased to 71.9% (six months ended 30 June 2019: 56.3%). Revenue from non-programmatic advertising was US$75.0 million (six months ended 30 June 2019: US$98.3 million), decreased by 23.7% on a YoY basis.

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Mobile Advertising Revenue***	*US$'000*	*% of Mobile Advertising Revenue*	**YoY Change**
Programmatic	**191,885**	**71.9%**	126,756	56.3%	**51.4%**
Non-programmatic	**75,022**	**28.1%**	98,331	43.7%	**-23.7%**
Total Mobile advertising revenue	**266,907**	**100.0%**	225,087	100.0%	**18.6%**

The stated growth of revenue from programmatic advertising was driven by an accelerating number of new advertisers and an increase in existing advertisers' budgets. Since 2017, the Group has been focusing on programmatic advertising to drive long-term growth. In order to improve the effectiveness of programmatic advertising and reputation of the Group's brand, the Group continues to actively expand integrations with high-quality traffic sources, strengthen our advantageous position in data, and evolve and optimize our algorithm. This enables the Group to attract more advertisers and larger advertising budgets from existing advertisers.

The decline of non-programmatic advertising can be attributed to the dual effects from changes in the industry and the Group's strategies. With the increasing emphasis of direct advertising effects by advertiser and accelerating media digitization process, the industry is moving from non-programmatic advertising business to programmatic-advertising business. This process has been expedited by the special business climate in 2020. Based on the long-term trajectory of the industry and the persistent execution of our business strategy, the Group will continue to focus on the programmatic advertising business, and our non-programmatic advertising is expected to decline steadily.

Revenue by Geographic Location

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Mobile Advertising Revenue***	*US$'000*	*% of Mobile Advertising Revenue*	**YoY Change**
China[2]	**80,328**	**30.1%**	132,602	58.9%	**-39.4%**
EMEA[3]	**70,039**	**26.2%**	34,288	15.2%	**104.3%**
Americas[4]	**61,929**	**23.2%**	21,347	9.5%	**190.1%**
Asia Pacific[5]	**47,700**	**17.9%**	33,567	14.9%	**42.1%**
Others	**6,911**	**2.6%**	3,283	1.5%	**110.5%**
Total mobile advertising Revenue	**266,907**	**100.0%**	225,087	100.0%	**18.6%**

Notes:

(1) The destinations in the table were classified according to locations of advertisers' headquarters.

(2) 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.

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

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

(5) Primarily includes Australia, New Zealand, Asia other than China.

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

China is our largest revenue source region, with a total revenue of US$80.3 million (six months ended 30 June 2019: US$132.6 million), contributing 30.1% of the total revenue. The YoY decline in revenue in China was mainly due to adjustments to advertising budgets by advertisers who were impacted by the uncertain domestic economy in the first quarter of 2020. Meanwhile, the Group employed tighter client management and enhanced risk management process.

The Americas and the EMEA region's contribution to the overall revenue grew significantly. During the Reporting Period, revenue from Americas was US$61.9 million (six months ended 30 June 2019: US$21.3 million), with a YoY growth of 190.1%, accounting for 23.2% of total revenue; EMEA's revenue in the region was US$70.0 million (six months ended 30 June 2019: US$34.3 million), with a YoY growth of 104.3%, accounting for 26.2% of total revenue. Since 2019, the Group has continued to explore the markets in Americas and EMEA, thus driving the rapid growth of advertisers and advertising revenue from those markets.

Asia-Pacific region showed encouraging growth in revenue, with a YoY growth of 42.1% to US$47.7 million (six months ended 30 June 2019: US$33.6 million). The encouraging revenue growth in the Asia-Pacific region can be attributed to the Group's forward-looking regional business layout. With the popularization of the Internet and the increasing penetration of smart mobile devices in the Asia-Pacific region, the regional revenue has achieved steady growth. Sustainable growth is expected in the long term in this region.

Revenue by Mobile App Category

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Mobile Advertising Revenue***	*US$'000*	*% of Mobile Advertising Revenue*	**YoY Change**
Games	**167,153**	**62.6%**	87,474	38.9%	**91.1%**
E-commerce	**50,506**	**18.9%**	35,759	15.9%	**41.2%**
Content and social	**17,231**	**6.5%**	47,000	20.9%	**-63.3%**
Lifestyle	**10,856**	**4.1%**	22,965	10.2%	**-52.7%**
Utility	**9,984**	**3.7%**	16,777	7.5%	**-40.5%**
Other	**11,177**	**4.2%**	15,112	6.6%	**-26.0%**
Total mobile advertising revenue	**266,907**	**100.0%**	225,087	100.0%	**18.6%**

During the Reporting Period, the gaming category, as the main driver of the Group's revenue growth for the period recorded revenue of US$167.2 million (six months ended 30 June 2019: US$87.5 million), with a YoY growth of 91.1%, accounting for 62.6% of total revenue. Benefiting from the synergy between our game user behavior analysis platform-GameAnalytics and our advertising business, the Group fully leveraged its advantages in traffic and data within the light/ultra-light gaming category. This enabled us to capture growth opportunities from breakout gaming demand in the first half of the year, and resulted in rapid growth in the Reporting Period. Also, in the first half of the year, in order to further expand traffic diversity within the gaming sector, the Group has been expanding actively into other gaming segments such as hardcore gaming. This enables us to cater to a border set of potential advertisers in the future.

Revenue from e-commerce category was US$50.5 million (six months ended 30 June 2019: US$35.8 million), with a YoY growth of 41.2%, accounting for 18.9% of total revenue. The increase was mainly due to an increase in E-commerce demand driven by an increase in online shopping during the Reporting Period.

Revenue from content and social category declined by 63.3% to US$17.2 million (six months ended 30 June 2019: US$47.0 million). The decline in content and social app advertising revenue is an expected result of the Group's strategic adjustment. Since the second half of 2019, the Group has adjusted its advertising strategy to lower the potential impact by business uncertainty.

Lifestyle category advertising revenue also declined during the Reporting Period. It recorded revenue of US$10.9 million (six months ended 30 June 2019: US$23.0 million), decreased by 52.7% on a YoY basis. The decline was mainly due to advertisers' advertising budget adjustment as a result of economic uncertainty.

During the Reporting Period, the Group has been consistently increasing scene coverage, actively expanding segments, refining operations of mature categories. Through integration with high-quality traffic by sharing interest with the advertisers, the Group is spontaneously gaining market share and strengthening competitive advantages, laying a solid foundation for long term development.

Costs of Sales

During the six months ended 30 June 2020, our costs of sales increased by 19.3% on a YoY basis to US$208.7 million (six months ended 30 June 2019: US$174.9 million). Such increase was primarily driven by increase in advertising revenue, reflecting higher traffic acquisition and server costs.

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Total Revenue***	*US$'000*	*% of Total Revenue*	**YoY Change**
Traffic acquisition costs	**196,178**	**73.5%**	166,596	74.0%	**17.8%**
Server costs	**12,481**	**4.7%**	8,351	3.7%	**49.5%**
Total mobile advertising cost	**208,659**	**78.2%**	174,947	77.7%	**19.3%**

Cost of Sales by Purchasing Model

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Programmatic Revenue***	*US$'000*	*% of Programmatic Revenue*	**YoY Change**
Programmatic cost	**151,994**	**79.2%**	100,901	79.6%	**50.6%**
Traffic acquisition costs	**140,761**	**73.3%**	93,803	74.0%	**50.1%**
— Traffic costs	**135,261**	**70.4%**	84,296	66.5%	**60.5%**
— Incentive plan costs	**5,500**	**2.9%**	9,507	7.5%	**-42.1%**
Server costs	**11,233**	**5.9%**	7,098	5.6%	**58.3%**
	US$'000	***% of Non-programmatic Revenue***	*US$'000*	*% of Non-programmatic Revenue*	**YoY Change**
Non-programmatic cost	**56,665**	**75.5%**	74,046	75.3%	**-23.5%**
Traffic acquisition costs	**55,417**	**73.8%**	72,793	74.0%	**-23.9%**
Server costs	**1,248**	**1.7%**	1,253	1.3%	**-0.4%**

The Group's cost of programmatic advertising in the first half year of 2020 increased by 50.6% to US$152.0 million (six months ended 30 June 2019: US$100.9 million), mainly due to the increase in traffic acquisition and server as well as adjustment of allocation between different servers.

Among them, programmatic traffic acquisition cost increased to US$140.8 million, accounting for 73.3% of programmatic advertising revenue. The increase was due to the increasing amount of programmatic traffic and the subsidies related to App developer incentive plan. The higher growth rate of programmatic traffic costs was attributed to the fluctuation of programmatic revenue structure under the current special circumstance. Besides, the Group has consistently adhered to the strategy of driving business growth with high quality traffic, and gaining unique access to premium traffic through the incentive plan by which the Group shared monetary incentive premier with App developers in exchange for the access right. During the Reporting Period, the Group's App developer incentive plan costed US$5.5 million.

In addition, programmatic server costs rose to US$11.2 million. The cost as percentage of programmatic advertising revenue rose by 0.3 pct. to 5.9% on a YoY basis. The increase was related to higher server demand due to increased request time. In addition, to ensure system stability, the Group made a few allocation adjustments and migrated some business modules between servers.

In the first half of 2020, the Group's cost of non-programmatic business decreased by 23.5% on a YoY basis to US$56.7 million (six months ended 30 June 2019: US$74.0 million), mainly due to the decrease of non-programmatic advertising revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2020, the Group recorded gross profit of US$58.2 million (six months ended 30 June 2019: US$50.1 million), increased by 16.2% on a YoY basis. Our gross profit margin slightly decreased to 21.8% (six months ended 30 June 2019: 22.3%).

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

Six months ended 30 June				
2020		2019		
Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	**Gross Profit YoY Change**
US$'000	***%***	*US$'000*	*%*	*%*
58,248	**21.8%**	50,140	22.3%	**16.2%**

Gross Profit and Gross Profit Margin by Purchase Model

During the Reporting Period, gross profit of the programmatic advertising business increased by 54.3% on a YoY basis to US$39.9 million (six months ended 30 June 2019: US$25.9 million). Gross profit margin of the programmatic advertising business slightly increased 0.4% to 20.8%. Our strategy of integration of high-quality traffic, leveraging and enriching dataset and the strength of our algorithm iteration processes allowed us to drive the budget growth from existing customers and attract business from new customers.

Gross profit of non-programmatic advertising business decreased by 24.4% on a YoY basis to US$18.4 million (six months ended 30 June 2019: US$24.3 million). Gross profit margin of non-programmatic advertising business remained relatively stable at 24.5%.

The following table sets forth our gross profit and gross profit margin from mobile advertising by purchasing model for the periods indicated:

	Six months ended 30 June				
	2020		2019		
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	**Gross Profit YoY Change**
	US$'000	***%***	*US$'000*	*%*	*%*
Programmatic	**39,891**	**20.8%**	25,855	20.4%	**54.3%**
Non-programmatic	**18,357**	**24.5%**	24,285	24.7%	**-24.4%**
Total	**58,248**	**21.8%**	50,140	22.3%	**16.2%**

Gross Profit and Gross Profit Margin by Mobile App Category

Our gross profit was mainly derived from gaming and e-commerce which were recorded at US$34.8 million and US$11.5 million, on a YoY basis increase of 77.2% and 21.9% respectively, and together accounted for 79.4% of total gross profit. Gross profit of the other categories was decreasing, mainly due to the revenue decline of the corresponding categories. The sharp increase in gross profit from gaming has mitigated the negative impact from the other categories on overall gross profit.

During the Reporting Period, total gross profit margin decreased to 21.8% (six months ended 30 June 2019: 22.3%), with the main reason being the light/ultra-light gaming category, which had relatively low profit margin, accounted for a large proportion of total revenue.

The following table sets forth our gross profit and gross profit margin from mobile advertising by the mobile App category for the periods indicated:

	Six months ended 30 June						
	2020			2019			
	Gross Profit	**Percentage of Gross Profit**	**Gross Profit Margin**	Gross Profit	Percentage of Gross Profit	Gross Profit Margin	**Gross Profit YoY Change**
	US$'000	***%***	***%***	*US$'000*	*%*	*%*	***%***
Games	**34,794**	**59.7%**	**20.8%**	19,638	39.2%	22.5%	**77.2%**
E-commerce	**11,468**	**19.7%**	**22.7%**	9,411	18.8%	26.3%	**21.9%**
Content and social	**3,904**	**6.7%**	**22.7%**	8,589	17.1%	18.3%	**-54.5%**
Lifestyle	**3,630**	**6.2%**	**33.4%**	7,654	15.3%	33.3%	**-52.6%**
Utility	**2,630**	**4.5%**	**26.3%**	2,996	6.0%	17.9%	**-12.2%**
Other	**1,822**	**3.2%**	**16.3%**	1,852	3.6%	12.3%	**-1.6%**
Total	**58,248**	**100.0%**	**21.8%**	50,140	100.0%	22.3%	**16.2%**

Selling and Marketing Expenses

During the six months ended 30 June 2020, we recorded selling and marketing expenses decreased by 7.5% on a YoY basis to US$4.1 million (six months ended 30 June 2019: US$4.4 million). The decline was attributed to the internal cut-down of travel expenses and marketing expenses during the COVID-19 period.

Research and Development Expenses

During the six months ended 30 June 2020, our R&D expenses decreased by 19.5% on a YoY basis to US$13.7 million (six months ended 30 June 2019: US$17.1 million). Such decline was largely because our previous R&D investment has reached its phase achievement and entered into the R&D spending capitalization stage. If we take into account both capitalized R&D spending and expensed R&D spending, the total R&D spending would be US$24.0 million.

The Group values the power of research and technology advancement and believes that they are the core drivers of our development. To this end, we implemented share-based compensation plans for employees in R&D department. During the Reporting Period, we recorded share-based compensation attributed to R&D of US$5.9 million.

General and Administrative Expenses

During the six months ended 30 June 2020, our general and administrative expenses decreased by 5.6% on a YoY basis to US$18.2 million (six months ended 30 June 2019: US$19.3 million). In addition, during the Reporting Period, we recorded share-based compensation attributed to general and administrative expenses of US$3.4 million.

Profit from Operations

During the six months ended 30 June 2020, our operating profit increased by 67.8% on a YoY basis to US$15.6 million (six months ended 30 June 2019: US$9.3 million). If we disregard the impact from the share-based compensation expenses, the profit from operations will increased by 30.6% on a YoY basis to US$24.9 million (six months ended 30 June 2019: US$19.1 million).

Finance Costs

During the six months ended 30 June 2020, our finance costs increased by 61.6% on a YoY basis to US$1.1 million (six months ended 30 June 2019: US$0.7 million). The increase was mainly due to the loan interest incurred in newly added bank loan.

Income Tax

During the six months ended 30 June 2020, our income tax expenses increased by 36.2% on a YoY basis to US$1.4 million (six months ended 30 June 2019: US$1.0 million). The increase in income tax was mainly due to the increase in profit before taxation.

Profit for the Period Attributable to Equity Holders of the Company

During the six months ended 30 June 2020, our profit attributable to equity holders of the Company increased by 72.6% on a YoY basis to US$13.1 million (six months ended 30 June 2019: US$7.6 million).

Other Financial Information (Non-IFRS measures)

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

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Total Revenue***	*US$'000*	*% of Total Revenue*	**YoY Change**
Profit from operations	**15,627**	**5.9%**	9,314	4.2%	**67.8%**
Add back:					
Depreciation	**2,304**	**0.8%**	2,446	1.1%	**-5.8%**
Amortization	**3,093**	**1.2%**	1,430	0.6%	**116.3%**
EBITDA	**21,024**	**7.9%**	13,190	5.9%	**59.4%**
Add back:					
Share-based compensation expenses	**9,308**	**3.5%**	9,775	4.3%	**-4.8%**
Investment (gain)/loss from financial assets at fair value through profit or loss	**900**	**0.3%**	–	–	**–**
Non-IFRS measure Adjusted EBITDA	**31,232**	**11.7%**	22,965	10.2%	**36.0%**

	Six months ended 30 June				
	2020		2019		
	US$'000	***% of Total Revenue***	*US$'000*	*% of Total Revenue*	**YoY Change**
Profit for the period	**13,098**	**4.9%**	7,588	3.4%	**72.6%**
Add back:					
Share-based compensation expenses	**9,308**	**3.5%**	9,775	4.3%	**-4.8%**
Investment (gain)/loss from financial assets at fair value through profit or loss	**900**	**0.3%**	–	–	**–**
Non-IFRS measure					
Adjusted net profit	**23,306**	**8.7%**	17,363	7.7%	**34.2%**

During the Reporting Period, the Group's non-IFRS measure adjusted EBIDTA was US$31.2 million (six months ended 30 June 2019: US$23.0 million), increased by 36.0% on a YoY basis, and non-IFRS measure adjusted net profit was US$23.3 million (six months ended 30 June 2019: US$17.4 million), increased by 34.2% on a YoY basis.

The significant improvement in non-IFRS measure adjusted EBIDTA and adjusted net profit was due to the continuous revenue growth and increased operating marginal efficiency brought by the platform nature of the Group's business. Our strategy of following our business shift towards programmatic advertising means that we benefit from efficiency increases as the programmatic business grows in scale. Also, we rely on advantages in traffic, dataset, and advanced technology to continuously improve the effects of advertising, and benefit from highly retention of existing advertisers and their budgets. In the meantime, we continue to focus on expanding the scope of current client partnerships and attracting new clients. The above efforts fueled rapid growth in programmatic advertising revenue. Besides, the platform nature of our business leads to emergence of diminishing marginal operational cost.

During the Reporting Period, the Group fully leveraged existing resources, expanded the coverage of advertising scenes, extended business scope, and continued to record rapid growth with relatively stable investment in personnel and operating resources.

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands, and as at 30 June 2020 the Company's authorized share capital was US$100,000,000 divided into 10,000,000,000 shares of US$0.01 each. As at 30 June 2020, the number of issued ordinary shares of the Company was 1,534,204,000, which had been fully paid up.

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

The Group's gearing ratio is defined as the Group's total liabilities over its total assets. As at 30 June 2020, our total asset was US$531.6 million (31 December 2019: US$511.5 million), while our total liabilities were US$246.0 million (31 December 2019: US$245.4 million). The gearing ratio (total liabilities divided by total assets) decreased to 46.3% (31 December 2019: 48.0%).

We operate our business internationally and the major currencies of our receipt and payments are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in 2020 is 1.55%–4.79% (2019: 3.14%–4.79%).

Financial Resources

The Company funded our cash requirement principally from capital contribution from shareholders, cash generated from our operations and bank loans. As at 30 June 2020, our cash and cash equivalents amounted to US$58.0 million (31 December 2019: 67.3 million).

Capital Expenditure

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

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Property, plant and equipment	**66**	615
Intangible assets and development costs	**10,248**	5,742
Total	**10,314**	6,357

Our capital expenditure primarily consisted of expenditures on (i) property, plant and equipment, and (ii) intangible assets, including developed technologies (capitalized research and development expenditures), royalties, software and trademark. As at 30 June 2020, capital expenditure increased by 62.2% to US$10.3 million (six months ended 30 June 2019: US$6.4 million), primarily due to capitalization of research and development spending.

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

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

Charges on the Group's Assets

As at 30 June 2020, none of the Group's assets were charged with any parties or financial institutions.

Material Investments or Future Plan for Major Investment

As at 30 June 2020, the Group did not hold any material investment and there was no special plan for material investments or capital assets.

Contingent Liabilities and Financial Guarantees

As at 30 June 2020, there was no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As at 30 June 2020, the Group had 18 offices around the world and had 738 full-time employees (31 December 2019: 777), primarily based in our headquarters in Guangzhou the PRC. Among all employees, 343 of them were in R&D department. R&D employees comprise of 46.5% of our full-time employees. The number of employees employed by the Group varies from time to time depending on our operation needs, and employees are remunerated based on reference to market conditions and individual employees performance, qualification and experience.

In order to nurture and retain specialist, the Group has formulated systematic recruitment procedures and offers competitive benefits and training opportunities. The remuneration policy and package of the Group's employees are reviewed periodically. Employees will be rated according to their appraisals, which in turn affect the performance bonus and share awards they will receive.

Foreign Exchange Risk Management

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

OTHER INFORMATION

Major Customers and Suppliers

During the six months ended 30 June 2020, the Group's five largest customers in aggregate accounted for approximately 22.6% of the Group's total revenue. The Group's largest customer accounted for 6.4% of the Group's total revenue.

During the six months ended 30 June 2020, the Group's five largest suppliers in aggregate accounted for approximately 27.0% of the Group's total purchase. The Group's largest supplier accounted for 7.4% 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 share capital) had an interest in the Group's five largest customers and suppliers.

Interim Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020.

Compliance with the Corporate Governance Code

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

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

Mr. DUAN Wei is the chairman of the Board and the chief executive officer of our Company. With extensive experience in the mobile advertising and mobile analytics industry, Mr. DUAN is responsible for the overall strategic planning and general management of the Group and has been an instrumental part of our growth and business expansion since our establishment. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to management of the Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and high-caliber individuals.

Save as the above, the Company has applied the principles and code provision as set out in the CG Code during the Reporting Period.

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 six months ended 30 June 2020.

Purchase, Sale and Redemption of the Company's Listed Securities

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

Use of Proceeds from the Initial Public Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on the 12 December 2018 by way of global offering. The total net proceeds including the partial exercise of the over-allotment option was approximately US$154.20 million.

The following table sets out the breakdown of the use of proceeds from the global offering as at 30 June 2020:

	Purpose of Net Proceeds	Amount Allocated *(US$'000,000)*	Amount Utilized *(US$'000,000)*	Balance *(US$'000,000)*
1	Big data and AI technologies and IT infrastructure	46.26	15.15	31.11
2	Improvement of services on our mobile advertising and mobile analytics platform	46.26	15.54	30.72
3	Implement our "Glocal" strategy by enhancing our local service capabilities and expanding our global footprint	15.42	4.36	11.06
4	Strategic investments and acquisitions	30.84	1.30	29.54
5	General working capital	15.42	1.63	13.79
	Total of net proceeds	**154.20**	**37.98**	**116.22**

During the Reporting Period, the Group followed the plan for the use of proceeds as set out in the prospectus of the Company dated 30 November 2018 and expects the remaining unutilized net proceeds of approximately US$116.22 million shall be fully utilized in the next 1.5 years.

Audit Committee

The Audit Committee, together with the external auditor, have reviewed the Group's unaudited Interim Financial Statement for the six months ended 30 June 2020. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

The Audit Committee was satisfied that the Company's unaudited financial information was prepared in accordance with the applicable accounting standards.

Subsequent Events

There is no material subsequent event after 30 June 2020.

Publication of 2020 Interim Results and Interim Report

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mobvista.com). The interim report of the Company for Reporting Period will be despatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in September 2020.

INTERIM RESULT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020-unaudited
(Expressed in United States dollar)

		Six months ended 30 June	
		2020	2019
	Note	***US$'000***	*US$'000*
Revenue	*3*	**266,907**	225,087
Cost of sales		**(208,659)**	(174,947)
Gross Profit		**58,248**	50,140
Selling and marketing expenses		**(4,103)**	(4,435)
Research and development expenses		**(13,729)**	(17,051)
General and administrative expenses		**(18,220)**	(19,296)
Impairment losses on trade receivables		**(7,679)**	(1,207)
Other net income		**1,110**	1,163
Profit from operations		**15,627**	9,314
Finance costs		**(1,133)**	(701)
Profit before taxation	*4*	**14,494**	8,613
Income tax	*5*	**(1,396)**	(1,025)
Profit for the period attributable to equity shareholders of the Company		**13,098**	7,588
Earnings per share	*6*		
Basic (United States dollar cents)		**0.87**	0.52
Diluted (United States dollar cents)		**0.86**	0.51

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020-unaudited
(Expressed in United States dollar)

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Profit for the period	**13,098**	7,588
Other comprehensive income for the period (after tax and reclassification adjustment):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**47**	482
Total comprehensive income for the period attributable to equity shareholders of the Company	**13,145**	8,070

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 30 June 2020-unaudited
(Expressed in United States dollar)

	Note	At 30 June 2020 US$'000	At 31 December 2019 US$'000
Non-current assets			
Property, plant and equipment		**6,900**	8,836
Intangible assets		**21,841**	14,682
Goodwill		**28,998**	28,998
Deferred tax assets		**11,626**	10,102
Other financial assets		**2,826**	1,433
Deposits and prepayments		**3,061**	3,302
		75,252	67,353
Current assets			
Trade and other receivables	*7*	**341,215**	317,651
Restricted cash		**5,282**	5,021
Cash and cash equivalents		**57,962**	67,348
Other financial assets		**51,606**	53,796
Current tax recoverable		**318**	316
		456,383	444,132
Current liabilities			
Trade and other payables	*8*	**180,431**	172,871
Current tax payable		**9,487**	6,380
Bank loans		**46,561**	55,471
Lease liabilities		**4,926**	4,276
		241,405	238,998
Net current assets		**214,978**	205,134
Total assets less current liabilities		**290,230**	272,487

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

At 30 June 2020-unaudited
(Expressed in United States dollar)

	Note	At 30 June 2020 US$'000	At 31 December 2019 US$'000
Non-current liabilities			
Deferred tax liabilities		**1,294**	1,167
Lease liabilities		**3,031**	5,137
Other non-current liabilities		**264**	143
		4,589	6,447
NET ASSETS		**285,641**	266,040
CAPITAL AND RESERVES			
Share Capital	*9*	**15,341**	15,341
Reserves		**270,300**	250,699
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**285,641**	266,040

NOTES

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 28 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Mobvista Inc. (the "**Company**") and its subsidiaries (collectively, the "**Group**") since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA.

2 Changes in accounting policies

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

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

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Amendment to IFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-related rent concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The amendment is effective for annual periods beginning on or after 1 June 2020. The Group has elected to early adopt the amendments on 1 January 2020 and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim Reporting Period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

None of these amendment have had a material impact on how the Group's result and financial position for the current or prior periods have been prepared or presented.

3 Revenue

The principal services of the Group are the provisions of mobile advertising services. For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

The disaggregation of revenue from contracts with customers by the timing of revenue recognition during the period is as follows:

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Point in time	**266,907**	225,087

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Provision of mobile advertising services	**266,907**	225,087

The Group's customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Group's revenues for the six months ended 30 June 2020 (30 June 2019: Nil).

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 for six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
China *(note (i))*	**80,328**	132,602
EMEA *(note (ii))*	**70,039**	34,288
Americas *(note (iii))*	**61,929**	21,347
Asia Pacific *(note (iv))*	**47,700**	33,567
Others	**6,911**	3,283
	266,907	225,087

Notes:

(i) Includes Mainland China, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Chinese Taiwan.

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

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

(iv) Primarily includes Australia, New Zealand, Asia other than China.

4 Profit before taxation

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

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
(a) Finance costs		
Interest on bank loans	**926**	388
Interest on lease liabilities	**207**	313
	1,133	701
(b) Staff costs		
Contributions to defined contribution retirement plans	**334**	1,295
Share-based compensation expenses	**9,308**	9,775
Salaries, wages and other benefits	**15,475**	18,971
	25,117	30,041
(c) Other items		
Research and development expenses	**13,729**	17,051
Interest income	**(1,115)**	(1,225)
Gain on disposal of property, plant and equipment	**(6)**	–
Net realised and unrealised losses on trading securities	**900**	–
Depreciation charge		
— owned property, plant and equipment	**156**	173
— right-of-use assets	**2,148**	2,273
Amortisation	**3,093**	1,430
Operating lease charges in respect of properties	**421**	195

5 Income tax

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
Current tax	**2,787**	1,244
Deferred tax	**(1,391)**	(219)
	1,396	1,025

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$13,098,000 (2019: US$7,588,000) and the weighted average of 1,500,087,294 ordinary shares (2019: 1,468,774,071 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2020	2019
Ordinary shares as at 1 January	**1,474,115,242**	1,446,866,842
Effect of vested RSUs	**25,972,052**	7,248,107
Effect of issuance of over-allotment shares	**–**	14,659,122
Weighted average number of ordinary shares as at 30 June	**1,500,087,294**	1,468,774,071

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$13,098,000 (2019: US$7,588,000) and the weighted average number of ordinary shares of 1,526,833,491 shares (2019: 1,485,607,516 shares) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme.

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares as at 30 June	**1,500,087,294**	1,468,774,071
Effect of unvested shares under the Company's share award scheme	**26,746,197**	16,833,445
Weighted average number of ordinary shares (diluted) as at 30 June	**1,526,833,491**	1,485,607,516

7 Trade and other receivables

As of the end of the Reporting Period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2020 ***US$'000***	At 31 December 2019 *US$'000*
Within 3 months	**133,349**	128,800
3 to 6 months	**45,288**	59,700
6 to 12 months	**56,762**	29,019
Over 12 months	**5,290**	1,894
Trade Receivables, net of allowance for doubtful accounts	**240,689**	219,413
Deposits and prepayments	**11,069**	12,308
Other receivables	**92,518**	89,232
	344,276	320,953
Less: Non-current deposits and prepayments	**(3,061)**	(3,302)
	341,215	317,651

Trade receivables are mainly due within 90–150 days from the date of revenue recognition.

8 Trade and other payables

As of the end of the Reporting Period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2020 *US$'000*	At 31 December 2019 *US$'000*
Within 1 month	**45,198**	38,081
1 to 2 months	**41,825**	36,420
2 to 3 months	**28,985**	29,473
3 to 6 months	**33,620**	33,773
Over 6 months	**7,110**	6,975
Trade payables	**156,738**	144,722
Amounts due to related parties	**193**	193
Other payables	**6,353**	10,687
Receipt in advance	**9,990**	8,601
Staff costs payable	**4,666**	6,358
VAT and other tax payables	**2,491**	2,310
	180,431	172,871

9 Capital

Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10 Impacts of COVID-19 pandemic

The COVID-19 pandemic since early 2020 has brought additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The global travel restriction caused by the pandemic did not have significant negative impact on the Group's business for the Reporting Period as the majority of our operation was carried out online. The Group will keep monitoring the impact of the developments on the Group's business and has put in place all necessary contingency measures. The contingency measures which have been put in place include but not limited to, negotiating repayment schedule of some debtors, assessing our suppliers' readiness, continually monitoring overseas offices' daily operation and strengthening cost control. As far as the Group's businesses are concerned, the COVID-19 pandemic did not cause significant impacts on the Group's operation results and financial position for the period.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and staff of the Group for their commitment and contribution during the period. I would also like to express my appreciation to the guidance from the regulators and continuing support from our shareholders and customers.

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman & Executive Director

Guangzhou, the PRC, 28 August 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Duan Wei, Mr. Cao Xiaohuan, and Mr. Fang Zikai as Executive Directors and Mr. Ying Lei, Mr. Hu Jie, and Mr. Sun Hongbin as Independent Non-executive Directors.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Shareholders and potential investors should therefore not place undue reliance on such statements.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.