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MOBI 摩比

MOBI Development Co., Ltd.

摩比發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 947)

Announcement of Final Results for the year ended 31 December 2009

- Revenue increased to approximately RMB980.2 million, representing an increase of approximately 46.0%
- Gross profit margin increased from approximately 27.3% in 2008 to approximately 28.6% in 2009
- Profit attributable to owners of the Company reached approximately RMB107.5 million, representing an increase of approximately 73.5%
- Basic earnings per share for the year was approximately RMB26.6 cents
- Final dividend of HK\$0.03 per share proposed
- 1 bonus share for every 10 ordinary shares held proposed

The board (the “Board”) of directors (the “Director”) of MOBI Development Co., Ltd. (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2009.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

		2009	2008
	Notes	RMB'000	RMB'000
Revenue	3	980,222	671,182
Cost of sales		(699,718)	(487,884)
Gross profit		280,504	183,298
Other income	4	4,496	7,103
Research and development costs		(36,547)	(34,550)
Distribution and selling expenses		(51,767)	(35,170)
Administrative expenses		(65,891)	(47,401)
Finance costs	5	(4,357)	(3,803)
Profit before taxation		126,438	69,477
Income tax expense	6	(18,968)	(7,552)
Profit and the total comprehensive income for the year attributable to owners of the Company	7	107,470	61,925
Earnings per share			
– basic (RMB cents)	9	26.63	15.41
– diluted (RMB cents)	9	19.27	11.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		118,175	107,484
Prepaid lease payments		21,154	21,570
Deferred tax assets		7,330	6,000
		<u>146,659</u>	<u>135,054</u>
Current assets			
Inventories		315,457	222,049
Trade and other receivables	10	559,466	362,159
Prepaid lease payments		453	471
Pledged bank balances		26,545	14,739
Bank balances and cash		553,263	59,067
		<u>1,455,184</u>	<u>658,485</u>
Current liabilities			
Trade and other payables	11	537,812	380,311
Dividend payable		758	429
Tax payable		12,922	8,033
Short-term bank borrowings		127,135	73,454
Deferred income		765	563
Provision		—	500
		<u>679,392</u>	<u>463,290</u>
Net current assets		<u>775,792</u>	<u>195,195</u>
Total assets less current liabilities		<u>922,451</u>	<u>330,249</u>
Non-current liabilities			
Deferred income		3,499	2,673
Net assets		<u>918,952</u>	<u>327,576</u>
Capital and reserves			
Issued capital		5	1
Reserves		<u>918,947</u>	<u>327,575</u>
Equity attributable to owners of the Company		<u>918,952</u>	<u>327,576</u>

Note:

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands on 16 December 2002 and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 17 December 2009. The address of its registered office is Maples Corporate Services Limited P.O. Box 309, Ugland House, Grand Cayman KY-1104, Cayman Islands and its principal place of business is 7 Langshan First Road Science and Technology Park, Nanshan District, Shenzhen, Guangdong Province, PRC.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group.

The principal business of the Group is production and sale of antennas and radio frequency subsystems.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted all the new and revised standards, amendments and interpretations (hereinafter collectively referred to as “New HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for the Group’s financial year beginning on 1 January 2009.

At the date of this report, the HKICPA has issued the following new standards, amendments and interpretations that are not yet effective for the year ended 31 December 2009. The Group has not early adopted these new standards, amendments and interpretations.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁵
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemption for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁵
HK (IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instrument ⁶

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2010
- ⁴ Effective for annual periods beginning on or after 1 February 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- ⁶ Effective for annual periods beginning on or after 1 July 2010
- ⁷ Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3(Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27(Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flow and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments to report segment information for the years ended 31 December 2009 and 2008. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment. Information reported to the CODM is focused on three principal categories of products - antenna system, base station RF system and coverage extension solution.

No measure of segment assets and liabilities are reported to the CODM for performance assessment and resource allocation. Accordingly, no segment assets and liabilities are presented.

The Group's reportable segments under HKFRS 8 are as follows:

Antenna system - manufacture and sale of antenna system and related products

Base station RF subsystem - manufacture and sale of base station RF subsystem and related products

Coverage extension solution - manufacture and sale of a wide array of coverage products

Information of segment revenues and segment results

	2009 RMB'000	2008 RMB'000
Segment revenues		
Antenna system	423,051	260,543
Base station RF subsystem	447,656	388,675
Coverage extension solution	109,515	21,964
	<u>980,222</u>	<u>671,182</u>
Segment results		
Antenna system	108,931	63,533
Base station RF subsystem	107,499	84,327
Coverage extension solution	27,527	888
	<u>243,957</u>	<u>148,748</u>
Reconciliation of segment results to profit before taxation:		
Other income	4,496	7,103
Other expenses	(117,658)	(82,571)
Finance costs	(4,357)	(3,803)
	<u>126,438</u>	<u>69,477</u>
Other segment information:		
Depreciation		
Antenna system	4,499	3,427
Base station RF subsystem	4,689	5,113
Coverage extension solution	1,085	289
	<u>10,273</u>	<u>8,829</u>
Segment total	10,273	8,829
Unallocated amount	4,841	4,642
	<u>15,114</u>	<u>13,471</u>
Research and development costs:		
Antenna system	14,939	13,026
Base station RF subsystem	16,558	15,340
Coverage extension solution	5,050	6,184
	<u>36,547</u>	<u>34,550</u>

Revenues reported above represent revenues generated from external customers. There are no inter-segment sales during the two years ended 31 December 2009.

The accounting policies of the reportable segments are the same as the Group's accounting policies. The Group does not allocate other income, distribution and selling expenses, administrative expenses, finance costs and income tax expense to individual reportable segments when making decisions about resources to be allocated to the segments and assessing their performance.

Entity-wide disclosures:**Information about products**

Revenues from each group of similar products within the reportable segments are as follows:

	2009	2008
	RMB'000	RMB'000
<i>Antenna system</i>		
CDMA/GSM fixed- downtilt antennas	120,718	80,663
CDMA/GSM remote electric-downtilt antennas	39,092	18,728
PHS antennas	294	1,957
Yagi antennas	399	1,095
W-CDMA antennas	87,412	72,059
TD-SCDMA antennas	30,582	5,711
Multi-band/Multi-system antenna	40,030	—
Microwave antennas	48,005	62,276
Other antennas	56,519	18,054
	423,051	260,543
<i>Base station RF subsystem</i>		
CDMA 2000 RF devices	77,798	50,757
CDMA RF devices	21,637	33,323
GSM RF devices	282,441	198,490
CDMA/GSM RF devices	31,505	95,901
TD-SCDMA RF devices	2,478	2,016
W-CDMA RF devices	26,490	7,548
Other devices	5,307	640
	447,656	388,675
<i>Coverage extension solution</i>		
In-door antennas	2,161	4,085
Aesthetic antennas	30,109	9,372
Other products	33,920	4,100
Electric cables	43,325	4,407
	109,515	21,964
	980,222	671,182

No operating results nor discrete financial information in respect of each group of similar products is presented to CODM.

Entity-wide disclosures-continued

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009 RMB'000	2008 RMB'000
Customer A ¹	333,007	237,314
Customer B ²	192,335	N/A ⁴
Customer C ³	181,123	160,833
Customer D ²	N/A ⁴	77,540

¹ revenue from antenna system and base station RF subsystem

² revenue from antenna system

³ revenue from base station RF subsystem

⁴ The corresponding revenue does not contribute over 10% of the total sales of the Group.

Geographical information

An analysis of the Group's geographical information on revenues attributed to the region on the basis of the customers' location is set out in the following table:

	2009 RMB'000	2008 RMB'000
PRC	863,908	466,320
Overseas		
India	28,362	79,342
Finland	77,114	102,687
Others	10,838	22,833
Subtotal	116,314	204,862
	980,222	671,182

All non-current assets (other than deferred tax assets) of the Group are located in the PRC.

4. OTHER INCOME

	2009 RMB'000	2008 RMB'000
Government grants		
- related to expense items	1,742	3,080
- related to assets	1,181	563
Compensation income	1,049	1,158
Tax refund for re-investment in MOBI Antenna Technologies (Shenzhen) Co., Ltd. ("MOBI Shenzhen") and MOBI Telecommunication Technologies (Ji An) Co., Ltd. ("MOBI Jian")	—	1,058
Interest income	440	880
Sales of materials and scraps	—	131
Gain on disposals of held-for-trading financial assets	—	120
Gain on disposals of property, plant and equipment	—	6
Others	84	107
	<u>4,496</u>	<u>7,103</u>

5. FINANCE COSTS

	2009 RMB'000	2008 RMB'000
Interest on bank borrowings		
- wholly repayable within five years	4,357	3,803
	<u>4,357</u>	<u>3,803</u>

6. INCOME TAX EXPENSE

	2009 RMB'000	2008 RMB'000
PRC income tax	20,298	12,025
Deferred tax		
- current year	(1,330)	(4,491)
- attributable to a change on tax rate	—	18
	<u>18,968</u>	<u>7,552</u>

The Company was incorporated in the Cayman Islands and is exempted from income tax. It is not subject to tax in other jurisdictions.

MOBI Shenzhen was established in Shenzhen, PRC, with applicable tax rate of 15%.

In 2008, MOBI Shenzhen is a High and New Technology Enterprise defined by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal office of the State Administration of Taxation and therefore is entitled to 15% preferential tax rate from PRC enterprise income tax for three years starting from 2008, according to the New PRC Enterprise Income Tax Law. Accordingly, the tax rate for MOBI Shenzhen is 15% for the years ended 31 December 2008 and 2009. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

According to the New PRC Enterprise Income Tax Law, the applicable tax rate of MOBI Jian is 25% from 2008. In accordance with the tax legislations applicable to MOBI Jian, it is entitled to exemption from PRC enterprise income tax for the two years commencing from its first profit making year of operations in 2006, after offsetting all unexpired tax losses carried forward from previous years, and thereafter, entitled to a 50% relief from PRC enterprise income tax of 25% for the next three years. Accordingly, the tax rate for MOBI Jian is 12.5% for the years ended 31 December 2008 and 2009.

The applicable tax rate of MOBI Technologies (Xi An) Co., Ltd. is 25% for the years ended 31 December 2008 and 2009.

7. PROFIT AND THE TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit and the total comprehensive income for the year has been arrived at after charging the following items:

	2009 RMB'000	2008 RMB'000
Directors' remuneration	1,644	1,495
Retirement benefits scheme contributions	5,219	2,523
Other staff costs (a)	108,719	87,337
Equity-settled share-based payment expenses	491	802
	<u>116,073</u>	<u>92,157</u>
Auditors' remuneration	1,630	372
Operating lease rentals in respect of		
- prepaid lease payments	434	372
- rented premises	5,776	4,320
Depreciation	15,114	13,471
Cost of inventories recognised as expenses	699,718	487,884
Allowance for doubtful debts (included in administrative expenses)	—	452
Write-down of inventories (included in administrative expenses)	1,017	361
Loss on disposal of property, plant and equipment	66	—
Net exchange loss	359	6,596
	<u>116,073</u>	<u>92,157</u>

Note:

(a) Included in other staff costs is RMB2,248,000 (2008: RMB2,205,000), which represents the rental expense for the staff quarter for the year ended 31 December 2009.

8. DIVIDENDS

	2009 RMB'000	2008 RMB'000
Dividends recognised as distribution during the year:		
2007 first dividend of RMB0.1424 per ordinary share	—	10,641
2007 second dividend of RMB0.1424 per ordinary share	10,641	—
2007 first dividend of RMB0.1424 per Series A preferred share	—	4,359
2007 second dividend of RMB0.1424 per Series A preferred share	4,359	—
	<u>15,000</u>	<u>15,000</u>

A final dividend of HK\$0.03 per share in respect of the year ended 31 December 2009 amounting to approximately RMB19,139,000 (2008: nil) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The earning figures for calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company are based on the following data:

	2009 RMB'000	2008 RMB'000
<i>Earnings</i>		
Profit for the year and attributable to owners of the Company	107,470	61,925
Less:		
2007 first dividend of RMB0.1424 per Series A preferred share	—	(4,359)
2007 second dividend of RMB0.1424 per Series A preferred share	(4,359)	—
Earnings for purpose of basic earnings per share	103,111	57,566
Effect of dilutive potential ordinary shares:		
2007 first dividend of RMB0.1424 per Series A preferred share	—	4,359
2007 second dividend of RMB0.1424 per Series A preferred share	4,359	—
Earnings for purpose of diluted earnings per share	107,470	61,925
	2009 Shares'000	2008 Shares'000
<i>Number of shares</i>		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	387,176	373,543
Effect of dilutive potential ordinary shares		
- Conversion of Series A preferred shares	146,712	153,000
- 2003 share options	12,888	7,411
- 2005 share options	10,996	—
Weighted average number of ordinary shares		
for the purpose of diluted earnings per share	557,772	533,954

The computation of diluted earnings per share, which is based on the fair value of the ordinary shares estimated by the Company's director except for Series A preferred shares, does not assume the conversion of the Company's outstanding 2005 share options for the year ended 31 December 2008 since the effect of their exercise on earnings per share is anti-dilutive.

The weighted average number of ordinary shares for the purpose of earnings per share has been prepared based on the assumption that the Capitalisation Issue pursuant to a shareholder resolution passed on 25 November 2009 had been effective on 1 January 2008.

10. TRADE AND OTHER RECEIVABLES

	2009 RMB'000	2008 RMB'000
Trade receivables	331,384	206,895
Less: allowance for doubtful debts	(1,371)	(1,371)
	<u>330,013</u>	<u>205,524</u>
Notes receivable	201,523	142,319
Rental and utility deposits	1,924	778
Advance to suppliers	6,946	4,994
Other receivables, other deposits and prepayments (Note)	19,060	8,544
	<u>559,466</u>	<u>362,159</u>

Note: In December 2009, a deposit of approximately RMB22,000,000 (equivalent to HKD25,000,000) was paid to underwriter for settlement of professional fees on behalf of the Company. The unutilised balance of approximately RMB14,967,000 as at 31 December 2009 is included in other receivables and was refunded to the Company in January 2010.

	2009 RMB'000	2008 RMB'000
Movements of allowance for doubtful debts		
Balance at beginning of year	1,371	919
Impairment losses recognised on receivables	—	452
	<u>1,371</u>	<u>1,371</u>

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB1,371,000 (2008: RMB1,371,000), which have defaulted on payment. The Company considers that the recoverability of these receivables is low and therefore allowance for bad and doubtful debts has been provided. The Group does not hold any collateral over these balances.

The Group offers credit terms generally accepted in the antenna system, base station RF subsystem and coverage extension solution manufacturing industry to its trade customers, which is around 30 to 120 days for a significant number of the Company's products, although a longer credit term may be extended to certain customers, depending on price, the size of the contract, credibility and reputation of the customers. In order to manage the credit risks associated with trade receivables effectively, credit limits of customers are evaluated periodically. Before accepting any new customer, the Group conducts research on the creditworthiness of the new customer and assesses the potential customer's credit quality. Trade receivables that are neither past due nor impaired have the high ranking record attributable to their corresponding research on the creditworthiness.

The following is an aged analysis based on invoice date of trade receivables net of impairment losses at the end of reporting period:

	2009	2008
	RMB'000	RMB'000
0 to 30 days	113,242	85,521
31 to 60 days	65,595	39,049
61 to 90 days	20,453	14,036
91 to 120 days	11,613	36,017
121 to 180 days	21,181	5,161
Over 180 days	97,929	25,740
	330,013	205,524

The following is an aged analysis based on invoice date of notes receivables at the end of reporting period:

	2009	2008
	RMB'000	RMB'000
0 to 30 days	14,382	39,603
31 to 60 days	52,704	28,876
61 to 90 days	32,324	26,834
Over 90 days	102,113	47,006
	201,523	142,319

Aged analysis of trade receivables which are past due but not impaired:

	2009	2008
	RMB'000	RMB'000
0 to 30 days	50	88
31 to 60 days	502	20
61 to 90 days	581	353
91 to 120 days	29	8
121 to 180 days	33	1,198
Over 180 days	3,910	1,767
Total	5,105	3,434

The Group does not hold any collateral over these balances. The average age of these receivables is 99 days (2008:113 days).

The Group's trade receivables of RMB45,350,000 (2008: RMB39,056,000), were denominated in US\$ and Euro, foreign currencies of the respective group entities.

11. TRADE AND OTHER PAYABLES

	2009 RMB'000	2008 RMB'000
Trade payables	310,025	198,476
Notes payable	170,278	138,123
Payroll payable	20,602	15,585
Payable for acquisition of property, plant and equipment	996	2,230
Other taxes payable	7,039	3,799
Accrued expenses	18,018	17,250
Refundable government grants (Note)	—	992
Receipt in advance	5,757	2,854
Others	5,097	1,002
	<u>537,812</u>	<u>380,311</u>

Note: Refundable government grants are recorded as other payables as the unutilised amount would be refunded to the government. When the Group has utilised the amount for depreciable assets, the related amount is then transferred to and presented as deferred income and released to profit or loss in accordance with the Group's accounting policy.

The following is an aged analysis based on invoice date of trade payables at the end of reporting period:

	2009 RMB'000	2008 RMB'000
0 to 30 days	70,555	63,063
31 to 60 days	55,324	36,677
61 to 90 days	45,895	40,099
91 to 180 days	102,147	55,409
Over 180 days	36,104	3,228
	<u>310,025</u>	<u>198,476</u>

Typical credit term of trade payable is 90 days.

The following is an aged analysis based on invoice date of notes payables at the end of reporting period:

	2009 RMB'000	2008 RMB'000
0 to 30 days	1,106	35,087
31 to 60 days	61,985	48,644
61 to 90 days	—	54,392
Over 90 days	107,187	—
	<u>170,278</u>	<u>138,123</u>

12. SUBSEQUENT EVENT

- (i) In January 2010, 18,443,000 over-allotment shares of US\$ of 0.000001 each in the Company at a price of HK\$ 3.38 per share was issued pursuant to the underwriting agreement.

- (ii) On 12 April 2010, a board resolution was passed pursuant to which the Board of Directors recommended a bonus issue of 1 new share of US\$0.000001 each in the share capital of the Company for every 10 issued shares held by shareholders whose names appear on the register of members of the Company on 1 June 2010. The bonus issue is conditional upon the passing of the relevant resolutions at the forthcoming annual general meeting and the approval granted by Listing Committee of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

Revenue increased by approximately RMB309.0 million, or approximately 46.0%, to approximately RMB 980.2 million in 2009 (2008: RMB671.2 million). Sales of antenna system, base station radio frequency (“RF”) subsystem and coverage extension solution products increased by approximately 62.4%, 15.2% and 398.6% to approximately RMB423.1 million, RMB447.7 million and RMB109.5 million respectively, revenue from products of dual and 3G usage increased by approximately 84.2% to approximately RMB454.7 million when compared with last year.

Antenna system

The 3G operator licenses were granted to the PRC domestic network operators in January 2009. Afterwards, we began to see significant increase in the sales of our 3G related products to these 3G network operators in China to facilitate their deployment of 3G networks. While, the enhancement and broadening of their current 2G networks were kept going. The increase in sales of our antenna system products were due primarily to increases in sales of CDMA/GSM fixed-downtilt antenna, CDMA/GSM remote electric-downtilt antenna, W-CDMA antenna and TD-SCDMA antenna to approximately RMB120.7 million, RMB39.1 million, RMB87.4 million and RMB30.6 million respectively, representing an increase of approximately 49.7%, 108.7%, 21.3% and 435.5% respectively as compared with last year. The Group also launched a new class of Multi-band/Multi-system antenna which contributed a revenue of approximately RMB40.0 million.

Regarding our antenna business with overseas network operators, sales to an India network operator, Reliance Communications Limited (“Reliance”), reduced significantly. Reliance had delayed or decreased its network capital expenditures since 2008, which we believe was partially attributable to the global financial and economic crisis. In 2009, the revenue derived from sales of W-CDMA antenna and microwave antenna to it was significantly reduced. In the fourth quarter of 2009, Reliance has resumed purchase from our Group.

Revenue from other antenna increased by approximately 213.1% which was attributable to the launch of a series of new antenna products which were mainly used in overseas for satellite communication and global positioning.

Base station RF subsystem

The significant growth of revenue from base station RF subsystem was attributable to an increase of demand for our products from our global wireless network solution provider customers, such as ZTE Corporation, Nokia Siemens Networks and Alcatel-Lucent. Network solution providers incorporated our subsystem products into their proprietary base stations, which they then sold to PRC network operators for the development of their 2G & 3G networks as well as 2G network operators in emerging countries.

Revenue from GSM RF device products, CDMA2000 RF device products and WCDMA RF device products increased significantly by approximately 42.3%, 53.3% and 251.0% as compared with last year to approximately RMB282.4 million, RMB77.8 million and RMB26.5 million, respectively. It was offset in part primarily by a decrease in sales of CDMA/GSM RF device products.

Coverage extension solution

PRC network operators are paying more concern toward the aesthetic layout and design of new antenna supporting structures in order to reduce the visual pollution caused by ordinary antennas and towers in residential and commercial areas. Sales of our aesthetic antennas increased by over two folds to approximately RMB30.1 million.

In response to local demand, we manufactured and sold more electric cables and relevant accessories. Revenue therefrom increased by approximately eight folds to approximately RMB77.2 million.

Customers

The issuance of the 3G mobile licenses in the PRC, the partial recovery of worldwide economy from financial tsunami, the continue development of emerging countries as well as our commitment to providing quality and sophisticated products and building long term relationships with our customers contributed to the fruitful growth of our revenue from a wide range of customers.

Sales to the PRC network operators, China Mobile Communication Corporation, China Unicom Telecommunications Corporation and China Telecommunications Corporation in 2009 increased by approximately 100.3% , 460.4% and 673.9% to approximately RMB74.4 million, RMB192.3 million and RMB83.0 million, respectively compared to 2008 while the sales to Reliance reduced by approximately 74.7%.

Sales to global network solution providers such as ZTE Corporation, Nokia Siemens Networks and Alcatel-Lucent increased by approximately 40.3%, 12.6% and 406.0% as compared with last year to approximately RMB333.0 million, RMB181.1 million and RMB37.7 million respectively in 2009. Whereas, we reduced our sales to Nortel Networks significantly by approximately 71.2% after it filed for protection from creditors under Chapter 11 of the United States Bankruptcy Code.

Gross Profit

As a result of the increase in our revenue, our gross profit increased by approximately RMB97.2 million or 53.0% from approximately RMB183.3 million in 2008 to approximately RMB280.5 million in 2009. The increase in our gross profit margin was due primarily to an increase in sales of 3G related products that commanded higher gross profit margins, while the gross profit margin for our older models related to 2G protocol decreased during the year. Our antenna products generally achieved an improved gross margin during the year. Gross margin of our base station RF subsystem products reduced slightly due to change of customers' products mix. Coverage extension solution products achieved an increased gross profit margin as a result of launch of new products. Products diversification enhanced the overall gross profit margin of the Company.

Other Income

There were less government grant for research projects and tax refund in 2009 as compared with 2008. As a result, other income decreased to approximately RMB4.5 million.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately RMB16.6 million, or 47.2%, from approximately RMB35.2 million in 2008 to approximately RMB51.8 million in 2009. This increase was due primarily to increased sales activities as the scale of our operation grew and for increased transportation costs for the deployment of our products in China.

Administrative Expenses

Administrative expenses increased by approximately RMB18.5 million, or 39.0%, from RMB47.4 million in 2008 to approximately RMB65.9 million in 2009. This increase was due primarily to an increase in the number of employees as the scale of our operation grew and charging of approximately RMB13.5 million of one-time listing related expenses. Increased expenses were partly offset by the reduction of exchange loss and bank charges.

Research and Development Costs

Research and development costs increased steadily by approximately RMB2.0 million, or approximately 5.8%, from approximately RMB34.6 million in 2008 to approximately RMB36.6 million in 2009. The increase was mainly attributable to increase in payroll expenses to research and development engineers.

Finance Costs

Finance costs increased slightly by approximately RMB0.6 million, or 14.6%, from approximately RMB3.8 million in 2008 to approximately RMB4.4 million in 2009. This increase was the mixed result of increased bank borrowing to fund the significant growth of our business and lower average bank borrowing rate.

Profit Before Taxation

Profit before taxation increased by approximately RMB56.9 million, or approximately 82.0%, from approximately RMB69.5 million in 2008 to approximately RMB126.4 million. Net profit margin before tax charged was widened from approximately 10.4% in 2008 to approximately 12.9% in 2009.

Income Tax Expense

Our income tax expenses increased by approximately RMB11.4 million, or approximately 151.2%, from approximately RMB7.6 million in 2008 to approximately RMB19.0 million in 2009. Our effective tax rates calculated from the tax charged to the consolidated statements of comprehensive income over the profit before tax were approximately 15.0% and 10.9% for 2009 and 2008 respectively.

Profit for the Year

Profit for 2009 increased by approximately RMB45.6 million, or 73.5%, from approximately RMB61.9 million in 2008 to approximately RMB107.5 million. Our net profit margin was approximately 11.0% in 2009, compared to 9.2% in 2008. The increase in our net profit margin was due primarily to an increase in sales of 3G related products that commanded higher net profit margins than the sales of 2G related products, as well as the efficiency brought about by our increased economy of scale.

FUTURE PROSPECTS

In the future, the Group will focus on domestic market and international market simultaneously. The Group will concentrate its attention on RF technology of wireless communication network, especially on base station RF technology and RF technology of other wireless communications.

Customers

The Group persists in focusing on global market and devotes to providing solutions of RF technology to worldwide leading network solution providers and network operators.

The Group is one of the few one-stop providers of wireless communication antennas and base station RF subsystems in China. The Group believes that certain or most of its products and solutions are eventually applied in overseas markets through those worldwide customers in the past years. The Group, therefore, can keep abreast of the global technology trend. The proven application of the Group's products and solutions in global wireless communication networks has gained the faith of its customers and has maintained its leading position in its domestic industry.

Under the influence of the competition in the industry and global economic crisis, worldwide customers are paying more attention on costs, technologies and qualities. At the same time, international well-known customers are having more stringent and longer certifying process on suppliers. Leveraging its advantages of cost and technology, the Group has established a profound business relationship with numerous international well-known customers and we believe this can greatly strengthen our competitive position in the global market. The Group will establish a more comprehensive product range and technical support, more competitive costs, and further expand our business scale with customers worldwide.

Besides, emerging market has a comparatively low level of network penetration and coverage. The growth of capital expenditure on telecommunication infrastructure, including the licensing and construction of 3G networks, in emerging markets, will be recovered shortly as the result of the economic growth. Thus, this will significantly increase the demand of the antenna system products and base station RF subsystem products of the Group. Through the increasing business network and market influence of the Group's global well-known customers, the Group will actively pursue business growth in overseas market. During the year, the Group has benefited from 3G network constructions in China and sales to the PRC network operators recorded a significant increase. However, the sales to customers besides the PRC network operators still accounted for approximately 64% of the total revenue of the Group. The Group believes that the development of overseas markets will bring the Group opportunities of rapid growth in the next few years.

Based on the experience in domestic and overseas network constructions, it is expected that it will take several years for building 3G network constructions in China. According to the "Opinions regarding the Promotion of 3G Mobile Communication Network Construction (關於推進第三代移動通信網絡建設的意見)" jointly issued by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance, the Department of Land and Natural Resources, the Ministry of Environmental Protection, the Ministry of Housing and Urban-Rural Development of PRC and the State Administration of Taxation on 17 March 2010, China has planned to invest RMB400 billion in total in 3G construction and 400,000 3G base stations will be built by 2011, and it is expected that 3G users will exceed 150 million at that time. In addition, with the demand on network optimization, multi-system stations and evolution of new generation networks, the Group has already developed new generation technologies (such as antenna with multi-frequencies and multi-systems) and respective optimizing solutions. The Group has also jointly conducted research on technical specifications of LTE antenna with a PRC network operator customer. It is believed that this will bring more opportunities to the Group.

Products

During the year, the Group has recorded a rapid growth in businesses of antenna system, base station RF subsystem and coverage extension solution. According to a research report of a third party, the global market capacity of the antenna systems and RF devices amounts to US\$8 billion to US\$9 billion. The Group is thus confident of maintaining its rapid growth in the future.

For antenna system products, the Group will speed up its expansion of markets of overseas network operators and network solution providers in addition to further consolidating its leading shares in markets of PRC operators. The Group has been one of the major antenna providers of several overseas network operators. At present, the technology of antenna products is evolving rapidly in the world. Integration and multi-system station will become a trend of development. The Group has developed a series of new generation products, such as antenna with multi-frequencies and multi-systems and high value added antenna. The Group has also closely cooperated with network solution providers and network operators to develop LTE series antenna. It is believed that this will bring more opportunities to

the growth of the Group. Meanwhile, some overseas network operators still persist in overseas antenna brandnames. Therefore, the Group will strive to explore the sales of antenna products to these potential customers by promoting its technical-commercially competitive products by strengthening its cooperation with system suppliers.

In respect of base station RF subsystem products, the Group will continue to enhance cooperation with global system designers, expanding product portfolios and provide RF subsystem solutions to multi-national customers, including tower amplifiers. Base station RF subsystem products are mainly customized products, which complement each other with base station equipment. The Group believes that with the long term and intensive cooperation with global system designers, the Group is well positioned to keep abreast of the advanced technologies of base station RF and the demands of the customers. The communication between and faith of the customers has been enhanced while the competitive edges of the Group has also been strengthened. Due to the recovery of the global economy, the demands of global customers to the Group's base station RF subsystem products had increased rapidly in the second half of 2009. The Group is confident with its business growth in 2010.

In respect of coverage extension solution product, the optimisation and improvement of 3G network construction will stimulate the demand of base station antennas and base station RF subsystem and boost the demand for Aesthetic Antennas, In-Building Antennas and relevant technology services.

Conclusion

The Group is one of the few one-stop solution providers of radio frequency technology for global network operators and network solution providers in China. The Group has a wide range of well known customers and diversified income sources, which contributes to the positive and stable growth of the Group.

The Company and the Board will continue to optimise the customer base and structure, adapt strategies of product differentiation based on the technology and costs, maximise the market opportunities in 3G, LTE and the new generation wireless technology. The Group will also strive to enhance its integrated competitiveness to ensure the stable growth of the operating results of the Group and to maximise the returns to its shareholders and the society.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

We have funded our operations and capital requirements from cash generated from our operations, trade credit from our suppliers and short-term bank borrowings. Our primary uses of cash have been for our increased working capital requirements, capital expenditures on purchases of production equipment and acquisition of land use rights for our real properties in Shenzhen, Jian and Xian, China.

As at 31 December 2009, the Group had net current assets of approximately RMB775.8 million (2008: RMB195.2 million) including inventories of RMB315.5 million (2008: RMB222.0 million), trade and note receivables of approximately RMB531.5 million (2008: RMB347.8 million) and trade and note payable of approximately RMB480.3 million (2008: RMB336.6 million).

The Group maintained an effective management of its working capital. For the year ended 31 December 2009, average inventories turnover, average receivables turnover and average payables turnover keep stable and are approximately 140 days (2008: 131 days), 163 days (2008: 167 days) and 213 days (2008: 219 days) respectively. We offer credit terms generally accepted in the antennas and base station RF subsystems manufacturing industry to our trade customers. In general, the average credit period for local network operators is longer than global network operators and solution providers.

As at 31 December 2009, the Group recorded a pledged bank balances of approximately RMB26.5 million (2008: RMB14.7 million), cash and bank balances of approximately RMB553.3 million (2008: RMB59.1 million) and short-term bank borrowing of approximately RMB127.1 million (2008: RMB73.5 million). The current ratio (current assets divided by current liabilities) increased to 2.2 times as at 31 December 2009 from 1.4 times as at 31 December 2008. The gearing ratio (bank borrowings divided by total assets) was approximately 7.9% as compared with a gearing ratio of 9.3% as at 31 December 2008. The interest rates on the Group's bank borrowings are designated in both fixed rate and floating basis at prevailing market rates.

The Board is of the opinion that the Group has a solid and stable financial position and adequate resources to support the necessary operating funding requirement and foreseeable capital expenditure.

FOREIGN EXCHANGE EXPOSURE

RMB is the functional currency of the Group. Currencies other than RMB expose the Group to foreign currency risk. We have foreign currency sales and purchases and certain trade receivables and bank balances of ours are denominated in US\$, Euro and HK\$. We currently do not have a foreign currency hedging policy. However, the management monitors and will consider hedging of foreign currency exposure when the need arises.

After the listing of the Company's shares on the Stock Exchange through initial public offering ("IPO"), our bank balances are substantially denominated in HK\$. The Board currently considers that the appreciation of RMB should have an unfavourable impact on the Group's financial results. The management is considering various mechanisms to limit foreign exchange exposure.

APPLICATION OF NET GLOBAL OFFERING PROCEEDS

The net proceeds from the IPO was approximately HK\$625 million (including the net proceeds from exercise of over-allotment option) or equivalent to approximately RMB 550 million. As at 31 December 2009, the IPO net proceeds has not yet been applied to the primary purpose as disclosed in the prospectus of the Company dated 4 December 2009 and was deposited into a licensed financial institution in Hong Kong as short term deposit.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had approximately 2,600 staff. The total staff costs amounted to approximately RMB116 million for the year ended 2009. The remuneration of the Group's employees is determined on the basis of their responsibilities and industry practices. Regular training is provided to improve the skills and expertise of relevant staff. The Group also grants share options and discretionary bonuses to eligible staff based on their performance.

CHARGE ON ASSETS

As at 31 December 2009, bank balances of approximately RMB26.5 million were pledged to bank to secure the banking facilities provided to the Group.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the date of its listing on the Stock Exchange on 17 December 2009 to 31 December 2009, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model" Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended ("Listing Rules") regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions since listing of the Company's shares on the Stock Exchange on 17 December 2009 and up to the date of this announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance with a view to safeguard the interests of its shareholders and to enhance corporate value. Detailed corporate governance practices will be stated in the Company's annual report for the year ended 31 December 2009 (the "2009 Annual Report"). The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.2.1

This code provision stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Hu Xiang is both the Chairman and chief executive officer of the Company. Mr. Hu is one of the founders of the Group and has extensive experience in the telecommunication industry. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. We shall nevertheless review the structure from time to time in light of the prevailing circumstances.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee comprises three independent Non-executive Directors, namely, Mr. Zhang Han (chairman of the Audit Committee), Mr. Li Tianshu and Mr. bao Fan. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationships with external auditors, the Company's financial reporting, including the review of the annual results for the year ended 31 December 2009, the internal control and the risk management system. The Group's annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee.

DIVIDEND AND BONUS ISSUE OF SHARES

To share the fruitful results of the Group among all the shareholders, the Board recommends the payment of a final dividend of HK\$0.03 per share out of distributable reserve of the Company in respect of the year ended 31 December 2009, to shareholders whose names appear on the register of members of the Company on 1 June 2010. The proposed final dividend will be paid on or around 10 June 2010 following approval at the forthcoming annual general meeting (the “AGM”).

The Board also recommends a bonus issue of 1 new share of US\$0.000001 each in the share capital of the Company (“Share”) for every 10 issued Shares held by shareholders whose names appear on the register of members of the Company on 1 June 2010 (“Bonus Issue”). An amount standing to the credit of the share premium account of the Company will be capitalized and applied in making payment in full, at par, for the new Shares to be issued under the Bonus Issue. The Bonus Issue is conditional upon the passing of the relevant resolutions at the AGM, and the Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in the new Shares to be issued under the Bonus Issue. A circular containing further details of the Bonus Issue will be despatched to the shareholders in due course.

ANNUAL GENERAL MEETING

The AGM will be held on 1 June 2010 and the Notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 May 2010 to 1 June 2010, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend and Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 pm on 27 May 2010.

PUBLICATION OF FINAL RESULTS AND 2009 ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.mobi-antenna.com. The 2009 Annual Report of the Company will be available on both websites and dispatched to shareholders in due course.

On behalf of the Board
MOBI Development Co., Ltd.
Hu Xiang
Chairman

12 April 2010

As at the date of this announcement, the executive Directors are Mr. HU Xiang and Mr. WANG Guoying; the non-executive Directors are Mr. QU Deqian, Mr. XING Qibin, Mr. YAN Andrew Y. and Mr. YANG Dong; and the independent non-executive Directors are Mr. LI Tianshu, Mr. ZHANG Han and Mr. BAO Fan.