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 2013

- Revenue increased to approximately RMB888.23 million, representing an increase of approximately 29.1%
- Gross profit margin increased from approximately 16.8% in 2012 to approximately 21.8% in 2013
- Profit attributable to owners of the Company was approximately RMB19.06 million
- Basic earnings per share for the year was approximately RMB2.35 cents
- Final dividend of HKD$0.02 per share 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 2013.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** **RMB'000**	2012 RMB'000
Revenue	3	**888,226**	687,764
Cost of sales		**(694,371)**	(572,047)
Gross profit		**193,855**	115,717
Other income	4	**7,461**	13,516
Research and development costs		**(43,316)**	(47,567)
Distribution and selling expenses		**(44,890)**	(47,869)
Administrative expenses		**(89,063)**	(76,071)
Finance costs	5	**(286)**	(1,005)
Profit (loss) before taxation		**23,761**	(43,279)
Taxation	6	**(4,700)**	3,807
Profit (loss) and the total comprehensive income (expense) for the year attributable to owners of the Company	7	**19,061**	(39,472)
Earnings (loss) per share			
– basic (RMB cents)	9	**2.35**	(4.94)
– diluted (RMB cents)	9	**2.34**	(4.94)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current Assets			
Property, plant and equipment		**297,414**	231,532
Deposits for purchase of plant and equipment		**7,704**	3,946
Prepaid lease payments		**29,038**	29,697
Deferred tax assets		**12,251**	12,830
Intangible assets		**24,060**	19,663
		370,467	297,668
Current Assets			
Inventories		**386,396**	282,925
Trade and other receivables	10	**872,670**	704,895
Tax recoverable		**314**	314
Prepaid lease payments		**659**	659
Pledged bank balances		**25,007**	4,197
Bank balances and cash		**229,754**	264,392
		1,514,800	1,257,382
Current Liabilities			
Trade and other payables	11	**774,832**	482,270
Dividend payable		**677**	698
Tax payable		**1,987**	–
Bank borrowings		**67,194**	54,360
		844,690	537,328
Net Current Assets		**670,110**	720,054
Total Assets less Current Liabilities		**1,040,577**	1,017,722
Non-current Liability			
Deferred income		**8,346**	6,712
		8,346	6,712
Net Assets		**1,032,231**	1,011,010
Capital and Reserves			
Share capital		**6**	6
Reserves		**1,032,225**	1,011,004
Equity attributable to owners of the Company		**1,032,231**	1,011,010

Note:

1. GENERAL

The Company is a public limited company incorporated in Cayman Island 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 KY1-1104, Cayman Islands and its principal place of business is 7 Langshan First Road Science and Technology Park, Nanshan District, Shenzhen, Guangdong Province, the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its principal subsidiaries.

The principal activities of the Company and its subsidiaries (the "Group") are production and sale of antennas and radio frequency subsystems.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see note 6 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. (Where the application of HKFRS 13 has impacted the fair value measurements of the Group's assets and/or liabilities, engagement teams should disclose the impact.)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "consolidated statement of comprehensive income" is renamed as the "consolidated statement of profit or loss and other comprehensive income" and the "consolidated income statement" is renamed as the "consolidated statement of profit or loss". The amendments to HKAS 1 retain the option to present consolidated profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the consolidated other comprehensive income section such that items of consolidated other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[5] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no other material impacts on the consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating 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

	2013 RMB'000	2012 RMB'000
Segment revenues		
Antenna system	**329,226**	271,311
Base station RF subsystem	**497,192**	284,496
Coverage extension solution	**61,808**	131,957
	888,226	687,764
Segment results		
Antenna system	**71,464**	42,035
Base station RF subsystem	**69,819**	19,401
Coverage extension solution	**9,256**	6,714
Reconciliation of segment results to profit (loss) before taxation:	**150,539**	68,150
Other income	**7,461**	13,516
Unallocated expenses	**(133,953)**	(123,940)
Finance costs	**(286)**	(1,005)
Profit (loss) before taxation	**23,761**	(43,279)
Other segment information		
Depreciation:		
Antenna system	**4,056**	4,737
Base station RF subsystem	**13,263**	4,967
Coverage extension solution	**771**	2,304
Segment total (note)	**18,090**	12,008
Unallocated amount	**10,739**	10,762
Group total	**28,829**	22,770
Research and development costs:		
Antenna system	**17,806**	21,529
Base station RF subsystem	**16,175**	23,009
Coverage extension solution	**9,335**	3,029
Group total (note)	**43,316**	47,567

	2013 RMB'000	2012 RMB'000
Amortisation:		
Antenna system	**2,326**	1,469
Base station RF subsystem	**3,514**	2,516
Group total (note)	**5,840**	3,985

Note: Amounts included in the measure of segment results

Revenues reported above represent revenues generated from external customers. There are no inter-segment sales during the two years ended 31 December 2013.

The Group does not allocate other income, distribution and selling expenses, administrative expenses, finance costs and income tax expense to individual reportable and operating segments when making decisions about resources to be allocated to the segments and assessing their performance. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

No segment information on assets and liabilities is presented as such information is not reported to the CODM for the purposes of resource allocation and performance assessment.

Entity-wide disclosures:

Information about products

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

	2013 RMB'000	2012 RMB'000
Antenna system		
TD-LTE/SCDMA antennas	**156,840**	18,297
W-CDMA antennas	**80,363**	42,532
Multi-band/Multi-system antennas	**25,037**	77,778
CDMA/GSM antennas	**24,898**	82,608
Microwave antennas	**15,290**	10,567
Other antennas	**26,798**	39,529
	329,226	271,311
Base station RF subsystem		
GSM RF devices	**124,613**	140,191
TD-SCDMA RF devices	**123,620**	27,172
W-CDMA RF devices	**101,450**	57,801
LTE RF devices	**71,665**	21,187
CDMA RF devices	**10,264**	14,734
CDMA 2000 RF devices	**9,075**	11,475
Other devices	**56,505**	11,936
	497,192	284,496

Entity-wide disclosures - continued

Information about products - continued

	2013	2012
	RMB'000	RMB'000
Coverage extension solution		
Aesthetic antennas	**42,860**	23,851
In-door antennas	**415**	457
Electric cables	**322**	75,005
Other products	**18,211**	32,644
	61,808	131,957
	888,226	687,764

Information about major customers

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

	2013	2012
	RMB'000	RMB'000
Customer A[1]	**456,165**	263,765
Customer B[2]	**112,742**	66,635
Customer C[3]	**93,581**	140,559

1 revenue from antenna system, base station RF subsystem and coverage extension solution

2 revenue from base station RF subsystem

3 revenue from antenna system

Entity-wide disclosures - continued

Geographical information

Information about the Group's revenue from external customers is presented based on the location where the goods are delivered to:

	2013	2012
	RMB'000	RMB'000
PRC	**784,382**	623,311
Overseas		
Thailand	**67,600**	23,862
Finland	**17,261**	1,872
Hungary	**5,790**	7,216
Mexico	**4,208**	3,798
India	**201**	10,736
Others	**8,784**	16,969
Subtotal	**103,844**	64,453
	888,226	687,764

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

4. OTHER INCOME

	2013	2012
	RMB'000	RMB'000
Government grants		
- related to expense items (note a)	**1,049**	5,849
- related to assets	**766**	1,209
Compensation income	**85**	579
Interest income from bank deposit	**2,298**	1,624
Investment income from structured products (note b)	**546**	3,849
Gain on disposals of property, plant and equipment	**2,508**	22
Others	**209**	384
	7,461	13,516

Note:

(a) The amount mainly represents government grants received from the PRC tax bureau to encourage the Group's continuous development, and the amounts are based on value-added tax previously paid and recognised in the profit or loss. No specific conditions have been required to be met.

(b) The amount represents investment income from short-term structured products with banks, which carry variable returns based on the return of portfolios of debt or equity investments as invested by banks.

5. FINANCE COSTS

	2013	2012
	RMB'000	RMB'000
Interest on bank borrowings		
- wholly repayable within five years	**286**	1,005

6. TAXATION

	2013	2012
	RMB'000	RMB'000
Current year:		
PRC Enterprise Income Tax ("EIT")	**4,121**	2,960
Deferred tax	**579**	(6,767)
	4,700	(3,807)

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

Hong Kong

The applicable tax rate of 摩比科技(香港)有限公司 MOBI Technology (Hong Kong) Limited ("MOBI HK") is 16.5%. In 2013, no provision for Hong Kong Profits Tax was made in the consolidated financial statements as MOBI HK had no assessable profit. In 2012, no Hong Kong Profit Tax is payable on the profit for the year arising in Hong Kong since the assessable profit of MOBI HK is wholly absorbed by tax losses brought forward.

PRC

In 2008, 摩比天線技術(深圳)有限公司 MOBI Technologies (Shenzhen) Co., Ltd. ("MOBI Shenzhen") was 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 (the "Authority") and therefore was 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. On 31 October 2011, the Authority has further extended the preferential tax rate for further three years. Accordingly, the tax rate for MOBI Shenzhen is 15% for the two years ended 31 December 2013 and 2012.

In October 2013, 摩比科技(西安)有限公司 MOBI Technologies (Xi An) Co., Ltd. ("MOBI Xian") was a High and New Technology Enterprise defined by Province Finance Bureau and Administrator of Local Taxation of Municipality and Municipal office of the Sate Administration of Taxation in Shann Xi, and therefore was entitled to 15% preferential tax rate from PRC enterprise income tax for three years staring from the year ended 31 December 2013, according to the New PRC Enterprise Income Tax Law. In 2012, the applicable tax rate for Mobi Xian was 25%.

In December 2013, 摩比通訊技術(吉安)有限公司 MOBI Telecommunications Technologies (Ji An) Co., Ltd. ("MOBI Jian") a High and New Technology Enterprise defined by Province Finance Bureau and Administrator of Local Taxation of Municipality and Municipal office of the State Administration of Taxation in Jiang Xi, and therefore was entitled to 15% preferential tax rate from PRC enterprise income tax for three years starting from the year ended 31 December 2013, according to the New PRC Enterprise Income Tax Law. In 2012, the applicable tax rate for Mobi Jian was 25%.

The applicable tax rate of other PRC subsidiaries are 25% (2012: 25%) for the year ended 31 December 2013.

Tax charge for the year is reconciled to profit (loss) before taxation as follows:

		2013	2012
		RMB'000	RMB'000
Profit (loss) before taxation		**23,761**	(43,279)
Tax at PRC EIT at 15%	(a)	**3,564**	(6,492)
Tax effect of expenses not deductible for tax purpose		**2,290**	1,825
Tax effect of income not taxable for tax purpose		**(115)**	(181)
Tax benefit	(b)	**(1,890)**	(1,074)
Tax effect of tax losses not recognised		**1,625**	1,531
Utilisations of tax losses previously not recognised		**(171)**	(99)
Effect of different tax rates of group entities		**(603)**	683
		4,700	(3,807)

Notes:

(a) Applicable income tax rate of 15% represents the relevant income tax rate of MOBI Shenzhen, MOBI Jian and MOBI Xian, the major subsidiaries of the Company which generate majority of the Group's assessable profit.

(b) Tax benefit represents certain incentive schemes that, in addition to the research and development cost incurred which is deductible for tax purpose, a further 50% of the research and development cost incurred is deductible.

7. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after (crediting) charging the following items:

	2013	2012
	RMB'000	RMB'000
Directors' remuneration	1,610	2,890
Retirement benefits scheme contributions	11,881	9,450
Other staff costs (note)	159,359	133,479
	172,850	145,819
Auditors' remuneration	1,821	1,701
Operating lease rentals in respect of		
- prepaid lease payments	659	659
- rented premises	10,044	10,044
Depreciation of property, plant and equipment	28,829	22,770
Amortisation of intangible assets	5,840	3,985
Cost of inventories recognised as expenses	693,345	570,492
Write-down on inventories	1,026	1,555
Gain on disposals of property, plant and equipment	(2,508)	(22)
Allowance for doubtful debts	3,913	204

Note:

Included in other staff costs is approximately RMB2,776,000 (2012: RMB3,326,000), which represents the rental expense for the staff quarter for the year ended 31 December 2013.

8. DIVIDENDS

	2013	2012
	RMB'000	RMB'000
Dividends recognised as distribution during the year:		
2012 final dividend of nil (2012: 2011 final dividend of HKD0.02 and special dividend of HKD0.01) per share	—	19,509

Subsequent to the end of the reporting period, a final dividend of HKD0.02 per share in respect of the year ended 31 December 2013 amounting to approximately HKD16,244,000 (equivalent to RMB12,864,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

No final dividend was paid or proposed for the year ended 31 December 2012.

9. EARNINGS (LOSS) PER SHARE

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

	2013	2012
	RMB'000	RMB'000
Earnings (loss)		
Profit (loss) for the year and attributable to owners of the Company and earnings (loss) for purpose of basic and diluted earnings (loss) per share	**19,061**	(39,472)

	2013	2012
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**810,409**	799,624
Effect of dilutive potential ordinary shares		
- 2003 share options	**20**	–
- 2005 share options	**2,570**	–
- 2013 share options	**103**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**813,102**	799,624

For 2012, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	RMB'000
Trade receivables	**609,954**	483,547
Less: allowance for doubtful debts	**(6,056)**	(2,143)
	603,898	481,404
Notes and bills receivable	**204,109**	156,171
Rental and utility deposits	**1,352**	2,917
Advance to suppliers	**16,369**	4,276
Value added tax receivable	**24,893**	42,683
Other receivables and deposits	**22,049**	17,444
	872,670	704,895

Movement in the allowance for doubtful debts

	RMB'000	RMB'000
Balance at beginning of the year	**2,143**	1,939
Allowance for doubtful debts	**3,913**	204
Balance at end of the year	**6,056**	2,143

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB6,056,000 (2012: RMB2,143,000), 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 range from 30 to 240 days (2012: 30 to 240 days), for a significant number of the Company's products. For the Group's major customers which are network operators and domestic and overseas wireless network solution providers with good reputation and repayment records, a longer credit term may be extended to them, depending on price, the size of the contract, credibility and reputation of them. Amounts due from these major customers as at 31 December 2013 amounted to approximately RMB507,975,000 (2012: RMB409,240,000), representing 83.5% (2012: 84.6%) of trade receivables (before making allowance for doubtful debt) as at 31 December 2013. 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 the reporting period:

	2013 RMB'000	2012 RMB'000
0 to 30 days	**320,397**	231,228
31 to 60 days	**96,823**	55,978
61 to 90 days	**10,278**	34,666
91 to 120 days	**13,434**	11,409
121 to 180 days	**15,837**	20,046
Over 180 days	**147,129**	128,077
	603,898	481,404

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

	2013 RMB'000	2012 RMB'000
0 to 30 days	**49,138**	36,451
31 to 60 days	**46,810**	29,698
61 to 90 days	**39,274**	39,867
Over 90 days	**68,887**	50,155
	204,109	156,171

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

	2013 RMB'000	2012 RMB'000
0 to 30 days	**1,659**	282
31 to 60 days	**349**	84
61 to 90 days	**1,005**	–
91 to 120 days	**1,098**	627
121 to 180 days	**27**	965
Over 180 days	**2,095**	3,299
Total	**6,233**	5,257

The Group does not hold any collateral over these balances.

The Group's trade receivables of RMB95,070,000 (2012: RMB80,198,000), were denominated in USD, EUR and HKD, foreign currencies of the respective group entities.

11. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	RMB'000
Trade payables	**438,260**	327,342
Bills payable	**217,870**	88,639
Payroll payable	**20,839**	14,136
Payable for purchase of property, plant and equipment	**16,667**	2,592
Value added tax payable	**22,091**	13,080
Accrued expenses	**11,638**	8,030
Receipt in advance	**39,176**	19,598
Others	**8,291**	8,853
	774,832	482,270

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

	2013	2012
	RMB'000	RMB'000
0 to 30 days	**93,353**	62,591
31 to 60 days	**111,111**	38,222
61 to 90 days	**60,572**	34,878
91 to 180 days	**114,286**	122,394
Over 180 days	**58,938**	69,257
	438,260	327,342

Typical credit term of trade payables ranges from 60 to 120 days.

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

	2013	2012
	RMB'000	RMB'000
0 to 30 days	**10,861**	23,474
31 to 60 days	**109,679**	25,532
61 to 90 days	**8,181**	–
Over 90 days	**89,149**	39,633
	217,870	88,639

Typical credit term of bills payables ranges from 90 to 180 days.

Certain of the Group's other payables of RMB708,000 (2012: RMB9,596,000) was denominated in foreign currencies of respective group entities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

When compared with last year, revenue increased by approximately RMB200.47 million, or approximately 29.1%, to approximately RMB888.23 million in 2013 (2012: RMB687.76 million).

Sales of antenna system increased by approximately 21.3% to approximately RMB329.23 million (2012: RMB271.31 million), while sales of base station RF subsystem increased by approximately 74.8% to approximately RMB497.19 million (2012: RMB284.50 million). However, sales of products of coverage extension solution decreased by approximately 53.2% to approximately RMB61.81 million (2012: RMB131.96 million).

The Company believes that the global telecommunication equipment industry started to enter a new recovery cycle in 2013, especially in the PRC. In 2013, China Mobile, the largest telecommunication operator in the PRC, carried out large-scale 3G network building (namely the building of TD-SCDMA network (Phase VI)). Meanwhile, China's 4G technology is continuously evolving and the industry chain is maturing. On 4 December 2013, the Ministry of Industry and Information Technology of the PRC officially issued 4G licenses to top three operators in the PRC, namely China Mobile, China Unicom and China Telecom.

With the prosperous development of mobile internet and the leading position of China Mobile in the operator market, and with reference to the historical development status of 3G network, the Company believes that the issuance of 4G license will greatly propel the development of wireless network which may have a larger size than 3G network. The Company also believes that the Company is a leader in the 4G antenna and RF subsystem product technology in the PRC and will gain considerable benefits from the 4G network building.

In 2013, sales of 2G products as a percentage of the Company's total revenue declined to approximately 15.2%, while the percentage of sales of 3G and LTE products increased significantly to approximately 61.1% and percentage of sales of multi-frequency multi-system products decreased to approximately 10.4%.

Antenna system

Both antenna system and RF subsystem are key components of base station equipment, but the delivery cycle of antenna system product is usually longer than that of RF subsystem because antenna system is generally installed together with the main equipment.

In 2013, the Company's antenna products continued to maintain a leading position in the domestic market. This enabled the Company to become one of the few suppliers of high-performance 3G and 4G antenna and maintain a leading share in the TD-SCDMA (Phase VI) and 4G markets. In 2013, sales of the Company's TD-LTE/SCDMA antenna grew significantly by approximately 757.2% as compared to last year, while sales of W-CDMA antenna grew significantly by approximately 88.9%.

In addition, the Company made a major breakthrough in the overseas operator market and became a qualified antenna supplier for a major mobile operator in Northern Europe, in 2013. The multinational operator market in Europe has always been the Company's strategic market which represents higher requirements for technology and quality. Becoming a short-list supplier signifies the recognition of the Company's antenna technology by more multinational international operator customers. Meanwhile, the Company still maintained its sales scale in Asia Pacific. In 2013, the Company's sales in Thailand grew by approximately 183.3% to approximately RMB67.6 million as compared to last year.

Base station RF subsystem

The Company continued to maintain a leading supplier position among leading global telecommunication equipment manufacturers. Due to increased demand from global customers, revenue from the Company's base station RF subsystem in 2013 increased by approximately 74.8% to approximately RMB497.19 million.

Driven by the TD-SCDMA (Phase VI) and 4G network building in the PRC, the Company's revenue from sales of RF subsystem to domestic equipment manufacturers increased significantly by approximately 112.4% as compared to last year. In addition, the purchasing demand for the Company's products from Nokia Networks and Alcatel-Lucent increased significantly by approximately 105.0% and 69.2%, respectively, to RMB84.78 million and RMB112.74 million.

In 2013, revenue from the Company's 3G and 4G RF subsystem products increased significantly by approximately 160.0% to approximately RMB305.81 million as compared to last year.

Coverage extension solution

In 2013, revenue from the Company's coverage extension solutions decreased by approximately 53.2% to approximately RMB61.81 million. In particular, revenue from aesthetic antennas increased by approximately 79.7% to approximately RMB42.86 million, whereas revenue from electric cables, indoor antennas and other products decreased by approximately 82.5% to approximately RMB18.95 million. The Company will decrease the sales of peripheral products such as electric cables and focus more on the R&D and sales of aesthetic antenna products, so as to increase the 4G business opportunities in the PRC.

Customers

The Company recorded a significant growth in sales to most customers in 2013, with the exception of some customers. This made the Company believe that a new growth period for the telecommunication equipment industry had emerged. The Company also noted that a change in market pattern resulted in a change in customer revenue structure and the Company's in-depth cooperation with telecommunication equipment manufacturers and telecommunication operators allowed the Company to own distinctive competitive strengths in changing market opportunities.

In 2013, China Mobile's 4G network building (namely TD-LTE network building) adopted the "turn-key" procurement method, under which the Company's antenna products were also sold to telecommunication equipment manufacturer customers (such as ZTE) who built complete networks for delivery to China Mobile. The in-depth cooperation with leading global equipment manufacturers allowed the Company to take a first-mover position in the market. Driven by this, the Company's sales to PRC equipment manufacturer customers increased by approximately 72.9% to approximately RMB456.17 million in 2013.

In addition, revenue from Nokia Networks and Alcatel-Lucent increased by approximately 105.0% and 69.2% to RMB84.78 million and RMB112.74 million as compared to last year. The Company believes that the leading market share the Company has maintained among leading global equipment manufacturer customers and its increasing involvement in 4G projects provide a very good channel for the Company to achieve revenue growth over the next few years.

Due to the packing services, the Company's revenue from sales to China Mobile decreased by approximately 33.4% as compared to last year, while revenue from sales to China Telecom increased by approximately 80.3%. The Company believes that the 4G network building will provide the Company with tremendous market opportunities overall. Affected by the 4G strategy, the Company believes that the failure of China Unicom to accomplish its capital expenditure plan for wireless network in 2013 caused the Company's revenue from China Unicom to decrease by approximately 62.9% as compared to last year.

In 2013, the Company made a major breakthrough in the overseas operator market and became a qualified antenna supplier for a major mobile operator in Northern Europe. In the next few years, an important strategic direction of the Company will be active expansion of overseas operator market in stages and enhancement of the influence of the Company's brand name among overseas operators, which, in turn, will have enhancement and positive effects on the operations of equipment manufacturer customers.

The deployment of the Company's products in the network systems of our diversified international customers strengthened worldwide awareness of the brand name of MOBI.

Gross profit

In 2013, gross profit of the Company regained growth momentum by growing by approximately 67.5% to approximately RMB193.86 million (2012: RMB115.71 million), and gross profit margin increased from approximately 16.8% in 2012 to approximately 21.8% in this year.

The Company noted that the evolving 4G product technology and the significantly higher technical sophistication and quality requirements of existing products than previous products had resulted in a notable decrease in qualified suppliers. This is beneficial for improving the competition environment and allows the Company to focus more on the improvement in product technology. The Company believes that as sales of 4G products as a percentage of the Company's total revenue kept increasing, our consolidated gross profit margin will also probably continue to improve in the future.

Other income

Other income decreased to approximately RMB7.46 million, which was mainly attributable to the decrease in the government grants received by the Group.

Distribution and selling expenses

Distribution and selling expenses decreased from approximately RMB47.87 million in 2012 to approximately RMB44.89 million in 2013. Through its effort to strengthen cost management in 2013, the TD-LTE package increased the sales of equipment manufacturer customers, which led to a reduction in distribution and selling expenses.

Administrative expenses

Administrative expenses increased by approximately 17.1% from approximately RMB76.07 million in 2012 to approximately RMB89.06 million in 2013, which was attributable to (1) the exchange loss on translation of the Group's assets denominated in RMB, HKD, USD and Euro due to the appreciation of RMB against HKD, USD and Euro; (2) the increase in average number of employees required for business expansion, wages and related statutory obligations; and(3)the increase in the Company's auditing, consulting and advisory fees.

Research and development costs

During the year, the Group recognized development costs of approximately RMB10.24 million as intangible assets. After the capitalization, development costs decreased from approximately RMB47.57 million in 2012 to approximately RMB43.32 million in 2013, which was mainly attributable to the decrease in bonuses for R&D personnel and outsourced R&D expenses.

Finance costs

Finance costs decreased from approximately RMB1.01 million in 2012 to approximately RMB0.29 million in 2013, which was mainly attributable to the decrease in borrowings to be used in operating activities.

Profit before taxation

Profit before taxation increased significantly by approximately 154.9% and recorded a profit before taxation of approximately RMB23.76 million (2012: a loss before taxation of approximately RMB43.28 million). Net profit margin before tax charge increased from approximately -6.3% in 2012 to approximately 2.7% in 2013.

Taxation

Current income tax expenses increased from approximately RMB2.96 million in 2012 to approximately RMB4.12 million in 2013. Effective tax rates calculated from the tax charged to the profit before taxation were approximately 19.8% and 8.8% for 2013 and 2012, respectively.

Profit for the year

Profit for the year 2013 increased substantially by approximately 148.3% and recorded a profit for the year of approximately RMB19.06 million (2012: a loss of RMB39.47 million). Our net profit margin was approximately 2.1% in 2013, compared to approximately -5.7% in 2012. In summary, the increase in our net profit margin was because the global telecommunication equipment industry started to enter a new recovery cycle.

FUTURE PROSPECTS

Prospects

Looking forward, the Company will pay attention to both domestic and international markets simultaneously and will continue to focus on the area of RF technology for wireless communication, especially on base station RF technology and RF technology for other wireless communications.

The Company believes that, with the popularity of intelligent terminals, mobile internet applications have entered into a rapid development period and the LTE era has arrived. With its leading position in customer channels and product technology, the Company is in place to capture early opportunities riding on the development waves of LTE.

Customers

The Company adheres to the visionary target of "becoming a global leading provider of RF technology for mobile communications", and strives to offer its RF solution to leading system equipment manufacturers and telecommunication operators around the world.

The Company is also one of the few domestic technology providers offering RF solutions to both global system equipment manufacturers and telecommunication operators, which enables the Company to maintain a leading edge in product technology and continuous expansion of customer channels.

In 2013, the Company had a leading share in the LTE market segments, especially the TD-LTE market where the Company had an absolute leading market share among some strategic customers. This is attributable to the years of cooperation and trust between the Company and major equipment manufacturers, complete product lines and prominent technical strength.

Looking into 2014, the LTE network building in the PRC may experience leaping-forward growth. Major equipment manufacturers, especially domestic manufacturers, are expected to occupy a leading market share, especially in TD-LTE networks. The Company's strategic cooperation with equipment manufacturer customers enables the Company to continue to maintain a leading position in the TD-LTE market.

In 2013, the Company made a major breakthrough in the overseas operator market and became a qualified antenna supplier for a major mobile operator in Northern Europe. The multinational operator market in Europe has always been the Company's strategic market which represents higher requirements for technology and quality. Becoming a short-list supplier signifies the recognition of the Company's antenna technology by more multinational international operator customers. European operators represent one of the mobile communication markets that place the largest global procurement orders with most difficult technological requirements, which is in line with the Company's strategic direction. None of the PRC antenna suppliers has provided any products to the European operator market. As such, the Company has already gained a strong advantage, and it will strive to enter the antenna supplier lists of more multinational operators, which will also significantly boost the sales of the Company's antenna products to turn-key projects of system equipment customers.

In 2013, the Company maintained active progress in the Asia Pacific market. The Company expects that fast growing opportunities will arise in the emerging markets like Asia Pacific and Latin America in the next few years. The Company will expand its existing advantages to achieve rapid growth in bulk sales.

Products

The Company believes that the technology of our LTE products, including TD-LTE and FDD-LTE, has achieved domestic industry-leading level, and is directly comparable with foreign players.

Meanwhile, for antenna products, our technology for multi-frequency multi-system antenna was also developing continuously, and consistently maintained an advanced level. The Company believes that with increasing investments in LTE network, the demand for station sites will increase further as the coverage radius of LTE base station is shorter, and the demand for multi-network stations will be more obvious in future. The Company's LTE RET and multi-frequency multi-system technology also achieved a significant breakthrough in 2013 and delivered outstanding performance in the tests performed by customers. It is believed to perform more excellently in market completion in the future.

For RF subsystem products, apart from developing various new products for equipment customers in 2013, the Company also accelerated the development of next generation base station RF subsystem products, which were more integrated, more compact and lightweight. In addition, the Company also expanded the scope of development for outdoor RF subsystem products, such as outdoor filters for operators, and combined with antenna system products and other products to provide a one-stop tower-top solutions for customers.

On coverage extension products, the Company made important progress on the integration of aesthetic antenna and multi-frequency multi-system antenna technologies. The Company also believes that new aesthetic multi-network base stations will become the main network building trend as the 4G network evolves and the Company's product technology will help it achieve a leading position.

Conclusion

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

The Company believes that the telecommunication equipment industry will hopefully enter into a new growth period as the 4G network continues to develop over the next few years. The Company and the Board will continue to optimise the size and mix of customer base, adopt competition strategies of differentiation based on technology and cost advantages, maximise the market opportunities in 3G, LTE and next generation wireless technologies. The Company will also strive to enhance its integrated competitiveness to ensure the sound and stable growth of the operating results of the Group and to create value for maximising 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 in the PRC.

As at 31 December 2013, the Group had net current assets of approximately RMB670.11 million (2012: approximately RMB720.05 million) including inventories of approximately RMB386.40 million (2012: approximately RMB282.93 million), trade and notes and bills receivable of approximately RMB808.01 million (2012: approximately RMB637.58 million) and trade and bills payable of approximately RMB656.13 million (2012: approximately RMB415.98 million).

The Group maintained an effective management of its working capital. For the year ended 31 December 2013, average inventories turnover, average receivables turnover and average payables turnover are approximately 176 days (2012: 195 days), 297 days (2012: 353 days) and 282 days (2012: 275 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 2013, the Group recorded a pledged bank balances of approximately RMB25.01 million (2012: approximately RMB4.20 million), cash and bank balances of approximately RMB229.75 million (2012: approximately RMB264.39 million) and recorded bank borrowings of approximately RMB67.19 million (2012: approximately RMB54.36 million). The current ratio (current assets divided by current liabilities) decreased from approximately 2.34 times as at 31 December 2012 to approximately 1.79 times as at 31 December 2013. The gearing ratio (bank borrowings divided by total assets) was approximately 3.6% as compared with a gearing ratio of approximately 3.5% as at 31 December 2012. 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 are denominated in USD, Euro and HKD. 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, significant portion of our bank balances are denominated in HKD. The Board currently considers that the appreciation of RMB should have an unfavourable impact on the Group's financial results. The management carried out various measures to limit foreign exchange exposure. As at 31 December 2013, HKD equivalent of approximately RMB1.57 million was kept in our bank balances.

APPLICATION OF NET GLOBAL OFFERING PROCEEDS

In December 2009 and January 2010, the Group issued a total of 193,958,000 shares (including 18,443,000 shares issued upon the exercise of over-allocation option). The offer price was HK$3.38 per share and the net proceeds from the IPO were approximately equivalent to RMB550 million after deduction of related expenses. As at 31 December 2013, the Company has already applied approximately RMB299 million in accordance with the description of the use of proceeds in the prospectus of the Company dated 4 December 2009 (the "Prospectus"):

— Approximately RMB77 million, RMB38 million, RMB48 million were applied in our office and plants in Shenzhen, Jian and Xian, respectively, for the purchase of equipment, construction and development of production lines and factories buildings;

— Approximately RMB81 million was applied to finance our research and development efforts in Shenzhen, Jian and Xian;

— Approximately RMB55 million was applied as general working capital of the Group.

The balance of the net proceeds will also be applied in line with the description in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had approximately 2,591 staff. The total staff costs amounted to approximately RMB172.85 million for the year ended 2013. 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 2013, bank balances of approximately RMB25.01 million was pledged to bank to secure the banking facilities provided to the Group.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2013.

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 ("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 for the year ended 31 December 2013 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 2013 (the "2013 Annual Report"). The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the period from 1 January 2013 to 31 December 2013, 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. Li Guinian. 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 2013, the internal control and the risk management system. The Group's annual results for the year ended 31 December 2013 have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 March 2012 with its terms of reference established as recommended by the Code on Corporate Governance Practices. The Nomination Committee consists of five members, namely Mr. Li Tianshu, Mr. Zhang Han, Mr. Li Guinian, Mr. Yang Dong and Mr. Hu Xiang. Among them, Mr. Li Tianshu, Mr. Zhang Han, Mr. Li Guinian are independent non-executive Directors, Mr. Yang Dong is a non-executive Director and Mr. Hu Xiang is the Chairman of the board and an executive Director. The Chairman of the Nomination Committee is Mr. Hu Xiang.

The main duty of the Nomination Committee is, inter alia, to consider and recommend to the Board suitable and qualified persons to become members of the Board. The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required.

DIVIDEND

To share the fruitful results of the Group among all the shareholders, the Board recommends the payment of a final dividend of HK$0.02 per share out of distributable reserve of the Company in respect of the year ended 31 December 2013. The date of closure of the register of members of the Company regarding the entitlement of final dividend will be published in due course. The proposed final dividend will be paid in or before July 2014 following approval at the forthcoming annual general meeting (the "AGM").

ANNUAL GENERAL MEETING

A notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF FINAL RESULTS AND 2013 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 2013 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

17 March 2014

As at the date of this announcement, the executive Directors are Mr. HU Xiang and Mr. Shao Zhiguo; the non-executive Directors are Mr. QU Deqian and Mr. YANG Dong; and the independent non-executive Directors are Mr. LI Tianshu, Mr. ZHANG Han and Mr. LI Guinian.