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MOBI Development Co., Ltd.
摩比發展有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 947)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a reduction of over 50% in its unaudited consolidated net profit for the six months ended 30 June 2017 as compared to the corresponding period in 2016.

The information contained in this announcement is only a preliminary assessment made by the management of Company based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2017, which have not been audited or reviewed by the Company's auditor.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by MOBI Development Co., Ltd. (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "Board") wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a reduction of over 50% in its unaudited consolidated net profit for the six months ended 30 June 2017 as compared to the corresponding period in 2016.

The reduction in the Group's net profit was mainly attributable to the following reasons:

- (i) China Mobile's TD-LTE Phase 4 was mainly procured in the first half of 2016, while TD-LTE Phase 5 has completed its tender in June 2017 and majority of the procurement is expected to take place in the second half of 2017. The different base numbers led to the substantial reduction in the net profit for the first half of 2017 as compared to the corresponding period in 2016;
- (ii) Intensified market competition in 2017 led to a further decrease in selling price, which in turn led to a decrease in gross profit margin; and
- (iii) Selling expenses, administrative expenses and research & development costs increased as compared to the corresponding period in 2016. In order to meet the business demand of global customers, the Company significantly increased efforts in new pipeline projects in 2017, increasing the scale of the research & development team and thus incurred significantly more research expenses. As it takes time for a research project to go through the cycle from initial development to sales generating profit, it is expected that opportunities will arise in future.

The management remains confident about the prospects of the Group.

The information contained in this announcement is only a preliminary assessment made by the management of the Company based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2017, which have not been audited or reviewed by the Company's auditor. Shareholders of the Company and potential investors are advised to refer to the details in the interim results announcement of the Company for the six months ended 30 June 2017 which is expected to be released in late August 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
MOBI Development Co., Ltd.
Hu Xiang
Chairman

Hong Kong, 17 July 2017

As at the date of this announcement, the executive Directors of the Company are Mr. HU Xiang, Mr. LIAO Dong and Mr. CHEN Zhaojun; the non-executive Director is Mr. QU Deqian; and the independent non-executive Directors are Mr. LI Tianshu, Mr. ZHANG Han and Mr. LI Guinian.