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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)**

**Announcement of Unaudited Final Results  
for the year ended 31 December 2021**

- Revenue decreased to approximately RMB661.39 million, representing a decrease of approximately 25.2%
- Gross profit margin decrease from approximately 22.6% in 2020 to approximately 2.5% in 2021
- Loss attributable to owners of the Company was approximately RMB329.70 million
- Basic loss per share for the year was approximately RMB40.29 cents
- Do not recommend any payment of final dividend

The board (the “Board”) of directors (the “Directors”) of MOBI Development Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 <i>(Audited)</i>
Revenue	3	<b>661,389</b>	884,541
Cost of sales		<b>(644,582)</b>	(684,591)
Gross profit		<b>16,807</b>	199,950
Impairment losses under expected credit loss (“ECL”) model, net of reversal		<b>(4,185)</b>	(1,550)
Impairment losses on the Identified Long-lived Assets		<b>(60,916)</b>	–
Other income	4	<b>34,354</b>	45,316
Other gains and losses	4	<b>(9,494)</b>	(20,102)
Research and development expenses		<b>(121,179)</b>	(109,597)
Administrative expenses		<b>(98,631)</b>	(94,958)
Distribution and selling expenses		<b>(55,172)</b>	(55,400)
Finance costs	5	<b>(7,692)</b>	(5,292)
Fair value change on derivative financial instruments		<b>(1,454)</b>	(1,349)
Share of results of associates		<b>(476)</b>	(406)
(Loss) before tax		<b>(308,038)</b>	(43,388)
Income tax (expense) credit	6	<b>(21,663)</b>	13,575
<b>(Loss) and the total comprehensive expense for the year attributable to owners of the Company</b>	7	<b><u>(329,701)</u></b>	<b><u>(29,813)</u></b>
<b>(Loss) per share</b>			
– basic (RMB cents)	9	<b><u>(40.29)</u></b>	<b><u>(3.64)</u></b>
– diluted (RMB cents)		<b><u>(40.29)</u></b>	<b><u>(3.64)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2021**

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>RMB'000</b> <b>(Audited)</b>
<b>Non-current Assets</b>			
Property, plant and equipment		325,507	379,256
Right-of-use assets		31,625	34,061
Deposits for purchase of plant and equipment		13,240	11,671
Deferred tax assets		50,691	71,362
Intangible assets		47,088	66,312
Derivative financial instruments		33	—
Interests in associates		4,049	4,525
		<u>472,233</u>	<u>567,187</u>
<b>Current Assets</b>			
Inventories		213,113	270,017
Trade and other receivables	10	550,839	624,838
Income tax recoverable		—	1,586
Pledged bank balances		72,167	112,816
Bank balances and cash		250,546	371,930
		<u>1,086,665</u>	<u>1,381,187</u>
<b>Current Liabilities</b>			
Trade and other payables	11	599,277	630,952
Contract liabilities		13,347	7,272
Bank and other borrowings		137,277	99,575
Derivative financial instruments		—	1,349
Tax payable		—	604
Lease liabilities		4,402	4,920
Deferred income		2,270	2,536
		<u>756,573</u>	<u>747,208</u>
<b>Net Current Assets</b>		<u>330,092</u>	<u>633,979</u>
<b>Total Assets less Current Liabilities</b>		<u>802,325</u>	<u>1,201,166</u>
<b>Non-current Liabilities</b>			
Other borrowing		—	65,000
Lease liabilities		2,661	3,851
Deferred income		4,019	6,266
		<u>6,680</u>	<u>75,117</u>
<b>Net Assets</b>		<u>795,645</u>	<u>1,126,049</u>
<b>Capital and Reserves</b>			
Share capital		6	6
Reserves		795,639	1,126,043
<b>Equity attributable to owners of the Company</b>		<u>795,645</u>	<u>1,126,049</u>

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **FOR YEAR ENDED 31 DECEMBER 2021**

### **1. GENERAL INFORMATION**

MOBI Development Co., Ltd. (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“The 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 principal activities of the Company and its subsidiaries (the “Group”) are production and sale of antennas and radio frequency subsystems.

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

### **2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39	Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16	

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimate <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 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.

The Group’s reportable and operating segments under HKFRS 8 are as follows:

Antenna system - manufacturing and sales of antenna system and related products

Base station Radio Frequency (“RF”) subsystem - manufacturing and sales of base station RF subsystem and related products

Coverage extension solution - manufacturing and sales of a wide array of coverage products

## Information of segment revenues and segment results

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
<b>Segment revenues</b>		
Antenna system	183,256	453,729
Base station RF subsystem	360,316	254,899
Coverage extension solution	117,817	175,913
	<u>661,389</u>	<u>884,541</u>
<b>Timing of revenue recognition</b>		
A point in time	661,389	864,094
Over time	–	20,447
	<u>661,389</u>	<u>884,541</u>
<b>Segment results</b>		
Antenna system	(48,217)	53,611
Base station RF subsystem	(63,001)	8,583
Coverage extension solution	6,846	28,159
	<u>(104,372)</u>	<u>90,353</u>
<b>Reconciliation of segment results to loss before tax:</b>		
Impairment losses under ECL model, net of reversal	(4,185)	(1,550)
Impairment losses on the Identified Long-lived Assets	(60,916)	–
Other income and expenses, other gain and loss	24,860	25,214
Unallocated corporate expenses	(153,803)	(150,358)
Finance costs	(7,692)	(5,292)
Fair value change on derivative financial instruments	(1,454)	(1,349)
Share of results of associates	(476)	(406)
	<u>(308,038)</u>	<u>(43,388)</u>
<b>(Loss) before tax</b>		
	<u>(308,038)</u>	<u>(43,388)</u>
<b>Other segment information</b>		
Depreciation of property, plant and equipment:		
Antenna system	12,649	12,764
Base station RF subsystem	6,381	6,997
Coverage extension solution	1,172	1,688
	<u>20,202</u>	<u>21,449</u>
Segment total	20,202	21,449
Unallocated amount	11,650	14,880
	<u>31,852</u>	<u>36,329</u>
<b>Group total</b>		
	<u>31,852</u>	<u>36,329</u>
<b>Research and development expenses:</b>		
Antenna system	66,663	62,881
Base station RF subsystem	39,754	30,965
Coverage extension solution	14,762	15,751
	<u>121,179</u>	<u>109,597</u>
<b>Group total (note 1)</b>		
	<u>121,179</u>	<u>109,597</u>

	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Audited)
Amortisation of intangible assets:		
Antenna system	7,578	10,988
Base station RF subsystem	<u>13,090</u>	<u>6,173</u>
Group total (note 1)	<u><b>20,668</b></u>	<u><b>17,161</b></u>
Allowance for inventories		
Antenna system	18,555	5,701
Base station RF subsystem	44,562	10,089
Coverage extension solution	<u>6,094</u>	<u>636</u>
Group total (note 1)	<u><b>69,211</b></u>	<u><b>16,426</b></u>
Impairment losses on long-lived assets (note 2)		
Antenna system	46,887	–
Base station RF subsystem	7,089	–
Coverage extension solution	<u>6,940</u>	<u>–</u>
Group total	<u><b>60,916</b></u>	<u><b>–</b></u>

*Note 1:* Amounts included in the measure of segment results.

*Note 2:* Certain long-lived assets are related to the Group's business of sales of the antenna system and related products, base station RF subsystem and related products and coverage extension solution and related products, comprising certain property, plant and equipment, right-of-use assets and intangible assets (the "Identified Long-lived Assets")

Revenues reported above represent revenues generated from external customers. There are no inter-segment sales for the year ended 31 December 2021 and 2020.

The accounting policies of the operating segments are the same as the Group's accounting policies. The Group does not allocate impairment losses, net of reversal, other income and expenses, other gain and loss, unallocated corporate expenses, finance costs, fair value change on derivative financial instruments and share of results of associates to individual reportable segments when making decisions about resources to be allocated to the segments and assessing their performance. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Disaggregation of revenue from contracts with customers and information about products

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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
<i>Segments</i>		
<i>Antenna system</i>		
Multi-band/multi-system antennas	45,055	172,984
5G antennas	54,213	126,056
WCDMA/FDD-LTE single-band/multi-band antennas	24,578	63,199
Low-band refarming/IoT antennas	20,759	37,140
Microwave antennas	15,696	13,757
Multi-Beam antennas	11,473	5,842
FDD+TDD antennas	4,193	3,290
AAU antennas	507	353
Other antennas	6,782	31,108
	<u>183,256</u>	<u>453,729</u>
<i>Base station RF subsystem</i>		
WCDMA/LTE RF devices	309,656	216,876
TD/TD-LTE RF devices	16,712	28,307
GSM RF devices	4,309	4,998
Low-band refarming/IoT RF devices	2,423	3,522
5G RF devices	16,050	–
Other devices	11,166	1,196
	<u>360,316</u>	<u>254,899</u>
<i>Coverage extension solution</i>		
Aesthetic antennas	99,925	80,376
Customer premise equipment	1,217	67,382
Engineering procurement construction	3,654	20,477
Access point	2,452	1,530
Small Cell	5,145	1,312
Other products	5,424	4,836
	<u>117,817</u>	<u>175,913</u>
	<u><u>661,389</u></u>	<u><u>884,541</u></u>

## Information about major customers

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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Customer A <sup>1</sup>	255,118	198,745
Customer B <sup>1</sup>	194,632	272,671
	<u><u>449,750</u></u>	<u><u>471,416</u></u>

<sup>1</sup> Revenue mainly from antenna system and base station RF subsystem.



## Geographical information

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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
The PRC	<u>355,528</u>	<u>489,448</u>
Overseas		
Other countries/areas in Asia	106,164	119,912
Europe	140,498	204,315
Americas	59,199	70,838
Others	<u>–</u>	<u>28</u>
Subtotal	<u>305,861</u>	<u>395,093</u>
	<u><b>661,389</b></u>	<u><b>884,541</b></u>

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

## 4. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Government grants		
– related to expense items ( <i>note</i> )	16,505	29,869
– related to assets	2,513	3,971
Rental income	10,209	8,556
Interest income from bank deposits	<u>5,127</u>	<u>2,920</u>
Other income	<u>34,354</u>	<u>45,316</u>
Gain (loss) on disposals of property, plant and equipment	17	(637)
Exchange loss	(6,032)	(19,426)
Others	<u>(3,479)</u>	<u>(39)</u>
Other gains and losses	<u>(9,494)</u>	<u>(20,102)</u>
Total	<u><b>24,860</b></u>	<u><b>25,214</b></u>

*Note:* The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support during the year, which had no conditions imposed by the respective PRC government authorities.

## 5. FINANCE COSTS

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Interest on bank borrowings	7,256	4,671
Interest on lease liabilities	436	621
	<u>7,692</u>	<u>5,292</u>

## 6. TAXATION

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Current Tax:		
PRC Enterprise Income Tax ("EIT")	10	615
Under provision in prior year	982	—
	<u>992</u>	<u>615</u>
Deferred tax charge (credit)	20,671	(14,190)
	<u>21,663</u>	<u>(13,575)</u>

### Hong Kong

The applicable tax rate of the Company and MOBI Technology (Hong Kong) Limited ("MOBI HK") is 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been recognised as the Group had no assessable profits arising in Hong Kong for the both years.

### The PRC (excluding Hong Kong)

In September 2014, MOBI Shenzhen was defined by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal office of the State Administration of Taxation (the "SZ Authorities") as a High and New Technology Enterprise and therefore was entitled to 15% preferential tax rate from the EIT for three years starting from the year ended 31 December 2014, according to the PRC Enterprise Income Tax Law. On 31 October 2017, the SZ Authorities have further extended the preferential tax rate for another three years starting from the year ended 31 December 2017. On 11 December 2020, the SZ Authorities have further extended the preferential tax rate for another three years starting from the year ended 31 December 2020. Accordingly, the tax rate for MOBI Shenzhen is 15% for the years ended 31 December 2021 and 2020.

In November 2016, MOBI Telecommunications Technologies (Ji An) Co., Ltd. ("MOBI Jian") was defined by Province Finance Bureau and Administrator of Local Taxation of Municipality and Municipal office of the State Administration of Taxation in Jiang Xi (the "Jiang Xi Authorities"), as a High and New Technology Enterprise and therefore was entitled to 15% preferential tax rate from the EIT for three years starting from the year ended 31 December 2016, according to the PRC Enterprise Income Tax Law. On 16 September 2019, the Jiang Xi Authorities have further extended the preferential tax rate for another three years starting from the year ended 31 December 2019. Accordingly, the tax rate of MOBI Jian is 15% for the years ended 31 December 2021 and 2020.

In December 2019, MOBI Technology (Shenzhen) Co., Ltd. ("MOBI Technology") was defined by the SZ Authorities as a High and New Technology Enterprise and therefore was entitled to 15% preferential tax rate from the EIT for three years starting from the year ended 31 December 2019, according to the PRC Enterprise Income Tax Law. Accordingly, the tax rate of MOBI Technology is 15% for the year ended 31 December 2021 and 2020.

The applicable tax rate of other PRC subsidiaries is 25% for the year ended 31 December 2021 (2020: 25%).

## 7. LOSS FOR THE YEAR

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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Directors' remuneration	1,951	3,453
Other staff costs	220,011	215,689
Retirement benefits scheme contributions for other staff	23,725	11,383
	<u>245,687</u>	<u>230,525</u>
Less: amount capitalised as cost of inventories manufactured	<u>(83,518)</u>	<u>(77,105)</u>
	<u><u>162,169</u></u>	<u><u>153,420</u></u>
Auditors' remuneration		
– audit services	1,971	2,192
Lease payment on short-term leases in respect of premises	1,763	2,442
Depreciation of property, plant and equipment	31,852	36,329
Depreciation of right-of-use assets	7,067	6,061
Amortisation of intangible assets	20,668	17,161
	<u>59,587</u>	<u>59,551</u>
Less: amount capitalised as cost of inventories manufactured	<u>(18,271)</u>	<u>(18,022)</u>
	41,316	41,529
Cost of inventories recognised as expenses	644,582	684,591
Write-down on inventories (included in cost of sales)	69,211	16,426
Impairment losses under ECL model, net of reversal	4,185	1,550
Impairment losses on the Identified Long-lived Assets	60,916	–
	<u><u>60,916</u></u>	<u><u>–</u></u>

## 8. DIVIDENDS

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Dividends recognised as distribution during the year:		
Nil (2020: 2019 final dividend of HK\$0.02 per share)	<u>–</u>	<u>15,080</u>

No final dividend for the year ended 31 December 2021 was recommended by the directors.

## 9. (LOSS) PER SHARE

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

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
<b>(Loss)</b>		
(Loss) for the year attributable to owners of the Company and (loss) for purpose of basic and diluted (loss) per share	<b>(329,701)</b>	(29,813)
	<b>2021</b> <b>'000</b> <i>(Unaudited)</i>	2020 '000 <i>(Audited)</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) per share	<b>818,283</b>	819,444

The computation of diluted loss per share for the year ended 31 December 2021 and 2020 did not assume the exercise of the company's share option as the exercise price of these option was higher than the average market price for shares for both 2021 and 2020.

## 10. TRADE AND OTHER RECEIVABLES

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
Trade receivables - contracts with customers	<b>323,523</b>	356,422
Less: allowance for credit losses	<b>(14,678)</b>	(10,493)
	<b>308,845</b>	345,929
Notes and bills receivables	<b>138,456</b>	160,218
Rental and utility deposits	<b>1,219</b>	1,396
Advance to suppliers	<b>49,858</b>	38,963
Value added tax receivables	<b>20,765</b>	40,545
Other receivables and deposits	<b>31,696</b>	37,787
	<b>550,839</b>	624,838

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 (2020: 30 to 240 days) from the invoice dates. 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. 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.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the customers' acknowledgement of invoice dates:

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
0 to 30 days	<b>123,924</b>	120,581
31 to 60 days	<b>54,065</b>	36,639
61 to 90 days	<b>38,631</b>	35,071
91 to 120 days	<b>15,033</b>	14,033
121 to 180 days	<b>17,589</b>	26,457
Over 180 days	<b>59,603</b>	113,148
	<b>308,845</b>	345,929

The following is an aged analysis of notes and bills receivable presented based on the notes and bills issue dates:

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
0 to 30 days	<b>19,149</b>	7,294
31 to 60 days	<b>18,238</b>	5,806
61 to 90 days	<b>36,443</b>	12,552
91 to 120 days	<b>27,052</b>	30,749
Over 120 days	<b>37,574</b>	103,817
	<b>138,456</b>	160,218

All notes and bills received by the Group are with a maturity period of less than one year.

## 11. TRADE AND OTHER PAYABLES

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
Trade payables	<b>424,303</b>	374,648
Notes and bills payable	<b>102,888</b>	177,974
Payroll payable	<b>27,161</b>	22,218
Payable for purchase of property, plant and equipment	<b>12,268</b>	20,915
Value added taxes payable	<b>8,853</b>	6,128
Accrued expenses	<b>9,627</b>	12,797
Others	<b>14,177</b>	16,272
	<b>599,277</b>	630,952

The following is an aged analysis of trade payables presented based on the invoice dates:

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
0 to 30 days	<b>97,666</b>	72,801
31 to 60 days	<b>80,369</b>	49,133
61 to 90 days	<b>57,235</b>	48,396
91 to 180 days	<b>63,766</b>	111,294
Over 180 days	<b>125,267</b>	93,024
	<b>424,303</b>	374,648

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

The following is an aged analysis of notes and bills payable presented based on the dates of the notes and bills issued:

	<b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	2020 RMB'000 <i>(Audited)</i>
0 to 30 days	<b>24,941</b>	–
31 to 60 days	<b>2,927</b>	36,324
61 to 90 days	<b>23,500</b>	94,061
Over 90 days	<b>51,520</b>	47,589
	<b>102,888</b>	177,974

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

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

#### Revenue

When compared with last year, the sales revenue decreased by approximately RMB223.15 million (approximately 25.2%), to approximately RMB661.39 million in 2021 (2020: approximately RMB884.54 million).

Sales of antenna system decreased by approximately 59.6% to approximately RMB183.26 million (2020: approximately RMB453.73 million), while sales of base station RF subsystem increased by approximately 41.4% to approximately RMB360.32 million (2020: approximately RMB254.90 million). In addition, sales of coverage extension solution and other products decreased by approximately 33.0% to approximately RMB117.82 million (2020: approximately RMB175.91 million).

In 2021, the Group's performance in product quality was recognized by customers who were key equipment manufacturers, and the Group's cooperation with them was deepened and strengthened continuously, thus an increase in the orders. However, major telecommunication operators in China postponed the construction of 5G network capital projects, causing the centralized procurement bidding for the construction of relevant 5G base stations to be postponed to June 2021 and later, thus the overall development of the industry progress failed to meet expectations. In addition, the global economy was affected by the persistent impact of the COVID-19 outbreak and uncertainties such as international politics, and therefore businesses of overseas operators failed to meet expectations. Therefore, the sales revenue in 2021 fluctuated. However, the Group believes that with the effective control of the outbreak and driven by the 5G-related policy in the "14th Five-Year" Plan, the telecommunication industry still has a strong development potential, which will bring opportunities for business growth of the Group. Meanwhile, the Group continuously invested research and development resources in antenna systems and base station RF subsystems to actively respond to the product demand of customers. The Group further deeply participated in application in vertical industries and increased its investment in new businesses. Such investment is expected to create new business opportunities and sources of growth for the Group in the future.

In 2021, the Group steadily secured research and development projects and market orders (including those for 4G and 5G) from domestic and overseas customers, and especially, won a large share of bids in the project bidding of key equipment manufacturers. The proportion of sales revenue of the RF business significantly increased to 54.5%, thus maintaining a sustained and rapid growth trend. Meanwhile, despite the continuous impact of outbreaks overseas, the proportion of sales revenue of export business continued to grow, with the revenue as a percentage of the total revenue for the period increasing to approximately 46.2%.

The Group adhered to the three strategic directions, namely technology research and development, cost control and market driving, improved its operational efficiency and the conversion rate of research and development projects internally, continuously strengthened the customer relationship, and rapidly responded to the domestic and foreign market demand externally. The Group also believes that it will gain more benefits in the future market with its product technology and brand advantages.

## ***Antenna system***

The Group's products of antenna system are primarily sold to China's domestic network operators and network operators in overseas markets (such as Asia, Europe and Americas); whilst a portion of our products of antenna system are sold to operators worldwide by way of network solution provider customers such as ZTE and Nokia. In 2021, the Group's antenna products continued to maintain a leading position in the domestic market, meanwhile our continuous improvement in antenna product technologies and quality was recognised by more and more international clients.

In 2021, revenue from antenna system products of the Group decreased by approximately 59.6% as compared with 2020, to approximately RMB183.26 million (2020: approximately RMB453.73 million) and was most affected by the market situation. In addition, driven by the demand for overseas new projects, the Group made a further breakthrough in multi-beam antennas and FDD+TDD antennas, with sales significantly increasing by approximately 96.4% and approximately 27.4% to approximately RMB11.47 million and approximately RMB4.19 million, as compared with the corresponding period of last year. However, the sales of 5G antennas decreased by approximately 57.0% to approximately RMB54.21 million as compared with 2020, as major domestic telecommunication operators postponed the construction of some 5G network capital projects, leading to the centralized procurement bidding for relevant 5G antenna products being postponed to June 2021 and beyond. In addition, due to a significant decline in capital expenditure for 4G network for domestic mobile communications, revenues from WCDMA/FDD-LTE antennas and low-band refarming/IoT antennas decreased by approximately 61.1% and approximately 44.1% as compared with the corresponding period in 2020, to approximately RMB24.58 million and approximately RMB20.76 million respectively. In addition, due to the continuous impact of the global outbreak, the increase in commodity and raw material prices, the fluctuation of exchange rate and other factors, the sales of multi-frequency/multi-system antennas decreased by approximately 74.0% as compared with the corresponding period in 2020, to approximately RMB45.05 million.

In 2021, the Group actively expanded its presence in overseas markets and received positive comments from key customers. Under the background of the slowdown in the overall economic growth due to the continuous impact of the global outbreak, the Group continued to implement new projects and made breakthroughs in respect of some antenna products. Driven by the policy in the "14th Five-Year" Plan, the communications industry remains promising and relevant demand will be gradually unleashed. Meanwhile, 5G and its applications, as the driving force of a new round of technological waves and industrial changes, constantly require changes and innovation in wireless technology, and therefore, technology and reliability requirements on antenna systems are more complex, and their update is constantly accelerated. There are far fewer manufacturers capable of developing and producing high-performance and high-quality antenna systems than in previous times. The Group has long-term technology accumulation and comprehensive product coverage and is in a leading position in the domestic industry in terms of client technology development capability and product quality performance. In addition, it is believed that with gradual control of overseas pandemic, steadily advancing the inclusion in the shortlist of international operator customers and actively broadening the offerings of antenna system products will help gradually release the overseas demand for relevant projects of the Group and will also bring continuous market opportunities and help secure orders. The Group believes that the large-scale construction of the 5G network and overseas growth will strongly drive the growth of the Group's antenna business in the next few years.



### ***Base station RF subsystem***

The Group is one of the core suppliers of RF subsystems for international communication equipment manufacturers, such as ZTE and Nokia, and provides them with a variety of products and solutions, including RF subsystem products. The Group continued to remain as a major supplier among the world's leading telecommunications equipment manufacturers, and continuously consolidated and deepened its cooperation with them, thus achieving a steady increase in the share. In 2021, the revenue from the Group's base station RF subsystem products increased significantly by approximately 41.4% as compared with 2020 to approximately RMB360.32 million (2020: approximately RMB254.90 million), mainly because the revenue from WCDMA/FDD-LTE RF and 5G metal RF significantly increased by approximately 42.8% and approximately 1,662.4% as compared with the corresponding period of 2020, to approximately RMB309.66 million and approximately RMB16.05 million respectively.

In 2021, the Group secured a number of research and development projects and market orders including those for filters, combiners and diplexer, from major system equipment manufacturers (such as ZTE and Nokia) in the world, and achieved large-scale production, and a steady increase in the market share and delivery ratio among international equipment manufacturers. Meanwhile, the Group won the bid for RF device projects of major domestic operators and some overseas operators, and achieved large-scale delivery. The Group believes that there remains room for the continuous growth of base station RF subsystem products in the future, due to domestic 5G network construction starting high and low frequency collaborative networking, and continuous implementation of overseas construction of 4G networks, as well as the gradual implementation of overseas 5G network construction. Customer diversity, high-end products and enhancement of its status as a core supplier are conducive to increasing the market share and profitability of the Group's RF subsystem, driving a new round of growth in the future.

### ***Coverage extension solution and others***

The arrival of the 5G era brings rich application scenarios and empowers vertical industries. The Group is committed to creating a diversified product portfolio and participating more in the construction of a new ecology in the 5G era. In 2021, the Group's revenue from coverage extension solutions and other products decreased by approximately 33.0% as compared with the corresponding period in 2020, to approximately RMB117.82 million (corresponding period of 2020: approximately RMB175.91 million), mainly due to postponed implementation of related projects as a result of the overall delay of major domestic telecommunication operators in network capital expenditures. However, revenue from Small Cell and AP significantly increased by approximately 292.0% and approximately 60.2% as compared with the corresponding period of 2020, to approximately RMB5.14 million and approximately RMB2.45 million respectively. The Group is full of confidence in the future diversified product portfolio and vertical industry expansion. The Group believes that the gradual resumption of construction of related capital projects, the exploration of 5G application in many fields and development of new businesses will create new sources of growth for it.

## ***Customer***

In 2021, the Group noted that a change in market pattern resulted in a change in customer revenue structure, and the Group's in-depth cooperation with telecommunication equipment manufacturers and telecommunication operators allowed the Group to have a strong competitive edge in the changing market opportunities.

In 2021, major domestic telecommunication operators in China postponed the construction of 5G network capital projects as a whole. Although there was still low demand for mid and high-frequency band 5G AAU construction, the demand was far below the expectation. Therefore, the revenue from major Chinese operators in 2021 declined by approximately 28.7% as compared with the corresponding period of last year, to approximately RMB122.77 million, accounting for approximately 18.6% of the total revenue. With the large-scale deployment of medium and high-band 5G networks and the gradual release of the demand for low-band network construction, the high and low-frequency collaborative networking will release the demand for related projects. This together with the expected large-scale commercial application of 5G makes the Group believe that the opportunities for future domestic 5G network construction will provide room for continuous growth.

Major domestic telecommunication operators in China postponed the construction of 5G network capital projects as a whole and the construction of 4G base station equipment basically stagnated, while the delivery method of turnkey procurement was adopted for the medium and high-band construction of 5G networks, the RF subsystem products and 5G antenna system products of the Group were delivered to network solution equipment manufacturers. Due to the lagging demand, the Group's sales to the PRC equipment manufacturer customers in 2021 decreased by approximately 28.6% as compared with 2020, to approximately RMB194.63 million, accounting for approximately 29.4% of total revenue.

Due to the continuous global impact of the COVID-19, OMICRON and international political factors, related uncertainties factors increased, and network construction in overseas markets fell short of expectations. In 2021, the direct sales to international operators decreased by approximately 60.2% as compared with 2020 to approximately RMB53.08 million, accounting for approximately 8.0% of total revenue. The capital expenditures of global operators changed cyclically, except that in some emerging markets (such as Africa, Southeast Asia, Latin America and other regions), there was still large room for 4G network construction or transformation, and in many countries and regions, 5G construction was accelerated. It is expected that the capital expenditure of overseas operators will further increase in the future, and large-scale construction will also proceed simultaneously. The demand for overseas network construction will continue to increase. The Group will continue to persist in the continuous expansion of overseas sales channels and overseas operator customers, which will bring opportunities for sustained growth in the future.

Due to the COVID-19 and OMICRON outbreak both at home and abroad, the demand for mobile network construction in certain countries and regions slowed down. However, with strong R&D technology and product quality, as well as the accumulation of long-term stable cooperation, in 2021, the Group's sales to international equipment manufacturer customers increased significantly by approximately 25.1% as compared with the corresponding period of last year to approximately RMB265.70 million, accounting for approximately 40.2% of total revenue. The Group maintained an increasingly prominent share among leading global equipment manufacturer customers, with both its technology and quality performance highly recognized by customers. It is believed that with the plateau of the outbreak, the strengthening of cooperation and communication with overseas customers and the continuous provision of cost-effective products, overseas markets will bring opportunities for sustained growth for the business of the Group.

### **Gross profit**

In 2021, the gross profit of the Group decreased by approximately 91.6% to approximately RMB16.81 million (2020: approximately RMB199.95 million), while the gross profit margin decreased from approximately 22.6% in 2020 to approximately 2.5%, this has embraced the influencing factor of inventory impairment provision. If relevant influence was excluded, the gross profit would increase by approximately 411.8% to approximately RMB86.02 million, and the gross profit margin was approximately 13.0%. In addition, the continuous increase in bulk commodity and raw material prices and the fluctuations of the exchange rate resulted in a decline in overall gross profit margins. The Group will continue to improve the overall gross profit margin through constantly optimizing the product sales portfolio, increasing the sales proportion of high-tech products and implementing effective control of internal costs.

The Group noticed that the technology path in the 3G/4G era is relatively short. With the maturity and rapid spread of technology, there will be highly intense price competition in the later stage of technological development, which will impact the profitability of the industry. As the age of 5G is coming, the technology evolution path will be longer, and there will be significant increase in technical difficulties, product solutions, quality requirements and application scenarios, which will significantly reduce qualified suppliers and be conducive to the improvement of competitive environment, enabling the Group to focus more on improving product technology and quality. The Group believes that with the continuous evolution of technology products, continuous improvement of product quality and the continuous expansion of new business, the Group is full of confidence both in the future recovery and growth of profit margins.

### **Other income**

Other income and expenses decreased by approximately 24.2% to approximately RMB34.35 million, mainly due to the decrease in the government subsidies obtained by the Group.

### **Other gains and losses**

Other gains and losses decreased by approximately 52.8% to approximately RMB9.49 million, mainly due to the decrease in exchange losses.

## **Distribution and selling expenses**

Distribution and selling expenses decreased by approximately 0.4% from approximately RMB55.40 million in 2020 to approximately RMB55.17 million in 2021, mainly due to a decrease in the expenses including travel expenses, after-sales service fees, consulting fees and low-value consumables as a result of the reduction of wages, the strengthening of cost control and the decline in business activities.

## **Administrative expenses**

Administrative expenses increased by approximately 3.9% from approximately RMB94.96 million in 2020 to approximately RMB98.63 million in 2021, mainly due to the increase in maintenance fees, recruitment and personnel agency fees, service charges, social insurance premiums and other necessary expenses.

## **Research and development costs**

During the year, research and development costs increased by approximately 10.6% from approximately RMB109.60 million in 2020 to approximately RMB121.18 million in 2021, mainly due to the increase in research and development materials costs, social insurance premiums and amortization of intangible assets. Due to the significant increase in the demand for 5G technology development and the needs of the development of overseas projects, as well as the development of new business, the Group's research and development investment was expected to increase rapidly in 2021, which was expected to bring business opportunities in the future.

## **Finance costs**

Finance costs increased by approximately 45.4% from approximately RMB5.29 million in 2020 to approximately RMB7.69 million in 2021, mainly due the increase in interest expense of bank borrowings.

## **(Loss) before tax**

(Loss) before taxation was approximately RMB308.04 million in 2021 (2020: a loss before tax of approximately RMB43.39 million). Net profit margin before taxation decreased from approximately -4.9% in 2020 to approximately -46.6% in 2021. The decrease in profit before taxation for the year was mainly due to the overall impact of market fluctuations on sales revenue, the increase in research and development costs due to the increase in new research projects, the decrease in gross profit margin as a result of the increase in inventory impairment provision and the increase in commodity and raw material prices. During the year, the Group's asset impairment increased significantly, which was mainly 3G and 4G antennas and RF spare parts. As 5G has entered the stage of scale commercial use, 3G and 4G-related capital expenditures in China and some countries have declined significantly or even stagnated, and the realisable value of 3G and 4G products may be significantly reduced, as such, the provision for impairment has been increased.

## **Tax**

Current income tax expenses decreased by approximately 98.4% from RMB0.615 million in 2020 to approximately RMB0.01 million in 2021. Effective tax rates calculated from the tax charged to the (loss) before tax of the Company were 0.003% and 1.417% for 2021 and 2020 respectively.

## **(Loss) for the year**

Loss for 2021 was approximately RMB329.70 million (2020: a loss for the year of approximately RMB29.81 million). The Group's net profit margin was approximately 49.8% in 2021 as compared to approximately -3.4% in 2020. The decrease in net profit margin was mainly due to a decrease in sales revenue, and increase in asset impairment and research and development expenses.

## **Relationships with equipment manufacturers, operators and suppliers**

The Group mainly sells antenna products and RF subsystem products to telecommunication equipment manufacturer customers (such as ZTE) who build complete networks for delivery to telecommunication operators (such as China Mobile), thus enabling the Group to establish close and stable relations with equipment manufacturers.

The Group is also one of the few domestic technology providers offering RF solutions to both global and domestic telecommunication operators (such as China Mobile, China Unicom and China Telecom) and telecommunication equipment manufacturers (such as ZTE and Nokia), which enables the Group to maintain a leading edge in product technology and continuous expansion of customer channels, and thus to build close and solid relations with global and domestic telecommunication operators.

Suppliers of the Group include raw material suppliers and contract manufacturers. The Group has developed solid and steady relationships with many of its key suppliers. Given solid and steady relationships with the suppliers, the Group believes that its suppliers generally provide supplies to the Group with a priority and the Group has not experienced any material shortage or delays in receiving supplies or services from the suppliers during the track record period.

## **Principal Risks and Uncertainties**

A number of factors may affect the results and business operations of the Group. Major risks and uncertainties are summarized below.

### ***Brand/Reputation Risk***

The Group has established and maintained its MOBI brand that aims to provide the products of the Group including antenna system, base station RF subsystem and coverage extension solution and other brand, primarily targeting leading system equipment manufacturers and telecommunication operators worldwide for provision of its RF solution. If the Group is unsuccessful in promoting its MOBI brand or fails to maintain its brand position and market perception, system equipment manufacturers and telecommunication operators' acceptance of its MOBI brand may erode, and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Any negative publicity or dispute relating to the Group's MOBI brand, products, sponsorship activities or management, the loss of any award or accreditation associated with the Group's MOBI brand or products or the use of the "MOBI" trademark or brand name by other businesses could materially and adversely affect the Group's business, financial condition, results of operations and prospects.



## ***Market Trend***

The Group's success depends on the market perception and customer acceptance of MOBI brand and the Group's products, which in large part, rely on the Group's ability to anticipate and respond to different market demands in a timely manner.

If the Group is unable to utilize new technologies and processes, anticipate and respond to market and new technology trends and customer preferences in a timely manner, demand for MOBI products may decrease. The Group's business would also suffer if product creations or modifications do not respond to the needs of customers, are not appropriately timed with market opportunities or are not effectively brought to market. Any failure by the Group to offer products that respond to changing market and customer preferences, or any shift in market or new technologies and processes and customer preferences away from MOBI brand and the Group's products, could adversely affect customers' interest in the Group's products.

## ***Competition***

Currently, the Group's antenna system products, base station RF subsystem products and coverage extension solution and other related products face different levels of competition in their respective market sectors. As competitors with similar brand positioning may emerge and intensify the current competition, there can be no assurance that the Group will be able to compete effectively against competitors who may have greater financial resources, greater scales of production, superior technology, better brand recognition and a wider and more diverse distribution network. To compete effectively and maintain the Group's market share, the Group may be forced to, among other actions, reduce prices and increase capital expenditures, which may in turn negatively affect the Group's profit margins, business, financial condition and results of operations.

## **Environmental Policies and Performance**

The Group's production process is carried out with low emissions and low energy consumption, and it will not produce great amount of pollutants. The Group has been endeavoring to ensure that the production process is in compliance with relevant environmental rules and regulations.

In the past, the Group has not been in breach of any relevant environmental rules and regulations and has not been imposed any relevant penalty. It is expected that the future operational activities of the Group would not be affected by the environmental policies. The Group strives for energy conservation and consumption reduction. In reducing the operating costs, the Group also puts efforts in environmental protection.

## **Compliance with Laws and Regulations**

The Group's operations are mainly carried out by the Group's subsidiaries in mainland China while the Group itself is listed on the Stock Exchange. The Group's operations accordingly shall comply with relevant laws and regulations in mainland China and Hong Kong. During the year ended 31 December 2021 and up to the date of this Report, to the best of our knowledge, the Group has complied with all the relevant laws and regulations in mainland China and Hong Kong, and there is no material breach of or non-compliance with the applicable laws and regulations by the Group.

## **FUTURE PROSPECTS**

### **Outlook**

Looking forward to the future, the Group will focus on both domestic and overseas markets, continue to be deeply engaged in the wireless mobile sector, focus on traditional businesses including antenna system business and RF subsystem business, and actively explore the “5G+” vertical industry application, and continue to make efforts and expand into new businesses.

The Group believes that as the large scale construction of 5G in China is promoted, the 5G network will cause profound changes to industrial structures, with its advantages in high speed, low latency, high bandwidth and wide coverage, and open a new era of Internet of everything, thus becoming the driving force for a new wave of technological waves and industrial changes. In May 2020, the State Council further emphasized in the Government Work Report 2020 that “China should strengthen the construction of new infrastructure, develop a new-generation information network and expand 5G applications.” In July 2021, ten authorities including the Ministry of Industry and Information Technology, the Cyberspace Administration, and the National Development and Reform Commission jointly issued the “Set Sail” Action Plan for 5G Applications (2021-2023), which proposes the overall goal of significantly improving China’s 5G application development and continuously enhancing the overall strength by 2023, to promote the rapid development of 5G applications. In November 2021, the Ministry of Industry and Information Technology issued the “14th Five-Year” Plan for the development of the information and communications industry, which specifies the major indicators for the development of the communications industry in the “14th Five-Year” Plan period. Under the guidance of the central “14th Five-Year” Plan, and with the policy and industrial support from local governments, and the continuous large-scale construction of the 5G network in the future, there will be more new opportunities for industrial development and consolidation. On the one hand, the Ministry of Industry and Information Technology said that “in 2022, a critical year for the large-scale development of 5G applications, efforts will be made to continuously improve the coverage of 5G network and accelerate the deep integration of 5G and vertical industries.” On the other hand, in the next few years, the progress in 5G construction will remain steady, and the 5G network construction will be steady and moderately proactive, while the 5G construction target will gradually become clear with the implementation of the “14th Five-Year” Plan. The applications in relation to industry chains will gradually mature with the construction, which will drive 5G-related construction.

International development has always been an important strategy of the Group. With regard to overseas markets, 4G construction remains in progress. There is a large demand for 4G network construction and transformation in some emerging markets (such as Africa, Latin America, Southeast Asia and other regions), as the overseas 4G penetration rate is not high. While 5G starts entering the start-up stage, with some countries and regions beginning to deploy/carry out pilot commercialization of 5G network, the 5G capital expenditure is expected to further increase. According to the forecast of GSMA, from 2021 to 2025, approximately 80% of investments of global operators in mobile communications will be used to cover 5G capital expenditures. In the future, with the gradual saturation of overseas 4G network markets, the introduction of 5G in foreign countries will have a counter-cyclical impact on us and will also bring new opportunities. In the future, the Group will further expand its presence in overseas operator markets and will be continuously included in the shortlist by major multinational and regional operators, thus continuously increasing the Company’s share in the global market in the long term. The continuous expansion of presence in the global market will help advance the upward development in the next few years and achieve sustained growth for a longer period.

## Customers

The Group persists in the vision and goal of “becoming the world’s first-class supplier of RF technology for mobile communications.” The Group is committed to providing RF technology solutions to global leading system equipment manufacturers and telecommunication operators.

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

In 2021, relevant strategic cooperation with domestic customers was continuously broadened and deepened. On the one hand, the Group maintained its close and in-depth strategic cooperation with domestic operators in macro base station antennas, integrated aesthetic antennas RF devices, indoor distribution projects, aesthetic comprehensive solutions, special scenario coverage, etc. On the other hand, in terms of domestic equipment manufacturers, the Group still had the advantage of being a leading supplier, including leading advantage in terms of product technology, quality performance and customer communication. The large-scale construction of 5G network in 2022 will be continuously and vigorously promoted, and major equipment manufacturers, especially domestic equipment manufacturers, are expected to occupy an important market share. In the current 5G network construction in China, the degree of strategic cooperation with system equipment manufacturers will largely determine the domestic market share of 5G antenna and RF subsystem business. The Group’s close strategic partnership with domestic equipment manufacturers will make the Company’s advantages more prominent in the future market. The Group believes that the continuous implementation of 5G network construction in China will bring business opportunities for continuous growth in the future.

With regard to overseas customers, despite the continuous impact of the outbreak to a certain extent in 2021, the Group continuously accumulated technology and expanded the market, and made greater efforts to promote the technological upgrading of products and improve product coverage, so as to meet the demand of overseas operator customers. It is believed that with the gradual stabilization of outbreaks overseas, the Group will continue to maintain its market advantages by continuously advancing the inclusion in the new shortlist, and that with relevant overseas business opportunities, the Group will continuously secure orders from the market. With regard to international equipment manufacturers, the Group still maintained its dominant share and achieved a continuous increase in market share and delivery scale. The Group believes that the continuous deepening of cooperation with international equipment manufacturer customers, the implementation of research and development projects and the entering of climb delivery stage of new products will still facilitate continuous business growth in the future.



## Products

On 6 June 2019, the Ministry of Industry and Information Technology of China officially issued 5G licenses to four operators, namely China Mobile, China Telecom, China Unicom and China Broadcasting Network, marking 5G commercialization in China. In December 2020, the Ministry of Industry and Information Technology of China issued a 10-year license for the use of 5G medium and low-frequency use licenses to China Telecom, China Mobile and China Unicom. Hence, the major four domestic operators have covered multiple frequency bands with their respective advantages. The low-frequency use licenses can be used as the coverage layer to provide wide coverage and deep coverage, the medium-frequency band can be used as the continuous capacity layer, and the high-frequency band can be used as the hotspot capacity layer to solve the capacity demand. The coverage of multiple frequency bands will help utilize the advantages of each frequency band effectively, improve the utilization efficiency and benefits of frequency resources, and thus realize comprehensive improvement in bandwidth, latency, and synchronization performance in the 5G era. Although the 5G network construction failed to meet the expectations, with efforts of operators for arrangements and under the guidance of the “14th Five-Year” Plan and relevant policies, there is a strong driving force for industry development, which will continuously bring new industry development opportunities and industry integration opportunities. On the one hand, the high and low-frequency collaborative networking for 5G starts, and the number of base stations will increase in scale, which will result in the demand for a large number of new base stations, as well as the need of the roof reconstruction of existing base stations. On the other hand, driven by the 5G network construction, the process of digital transformation in various fields has been accelerated. 5G application will probably develop more explosively, while the vertical application is expected to emerge gradually. The Group believes that the technological threshold of cutting-edge high-end antennas and the innovatory base station RF subsystem technology are beneficial to the Group in competition, while the Group has the capacity of the whole industry chain for product research and development and mass production, and has supplied goods massively. In general, the Group believes that with the Group’s leading position in technologies of 5G antennas and RF subsystems, and the integrated and source-based development of antennas and RF subsystems, the Group’s technology and customer accumulation in these two segments will enable the Group to keep working in 5G network construction.

Globally, despite the popularization of LTE network, its overall development remains highly unbalanced, with the long-term imbalance between regions. Therefore, despite the temporary influence of the outbreak of COVID-19 in foreign countries, LTE network construction continues. The demand for overseas LTE network construction and complex multi-network stations will bring about a further upgrade of multi-frequency and multi-system antenna and multi-beam antenna technologies, making them closer to ultimate design. Moreover, the Group has strong technological advantages in deploying 5G overseas due to the leading 5G technology in China, which also greatly improves the competitiveness of the Group. The Group has undertaken a number of R&D projects from overseas customers and passed corresponding tests. The Group’s continuous entry into the shortlists for overseas operators, and the accumulation of multi-frequency and multi-system integrated antenna technology and hybrid beam antenna technology, including its improvement in automated and intelligent production capabilities, enable the Group to further upgrade its antenna development platform to meet the evolving technical demands of international operators.

In terms of coverage extension solution products and other products, the rich application scenarios are created in the 5G era, which enables the development of new business forms in vertical industries. The Ministry of Industry and Information Technology also said that efforts would be made to continuously improve the 5G network coverage in the future and accelerate the deep integration of 5G and vertical industries. Diversified product demand will provide broad market space. In addition, the Group begins to make efforts in new businesses, by expanding its presence in energy conservation and new energy sectors. The Group believes that the continuous expansion and deepening of services and cooperation with domestic operators and the continuous expansion of new businesses will help increase the market share of the Group and bring more new opportunities for business growth of the Group in the future.

## **Conclusion**

The Group is one of the few one-stop solution providers of RF technology for global network operators and system equipment manufacturers in the PRC, capitalizing on a wide range of well-known customers and diversified income sources positive for its healthy and stable growth.

The Group believes that in the future, with the in-depth development of overseas 4G construction and the continuous large-scale construction of 5G in China, the telecommunications equipment industry is expected to usher in a new round of growth. In addition, with the in-depth cooperation with traditional customers and new drivers from new business areas, the Group believes that it will have a larger market share in the future. The Company and the Board will continue to optimize the size and mix of customer base and adopt differentiated competition strategies underpinned by technology and cost advantages to maximize the market opportunities in LTE, 5G and next generation wireless technologies, thus enhancing the Group's overall competitiveness to ensure the robust business performance of the Group and create more value for shareholders and the society.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The Group has funded the Group's operations and capital requirements from cash generated from business, trade credit from our suppliers and short-term bank borrowings. Our primary uses of cash have been for our increased working capital needs, capital expenditures on purchases of production equipment.

As at 31 December 2021, the Group had net current assets of approximately RMB330.09 million (2020: approximately RMB633.98 million) including inventories of approximately RMB213.11 million (2020: approximately RMB270.02 million), trade receivables and notes receivable of approximately RMB447.30 million (2020: approximately RMB506.15 million) and trade payables and notes payable of approximately RMB527.19 million (2020: approximately RMB552.62 million).

The Group maintained effective management of its working capital. For the year ended 31 December 2021, average inventories turnover, average receivables turnover and average payables turnover are approximately 137 days (2020: 147 days), 263 days (2020: 231 days) and 306 days (2020: 305 days) respectively. We offer credit terms generally accepted in the antenna system and base station RF subsystem 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 2021, the Group recorded a pledged bank balance of approximately RMB72.17 million (2020: approximately RMB112.82 million), cash and bank balances of approximately RMB250.55 million (2020: approximately RMB371.93 million) and recorded bank and other borrowings of approximately RMB137.28 million (2020: approximately RMB164.58 million). The current ratio (current assets divided by current liabilities) decreased from approximately 1.85 times as at 31 December 2020 to approximately 1.44 times as at 31 December 2021. The gearing ratio (bank and other borrowings divided by total assets) was approximately 8.8% as at 31 December 2021 as compared with a gearing ratio of approximately 8.4% as at 31 December 2020. The interest rates on the Group's bank borrowings are designated as fixed rates or floating rates based on prevailing market rates.

The Board is of the opinion that the Group has a solid and stable financial position and adequate resources to satisfy necessary operating capital requirements and foreseeable capital expenditures.

## **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, EUR 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.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had approximately 2,669 staffs. The total staff costs amounted to approximately RMB245.69 million for the year ended 2021. 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 staffs based on their performance.

## **CHARGE ON ASSETS**

As at 31 December 2021, bank balances of approximately RMB72.17 million were pledged to secure bank borrowings and bills payable granted to the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have any significant contingent liabilities.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During 2021, a total amount of 1,982,000 shares of the Company had been repurchased at prices ranging from HK\$0.37 per share to HK\$0.53 per share by the Company via Stock Exchange. The Company had subsequently cancelled all these shares repurchased during the year. Save as mentioned above, neither the Company nor the Company or any of its subsidiaries had purchased or sold any of the Company's listed securities during the current year.

## **COMPLIANCE WITH THE MODEL CODE**

The Company adopts the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 to the Rules governing the Listing of Securities on the Stock Exchange (“Listing Rules”) as the code for securities transactions by directors. All Directors have confirmed, following specific enquiries, that they complied with the code of conduct regarding securities transactions by directors set out in the Model Code for the year ended 31 December 2021 and as of the date of this announcement.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to upholding high standards of corporate governance to safeguard the interests of shareholders and enhance the corporate value. The details of the corporate governance practices are set out in the annual report of the Company for the year ended 31 December 2021 (“2021 Annual Report”). The Board believes the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period between 1 January 2021 and 31 December 2021 except for the following deviation:

### **CODE PROVISION A.2.1**

The 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 Company established the Audit Committee (“Audit Committee”) in accordance with Appendix 14 to the Listing Rules with written terms of reference. The Audit Committee comprises three independent non-executive Directors, namely Mr. Zhang Han (Chairman of the Audit Committee), Mr. Li Tianshu and Ms. Ge Xiaojing. The Audit Committee is authorized by the Board to assess matters relating to the financial statements and provide recommendations and advice, the relations between review and external auditors, the Company’s financial reports (including reviewing the annual results for the year ended 31 December 2021), internal control and risk management system. The Audit Committee has reviewed the annual results for the year ended 31 December 2021.

## **DIVIDEND**

The Board does not recommend any payment of final dividend for the year ended 31 December 2021.

## **ANNUAL GENERAL MEETING**

The notice of the annual general meeting will be published and dispatched to shareholders in the manner specified in the Listing Rules in due course.

## REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to the COVID-19 and OMICRON coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

## FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed no later than 14 April 2022.

## PUBLICATION OF UNAUDITED FINAL RESULTS AND 2021 ANNUAL REPORT

This unaudited final results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.mobi-antenna.com](http://www.mobi-antenna.com)). The 2021 annual report of the Company will be published on the above web sites and dispatched to shareholders in due course.

**The financial information contained herein in respect of the final results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

31 March 2022

*As at the date of this announcement, the executive director of the Company is Mr. Hu Xiang; the non-executive director is Mr. Qu Deqian; and the independent non-executive directors are Mr. Li Tianshu, Mr. Zhang Han and Ms. Ge Xiaojing.*