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MOBI 摩比

MOBI Development Co., Ltd.

摩比發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 947)

Announcement of Final Results for the year ended 31 December 2022

- Revenue increased to approximately RMB687.00 million, representing a increase of approximately 3.9%
- Gross profit margin increase from approximately 2.5% in 2021 to approximately 15.6% in 2022
- Loss attributable to owners of the Company was approximately RMB229.76 million
- Basic loss per share for the year was approximately RMB28.08 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 audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Revenue	3	687,000	661,389
Cost of sales		<u>(580,160)</u>	<u>(644,582)</u>
Gross profit		106,840	16,807
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(12,480)	(4,185)
Impairment losses on the Identified Long-lived Assets		(45,156)	(60,916)
Other income	4	39,296	34,354
Other gains and losses	4	(85,365)	(9,494)
Research and development expenses		(86,300)	(121,179)
Administrative expenses		(89,360)	(98,631)
Distribution and selling expenses		(45,138)	(55,172)
Finance costs	5	(4,970)	(7,692)
Fair value change on derivative financial instruments		–	(1,454)
Share of results of associates		<u>551</u>	<u>(476)</u>
(Loss) before tax		(222,082)	(308,038)
Income tax expense	6	<u>(7,679)</u>	<u>(21,663)</u>
(Loss) and the total comprehensive expense for the year attributable to owners of the Company	7	<u>(229,761)</u>	<u>(329,701)</u>
(Loss) per share			
– basic (RMB cents)	9	<u>(28.08)</u>	<u>(40.29)</u>
– diluted (RMB cents)		<u>(28.08)</u>	<u>(40.29)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Non-current Assets			
Property, plant and equipment		280,529	325,507
Right-of-use assets		24,087	31,625
Deposits for purchase of plant and equipment		13,136	13,240
Deferred tax assets		43,026	50,691
Intangible assets		17,917	47,088
Derivative financial instruments		–	33
Interests in associates		4,600	4,049
		<u>383,295</u>	<u>472,233</u>
Current Assets			
Inventories		180,836	213,113
Trade and other receivables	<i>10</i>	482,036	550,839
Pledged bank balances		89,791	72,167
Bank balances and cash		174,275	250,546
		<u>926,938</u>	<u>1,086,665</u>
Current Liabilities			
Trade and other payables	<i>11</i>	690,574	599,277
Contract liabilities		6,102	13,347
Bank and other borrowings		38,560	137,277
Lease liabilities		3,630	4,402
Deferred income		1,786	2,270
		<u>740,652</u>	<u>756,573</u>
Net Current Assets		<u>186,286</u>	<u>330,092</u>
Total Assets less Current Liabilities		<u>569,581</u>	<u>802,325</u>
Non-current Liabilities			
Lease liabilities		2,220	2,661
Deferred income		2,367	4,019
		<u>4,587</u>	<u>6,680</u>
Net Assets		<u>564,994</u>	<u>795,645</u>
Capital and Reserves			
Share capital		6	6
Reserves		564,988	795,639
Equity attributable to owners of the Company		<u>564,994</u>	<u>795,645</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2022

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 Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all 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

	2022 RMB'000	2021 RMB'000
Segment revenues		
Antenna system	206,999	183,256
Base station RF subsystem	406,628	360,316
Coverage extension solution	73,373	117,817
	<u>687,000</u>	<u>661,389</u>
Timing of revenue recognition		
A point in time	<u>687,000</u>	<u>661,389</u>
Segment results		
Antenna system	(35,372)	(95,104)
Base station RF subsystem	18,666	(70,090)
Coverage extension solution	(7,910)	(94)
	<u>(24,616)</u>	<u>(165,288)</u>
Reconciliation of segment results to (loss) before tax:		
Impairment losses under ECL model, net of reversal	(12,480)	(4,185)
Other income and expenses, other gains and losses	(46,069)	24,860
Unallocated corporate expenses	(134,498)	(153,803)
Finance costs	(4,970)	(7,692)
Fair value change on derivative financial instruments	-	(1,454)
Share of results of associates	551	(476)
	<u>(222,082)</u>	<u>(308,038)</u>
(Loss) before tax		
Other segment information		
Depreciation of property, plant and equipment:		
Antenna system	14,067	12,649
Base station RF subsystem	6,502	6,381
Coverage extension solution	853	1,172
	<u>21,422</u>	<u>20,202</u>
Segment total	21,422	20,202
Unallocated amount	11,223	11,650
	<u>32,645</u>	<u>31,852</u>
Group total		
Research and development expenses:		
Antenna system	47,826	66,663
Base station RF subsystem	26,489	39,754
Coverage extension solution	11,985	14,762
	<u>86,300</u>	<u>121,179</u>
Group total (note 1)		

	2022 RMB'000	2021 RMB'000
Amortisation of intangible assets:		
Antenna system	14,746	7,578
Base station RF subsystem	<u>3,061</u>	<u>13,090</u>
Group total	<u><u>17,807</u></u>	<u><u>20,668</u></u>
Allowance (reversal of allowance) for inventories		
Antenna system	4,240	18,555
Base station RF subsystem	(1,061)	44,562
Coverage extension solution	<u>1,310</u>	<u>6,094</u>
Group total (note 1)	<u><u>4,489</u></u>	<u><u>69,211</u></u>
Other segment information		
Impairment losses (reversal of impairment losses) on Identified Long-lived Assets (note 2)		
Antenna system	24,059	46,887
Base station RF subsystem	24,143	7,089
Coverage extension solution	<u>(3,046)</u>	<u>6,940</u>
Group total (note 1)	<u><u>45,156</u></u>	<u><u>60,916</u></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 2022 and 2021.

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 products within the operating segments are as follows:

	2022 RMB'000	2021 RMB'000
<i>Segments</i>		
<i>Antenna system</i>		
Multi-band/multi-system antennas	95,953	45,055
Microwave antennas	29,034	15,696
5G antennas	22,467	54,213
Multi-Beam antennas	21,043	11,473
Low-band refarming/IoT antennas	13,537	20,759
FDD+TDD antennas	13,174	4,193
WCDMA/FDD-LTE single-band/multi-band antennas	7,346	24,578
Other antennas	4,445	7,289
	<u>206,999</u>	<u>183,256</u>
<i>Base station RF subsystem</i>		
WCDMA/LTE RF devices	372,289	309,656
GSM RF devices	17,513	4,309
TD/TD-LTE RF devices	6,769	16,712
5G RF devices	3,788	16,050
Low-band refarming/IoT RF devices	236	2,423
Other devices	6,033	11,166
	<u>406,628</u>	<u>360,316</u>
<i>Coverage extension solution</i>		
Aesthetic antennas	61,573	99,925
Engineering procurement construction	556	3,654
Access point	136	2,452
Small cell	59	5,145
Other products	11,049	6,641
	<u>73,373</u>	<u>117,817</u>
	<u>687,000</u>	<u>661,389</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:

	2022 RMB'000	2021 RMB'000
Customer A ¹	348,959	255,118
Customer B ¹	141,888	194,632
	<u>141,888</u>	<u>194,632</u>

¹ 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:

	2022 RMB'000	2021 RMB'000
The PRC	<u>278,030</u>	<u>355,528</u>
Overseas		
Other countries/areas in Asia	250,453	106,164
Europe	81,278	140,498
Americas	77,234	59,199
Others	<u>5</u>	<u>–</u>
Subtotal	<u>408,970</u>	<u>305,861</u>
	<u>687,000</u>	<u>661,389</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

	2022 RMB'000	2021 RMB'000
Government grants		
– related to expense items (<i>note 1</i>)	15,775	16,505
– related to assets	2,136	2,513
Rental income	11,702	10,209
Interest income from bank deposits	<u>9,683</u>	<u>5,127</u>
Other income	<u>39,296</u>	<u>34,354</u>
(Loss) gain on disposals of property, plant and equipment	(8,847)	17
Exchange gain (loss)	9,593	(6,032)
Settlement payables (<i>note 2</i>)	(83,255)	–
Others	<u>(2,856)</u>	<u>(3,479)</u>
Other gains and losses	<u>(85,365)</u>	<u>(9,494)</u>
Total	<u>(46,069)</u>	<u>24,860</u>

Note: 1 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.

Note: 2 During the year ended 31 December 2022, the Group entered settlement agreements with customers regarding disputes arising from sales transactions occurred in previous years. The Group agreed settlements payments of aggregate amount of RMB83,255,000 to discharge all parties from any claims in connection to the disputes. During the year ended 31 December 2022, an amount of RMB27,990,000 was paid and an amount of RMB13,280,000 was set off with trade receivables, the remaining balance of RMB41,985,000 as at 31 December 2022 is included in other payables.

5. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	4,517	7,256
Interest on lease liabilities	453	436
	<u>4,970</u>	<u>7,692</u>

6. TAXATION

	2022 RMB'000	2021 RMB'000
Current Tax:		
PRC Enterprise Income Tax (“EIT”)	14	10
Under provision in prior year	–	982
	<u>14</u>	<u>992</u>
Deferred tax charge	7,665	20,671
	<u>7,679</u>	<u>21,663</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 2022 and 2021.

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. On 4 November 2022, the Jiang Xi Authorities have further extended the preferential tax rate for another three years starting from the year ended 31 December 2022. Accordingly, the tax rate of MOBI Jian is 15% for the years ended 31 December 2022 and 2021.

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. On 14 December 2022, the SZ Authorities have further extended the preferential tax rate for another three years starting from the year ended 31 December 2022. Accordingly, the tax rate of MOBI Technology is 15% for the year ended 31 December 2022 and 2021.

The applicable tax rate of other PRC subsidiaries is 25% for the year ended 31 December 2022 (2021: 25%).

7. LOSS FOR THE YEAR

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

	2022 RMB'000	2021 RMB'000
Directors' remuneration	1,292	1,951
Other staff costs	188,507	220,011
Retirement benefits scheme contributions for other staff	<u>21,279</u>	<u>23,725</u>
	211,078	245,687
Less: amount capitalised as cost of inventories manufactured	<u>(74,582)</u>	<u>(83,518)</u>
	<u>136,496</u>	<u>162,169</u>
Auditors' remuneration		
– audit services	2,204	1,971
Lease payment on short-term leases in respect of premises	3,194	1,763
Depreciation of property, plant and equipment	32,645	31,852
Depreciation of right-of-use assets	5,895	7,067
Amortisation of intangible assets	<u>17,807</u>	<u>20,668</u>
	56,347	59,587
Less: amount capitalised as cost of inventories manufactured	<u>(19,403)</u>	<u>(18,271)</u>
	36,944	41,316
Cost of inventories recognised as expenses	580,160	644,582
Write-down on inventories (included in cost of sales)	<u>4,489</u>	<u>69,211</u>

8. DIVIDENDS

No dividends were recognised as distribution for both years.

No final dividend for the year ended 31 December 2022 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:

	2022 RMB'000	2021 RMB'000
(Loss)		
(Loss) for the year attributable to owners of the Company and (loss) for purpose of basic and diluted (loss) per share	<u>(229,761)</u>	<u>(329,701)</u>
	2022 '000	2021 '000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss) per share	<u>818,214</u>	<u>818,283</u>
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The computation of diluted (loss) per share for the year ended 31 December 2022 and 2021 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 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables – contracts with customers	329,739	323,523
Less: allowance for credit losses	<u>(27,158)</u>	<u>(14,678)</u>
	<u>302,581</u>	<u>308,845</u>
Notes and bills receivables	84,578	138,456
Rental and utility deposits	926	1,219
Advance to suppliers	38,310	49,858
Value added tax receivables	37,600	20,765
Other receivables and deposits	<u>18,041</u>	<u>31,696</u>
	<u>482,036</u>	<u>550,839</u>

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 (2021: 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:

	2022	2021
	RMB'000	RMB'000
0 to 30 days	83,251	123,924
31 to 60 days	44,346	54,065
61 to 90 days	42,910	38,631
91 to 120 days	18,270	15,033
121 to 180 days	33,096	17,589
Over 180 days	80,708	59,603
	302,581	308,845

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

	2022	2021
	RMB'000	RMB'000
0 to 30 days	11,724	19,149
31 to 60 days	9,630	18,238
61 to 90 days	11,155	36,443
91 to 120 days	16,254	27,052
Over 120 days	35,815	37,574
	84,578	138,456

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

11. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	RMB'000
Trade payables	403,729	424,303
Notes and bills payable	178,701	102,888
Payroll payable	20,276	27,161
Payable for purchase of property, plant and equipment	16,315	12,268
Value added taxes payable	4,305	8,853
Accrued expenses	10,413	9,627
Interest payable	–	350
Settlement payables	41,985	–
Others	14,850	13,827
	690,574	599,277

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

	2022	2021
	RMB'000	RMB'000
0 to 30 days	69,999	97,666
31 to 60 days	53,456	80,369
61 to 90 days	38,855	57,235
91 to 180 days	88,539	63,766
Over 180 days	152,880	125,267
	403,729	424,303

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:

	2022	2021
	RMB'000	RMB'000
0 to 30 days	3,187	24,941
31 to 60 days	56,722	2,927
61 to 90 days	1,340	23,500
Over 90 days	117,452	51,520
	178,701	102,888

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 increased by approximately RMB25.61 million (approximately 3.9%), to approximately RMB687.00 million in 2022 (2021: approximately RMB661.39 million).

Sales of antenna system increased by approximately 13.0% to approximately RMB207.00 million (2021: approximately RMB183.26 million), while sales of base station RF subsystem increased by approximately 12.9% to approximately RMB406.63 million (2021: approximately RMB360.32 million). In addition, sales of coverage extension solution and other products decreased by approximately 37.7% to approximately RMB73.37 million (2021: approximately RMB117.82 million).

In 2022, the Group continued to deepen cooperation with domestic and foreign operator customers and equipment manufacturer customers, continuously optimized product structure and business model, and continued to expand the global market. On the one hand, we had successively won the bids for the centralized procurement projects of major domestic telecommunication operators such as China Mobile and China Unicom, as well as new projects of AFU and antennas from new overseas customers, which were expected to bring better performance growth to the Group in the next few years. On the other hand, the Group continued to maintain strategic cooperation relationships with domestic and foreign equipment manufacturer customers, and orders continued to rise. In addition, in recent years, the Group has increased its efforts in exploring new business areas such as energy saving/new energy, and the relevant projects have been continuously implemented. In terms of cost control, the expense structure has been continuously optimized to improve the overall operating efficiency of the Company, which has been effective at present. Taken together, all of the above factors drove the Group's sales revenue and profit margin to increase significantly in 2022 as compared to the same period of last year. In the future, the Group will continue to focus on both the domestic market and overseas market, and will firmly deepen the international route while strengthening the relationship with domestic customers. Moreover, with the continuous development of new business areas, it is believed that these will bring further performance growth to the Group.

In 2022, the Group steadily secured research and development projects and market orders (including those for 4G and 5G) from domestic and overseas customers, in which the performance of overseas markets was particularly outstanding. The Group continued to win a large share of bids in the project bidding of overseas operators and key overseas equipment manufacturers. The proportion of the export business in the total revenue for the period increased to approximately 59.5%, which continued to maintain the growth momentum.

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 2022, 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 2022, revenue from antenna system products of the Group increased by approximately 13.0% to approximately RMB207.00 million (2021: approximately RMB183.26 million) as compared with 2021, mainly due to the promotion of new overseas projects. In 2022, the Group continued to win bids for projects of overseas operators. Driven by the increase in the demand of international operators, the Group made further breakthroughs in FDD+TDD antennas, multi-band/multi-system antennas, microwave antennas and multi-beam antennas, with the sales significantly increasing by approximately 214.2%, 113.0%, 85.0% and 83.4% to approximately RMB13.17 million, approximately RMB95.95 million, approximately RMB29.03 million and approximately RMB21.04 million respectively as compared with 2021. The Group had made significant breakthroughs in these product series. Among them, the Group had deeper cooperation with international equipment manufacturers in the microwave series of products, as well as new cooperation in orders for relevant products including microwave transmission lines, microwave accessories and microwave devices.

In 2022, the Company followed the progress of operators' network construction, kept increasing research and development efforts and improving the conversion rate of research and development projects. Not only did the Company develop various types of new 5G antenna system products, and projects under research included domestic and foreign customers and other self-developed projects, which involved various types of antennas including multi-beam antennas, multi-band/multi-system antennas, FDD+TDD antennas, TDD antennas, 5G antennas, aesthetic antennas, pure-low two-port antennas, pure-low eight-port antennas, antenna sub-assembly and antenna components products, but also continued to implement new projects from domestic and overseas markets. Currently, construction of 5G in China has entered into the stage of large-scale development, and driven by the policies including the "14th Five-Year" Plan, the communications industry remains promising. In addition, it is believed that as the pandemic slows down and the demand for international mobile network construction resumes, the overseas demand for relevant projects will gradually be released and will also bring continuous market opportunities and help secure orders. The Group believes that large-scale construction of 5G network and continuous expansion of overseas markets 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. In 2022, the Group continued to remain as a major supplier among the world's leading telecommunication equipment manufacturers, and continuously consolidated and deepened its cooperation with them, thus achieving a steady increase in the share. In 2022, the revenue from the Group's base station RF subsystem products increased by approximately 12.9% as compared with 2021 to approximately RMB406.63 million (2021: approximately RMB360.32 million), mainly because the revenue from GSM RF devices and WCDMA/LTE RF devices significantly increased by approximately 306.4% and approximately 20.2% as compared with the corresponding period of 2021, to approximately RMB17.51 million and approximately RMB372.29 million respectively.

In 2022, 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 continuously 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, continuously driving a new round of growth in the future.

Coverage extension solutions 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, opening up the second and third growth curves and participating more in the construction of a new ecology in the 5G era. In 2022, the Group's revenue from coverage extension solutions and other products decreased by approximately 37.7% as compared with the corresponding period of 2021 to approximately RMB73.37 million (corresponding period of 2021: approximately RMB117.82 million), mainly because revenue from aesthetic products decreased by approximately 38.4% to approximately RMB61.57 million as compared with the corresponding period of 2021, but the revenue from other products increased significantly by approximately 66.4% to approximately RMB11.05 million as compared with the corresponding period of 2021 (corresponding period of 2021: approximately RMB6.64 million). With the accumulation of technology, products and customers, the Group's new business-related projects such as gallium nitride end-products and distributed photovoltaic have achieved a breakthrough, and contributed higher flexibility. 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 expansion and development of new businesses will create new sources of growth for it.

Customer

In 2022, the Group seized the opportunities in domestic and overseas communications construction to consolidate its business in domestic operator and equipment manufacturer market while further expanding its presence in overseas operator markets and was 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. In addition, the Group actively explored new business sectors such as energy conservation and new energy, gradually expanded government customers, enterprise customers and customer base to diversify the customer structure, and the related projects were continuously implemented.

In 2022, the cooperation between the Group and major domestic telecommunication operators were continuously strengthened and deepened. On the one hand, the number of bids won and the number of orders fulfilled increased continuously. On the other hand, the Group participated in projects of major operators including aesthetic series and RF devices and continuously optimized its product structure. However, since major domestic telecommunication operators postponed certain construction of 5G network capital projects, the centralized procurement bidding for the majority of antenna products were postponed to the second half of the year, and the overall progress was slower than expected. This had caused relevant impact on the sales revenue and overall profit of the Group's domestic operator businesses. Therefore, in 2022, the revenue from major operators in China declined by approximately 27.9% as compared with the corresponding period of last year, to approximately RMB88.46 million, accounting for approximately 12.9% of the total revenue. However, with the gradual implementation of the centralized procurement projects of major domestic operators, it is believed that it will have a positive impact on the relevant revenue of the Group in the next few years. The current 5G network construction has entered the large-scale deployment stage. With the gradual release of the relevant demand, as well as the expected large-scale commercial application of 5G, the Group believes that the opportunities for these 5G network construction will also 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, and due to the change of delivery method in recent years, the RF subsystem products and 5G antenna system products of the Group were both delivered to network solution equipment manufacturers. Due to the lagging demand, in 2022, the Group's sales to equipment manufacturer customers in China decreased by approximately 27.1% as compared with 2021, to approximately RMB141.89 million, accounting for approximately 20.7% of total revenue. However, the Group always maintained its position as a major supplier of major equipment manufacturers in China. Cooperation in businesses such as antenna and RF was deepened, and some products series also showed breakthrough. It is believed that major domestic equipment manufacturers are expected to take up significant market share with the continuous construction of the domestic 5G network in the future. It is believed that the Group's close strategic partnership with domestic equipment manufacturers will make the Company's advantages more prominent in the future market.

International development has always been an important strategy of the Group. Based on the continuous expansion of the presence of the Group in the overseas market over the years, in 2022, the direct sales to international operators significantly increased by approximately 65.9% as compared with 2021 to approximately RMB88.08 million, accounting for approximately 12.8% 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.

The Group has maintained strategic cooperation relationships with international equipment manufacturer customers. With strong R&D technology and product quality, as well as the accumulation of long-term stable cooperation, in 2022, the Group's sales to international equipment manufacturer customers increased significantly by approximately 37.2% as compared with the corresponding period of last year to approximately RMB364.45 million, accounting for approximately 53.0% 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. The number of shipments for microwave antenna products increased significantly, and there were also new orders for relevant products including microwave transmission lines, microwave accessories and microwave devices. It is believed that with the advancement of international mobile network construction, 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 2022, the gross profit of the Group increased by approximately 535.6% to approximately RMB106.84 million (2021: approximately RMB16.81 million), while the gross profit margin increased from approximately 2.5% in 2021 to approximately 15.6% in 2022. Facing intensified market competition and continuous rising bulk commodity prices, the Group adopted appropriate measures actively to strengthen cost management and control. The gross profit of relevant products including antenna system and base station radio frequency subsystem increased significantly. In addition, due to sales revenue growth, the overall gross profit increased. 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 in the future.

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. With the advent of 5G technology, 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 increased by approximately 14.4 % to approximately RMB39.30 million, mainly due to the increase in interest income from bank deposits.

Other gains and losses

Other gains and losses increased significantly by approximately RMB75.87 million to approximately RMB85.37 million, mainly due to increase in settlement expenses.

Distribution and selling expenses

Distribution and selling expenses decreased by approximately 18.2% from approximately RMB55.17 million in 2021 to approximately RMB45.14 million in 2022, mainly due to a decrease in expenses including logistic fees, fair and exhibition fees, office expenses and consulting fees as a result of the reduction of wages, the strengthening of cost control and the decline in business activities.

Administrative expenses

Administrative expenses decreased by approximately 9.4% from approximately RMB98.63 million in 2021 to approximately RMB89.36 million in 2022, mainly due to a decrease in expenses including wages, travel expenses, maintenance fees, recruitment and personnel agency fees and vehicle expenses.

Research and development costs

During the year, research and development costs decreased by approximately 28.8% from approximately RMB121.18 million in 2021 to approximately RMB86.30 million in 2022, mainly due to the decrease in expenses including wages of research and development staff, welfare expenses, rent expenses, social insurance premiums, travel expenses and research and development materials costs.

Finance costs

Finance costs decreased by approximately 35.4% from approximately RMB7.69 million in 2021 to approximately RMB4.97 million in 2022, mainly due to the decrease in interest expense of bank borrowings.

(Loss) before tax

(Loss) before taxation was approximately RMB222.08 million in 2022 (2021: a (loss) before tax of approximately RMB308.04 million). Net profit margin before taxation increased from approximately -46.6% in 2021 to approximately -32.3% in 2022.

The decrease in loss before taxation for the year was mainly attributable to the increase in sales revenue and effective expense control measures.

Tax

Current income tax expense increased by approximately 40.0% from approximately RMB10,000 in 2021 to approximately RMB14,000 in 2022. Effective tax rates calculated from the (loss) before tax of the Company was 0.006% and 0.003% in 2022 and 2021 respectively.

(Loss) for the year

Loss for 2022 was approximately RMB229.76 million (2021: a (loss) for the year of approximately RMB329.70 million). The Group's net profit margin was approximately -33.4% in 2022 as compared to approximately -49.8% in 2021.

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 strategic development of business 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 related products of strategic development of business 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 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 2022 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 continue to 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 such as energy conservation and new energy.

As of the end of 2022, it has been more than three years since the official launch of 5G commercialization in China. In the past three years, 5G in China has achieved leading results in network deployment and other aspects, and also made a breakthrough in terms of application scenarios. In the "White Paper on 5G Application Innovation and Development (2022)", it is also pointed out that "the industries such as industrial Internet, smart mining, smart medical treatment and smart port have entered a stage of rapid development" and "in 2022, 5G application development is in a critical period of scale replication. 5G applications in China have begun to be replicated and promoted in some industries, and nearly 4,000 projects have achieved replicable solutions this year (i.e. 2022), representing an increase of 113% compared to last year (i.e. 2021)." In 2022, 5G network construction in China entered the stage of large-scale development and caused profound changes to industrial structures with its advantages in high speed, low latency, high bandwidth and wide coverage, thus becoming the driving force for new technological waves and industrial changes, and the policies played a leading role in it. In accordance with the decisions and deployment of the CPC Central Committee and the State Council, the Ministry of Industry and Information Technology solidly promoted the construction of new infrastructure such as 5G. It successively issued the "'Double Gigabit' Network Collaborative Development Action Plan (2021-2023)" and the "'Sailing' Action Plan for 5G Application (2021-2023)" to promote the high-quality development of 5G network construction and application. Moreover, 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, the empowering role of 5G has gradually become prominent, and the development path of 5G applications has gradually become clear. The 5G application technology industry will gradually develop from the empowerment stage of 5G basic technology and industry superimposition to the empowerment stage of 5G-oriented industry technology and industrial optimization, and finally to the empowerment stage of 5G integration technology and industry transformation. With the continuous large-scale construction of 5G network in the future, there will be more new opportunities for industrial development and consolidation.

With regard to overseas markets, the prospect for 5G development is promising. As of December 2022, GSA statistics showed that more than 505 operators worldwide were investing in 5G. According to the forecast of the GSMA Intelligence, “5G will surpass 4G in 2029 to become the dominant mobile technology in the late 2020s. By 2030, 5G adoption rates will exceed 85% in major 5G markets led by the GCC countries, developed countries in Asia Pacific and North America.” “By 2030, 5G will benefit the global economy by more than US\$950 billion, accounting for more than 15% of the overall impact of the mobile economy. Most of these benefits will be realized in developed regions, including Southeast Asia and the Pacific, North America and Europe, which are expected to show strong growth over the next five years. By the end of the 2020s, as 5G technologies begin to achieve large-scale development and widespread adoption in low-income and low-to-middle-income countries, these regions are also expected to realize more and more 5G economic benefits. At present, overseas 5G has started entering the start-up stage, but the development of 5G in Europe is lagging behind that in Asia, which will also bring new market opportunities to the domestic telecommunication industry.” As the domestic 5G development is in the top-tier of the world, the technology and experience are relatively mature, which will bring certain advantages in the overseas market competition in the future. In addition, overseas 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. 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. The Group will further expand its presence in overseas operator markets, be continuously included in the shortlist by major multinational and regional operators, and further deepen the strategic cooperation relationship with international equipment manufacturers, thus continuously increasing the Group’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 2022, relevant strategic cooperation with domestic customers was continuously broadened and deepened. On the one hand, the Group continuously won the bid for antenna centralized procurement projects of domestic operators, and 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, the Group continued to maintain its advantage as a leading supplier of domestic equipment manufacturers by leveraging on product technology, quality performance and customer communication. According to the “14th Five-Year” Plan, the large-scale construction of 5G network will be continuously and vigorously promoted, and major domestic operators and equipment manufacturers are expected to occupy an important market share. In the current 5G network construction in China, the degree of strategic cooperation with

operators and 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 Group'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. In addition, the Group has started to make arrangements for new business areas in recent years to overcome the bottlenecks of the traditional business, thus coping with more intense market challenges in the future. The Group has actively explored the application areas in the "5G+" vertical industry and new business areas including energy conservation and new energy, and continuously explored the growth opportunities in new business areas. The Group has also sought to expanding its customer base while carrying out industrial upgrading and transformation. With the continuous efforts to explore new business areas, in 2022, the Group made a breakthrough in terms of discovering potential customers such as government customers, enterprise customers and customer bases. It is believed that this will also lay the foundation for the Group's future expansion of sales channels and results improvement.

With regard to overseas customers, in 2022, with continuous technology accumulation and market expansion, the Group continued to tap into the international market and continuously expanded its overseas customer base. Not only did the Group increase its cooperation with overseas operator customers to lay a solid foundation for market growth in the next few years, but also continued to maintain strategic cooperation relationships with international equipment manufacturer customers, maintained an advantageous share, continued to deepen cooperation in RF business, and achieved continuous increase in market share and delivery scale. The Group believes that with the advancement of overseas base station construction in the future, the Group will continue to maintain its market advantage, and that with relevant overseas business opportunities, the Group will continuously secure orders from the market. With regard to overseas operators, the Group will make greater efforts to promote the technological upgrading of products and improve product coverage, so as to meet the demand of overseas operator customers, and continuously advance the inclusion in the new shortlist. With regard to international equipment manufacturers, 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. Adhering to the principle of cost reduction and mutual benefit, major domestic telecommunication operators decided to jointly build and share, leveraged their respective advantages in this frequency band, improved the utilization efficiency and benefits of frequency resources, and thus realized comprehensive improvement in bandwidth, latency, and synchronization performance in the 5G era. As 2022 came to an end, 5G construction in China entered the mid-to-late stage. 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 also insists on technological innovation as the core driving force of our enterprise development, and continuously strengthens research and development efforts to cope with the repeated calculation of technical solutions from time to time. In the first half of 2022, the Group won the China Patent Excellence Award for our invention patent “ceramic dielectric filters”, which also indicates another breakthrough made by the Group in RF technology. At the end of December 2022, the Jiangxi Provincial Science and Technology Department issued the “Notice on Agreeing to Form 16 Provincial Industrial Technology Innovation Strategic Alliances”, pursuant to which, the telecommunication sectors are led by the subsidiary of our Group, MOBI Jian, to form the Jiangxi Province Telecommunications Transmission System Industry Technology Innovation Strategic Alliance. This is another recognition and affirmation of the Group’s leading position in the industry and our charisma. It is believed that through the building of the alliance, we will strengthen the collaborative innovation among industries, improve the industrial chain and the innovation chain, and achieve industrial upgrade. 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 steadily and 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, and LTE network construction continues. Meanwhile, 5G has gradually entered the start-up stage globally. This will also bring incremental demand for overseas 5G base stations in the future, which will drive the demand growth for products such as antenna systems and RF subsystems. 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. At present, China is in a global leading position in the field of 5G communication. The leading technology and the accumulation of experience provide the Group with strong technical advantages in deploying 5G overseas, which also greatly improves the competitiveness of the Group. Currently, with technically superb design solutions and professional and sophisticated functional indicators, the Group has continuously undertaken a number of R&D projects from overseas customers and passed corresponding tests. In the future, 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.

The rich application scenarios are created in the 5G era, which enables the development of new business forms in vertical industries. Diversified product demand will provide broad market space. In order to realize the industrial transformation and upgrading, the Group begins to enter into a new business path and create a number of new telecommunication scenarios including “telecommunication + new energy/energy conservation”. Telecommunication manufacturers have natural advantages in the new energy application scenarios. On one hand, the related technologies in the telecommunication sector are homologous to the underlying technologies of the new energy scenario, and can extend the original technology to the new energy sector; on the other hand, since there are scalability of relevant production lines and interoperability of pipelines in the traditional

sector and the new energy sector, this allows telecommunication manufacturers to quickly replicate their accumulated product and solution experience to the new energy sector, significantly reducing the difficulty of entry. Moreover, in December 2022, the State Council issued the “Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)”, which mentioned “the promotion of 5G, artificial intelligence, in-depth integration of technologies such as big data with transportation and logistics, energy, ecological and environmental protection, water conservation, emergency response and public services, to help improve the governance capabilities of relevant industries”. With the support of policies and our own advantages, the Group believes that this business path will have greater growth opportunities in the future. The Group believes that the diversified business structure is not only beneficial to the steady expansion of market share in the future, but also conducive to the gradual development of the Group into a platform-based enterprise. The continuous expansion and deepening of services and cooperation with domestic and overseas operator customers and equipment manufacturer customers 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 telecommunication 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, acquisition of land use rights of the Group’s properties in Shenzhen, Ji’an and Xi’an in China.

As at 31 December 2022, the Group had net current assets of approximately RMB186.29 million (2021: approximately RMB330.09 million) including inventories of approximately RMB180.84 million (2021: approximately RMB213.11 million), trade receivables and notes receivable of approximately RMB387.16 million (2021: approximately RMB447.30 million) and trade payables and notes payable of approximately RMB582.43 million (2021: approximately RMB527.19 million).

The Group maintained effective management of its working capital. For the year ended 31 December 2022, average inventories turnover, average receivables turnover and average payables turnover were approximately 124 days (2021: 137 days), 222 days (2021: 263 days) and 349 days (2021: 306 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 2022, the Group recorded a pledged bank balance of approximately RMB89.79 million (2021: approximately RMB72.17 million), cash and bank balances of approximately RMB174.28 million (2021: approximately RMB250.55 million) and recorded bank and other borrowings of approximately RMB38.56 million (2021: approximately RMB137.28 million). The current ratio (current assets divided by current liabilities) decreased from approximately 1.44 times as at 31 December 2021 to approximately 1.25 times as at 31 December 2022. The gearing ratio (bank borrowings divided by total assets) was approximately 2.9% as at 31 December 2022 as compared with a gearing ratio of approximately 8.8% as at 31 December 2021. 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 2022, the Group had approximately 1,791 staffs. The total staff costs amounted to approximately RMB211.08 million for the year ended 2022. 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 2022, bank balances of approximately RMB89.79 million were pledged to secure bank borrowings and bills payable granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During 2022, a total amount of 4,558,000 shares of the Company had been repurchased at prices ranging from HK\$0.162 per share to HK\$0.375 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 2022 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 2022 ("2022 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 2022 and 31 December 2022 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 2022), internal control and risk management system. The Audit Committee has reviewed the annual results for the year ended 31 December 2022.

DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

The notice of the annual general meeting (the “**Notice of AGM**”) will be published and dispatched to shareholders in the manner specified in the Listing Rules in due course.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing amended and restated memorandum and articles of association of the Company (the “**Existing M&A**”) to, among other things, bring them up to date and in line with revised amendments made under the Listing Rules (including amendments to the Core Shareholder Protection Standards set out in the Appendix 3 to the Listing Rules) and the applicable laws of the Cayman Islands, and incorporate certain house-keeping amendments (the “**Proposed Amendments**”).

The Board proposes to seek the approval of the shareholders of the Company by way of a special resolution (the “**Special Resolution**”) at the forthcoming annual general meeting on the Proposed Amendments and to adopt the second amended and restated memorandum and articles of association incorporating and consolidating all the Proposed Amendments (the “**Second Amended and Restated Memorandum and Articles of Association**”) in substitution for, and to the exclusion of, the Existing M&A. Full text of the Special Resolution will be contained in the Notice of AGM.

A circular containing, among other things, the details of the Proposed Amendments and the Second Amended and Restated Memorandum and Articles of Association, together with the Notice of AGM, will be dispatched to shareholders in due course.

PUBLICATION OF FINAL RESULTS AND 2022 ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.mobi-antenna.com). The 2022 annual report of the Company will be published on the above websites and dispatched to shareholders in due course.

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

21 March, 2023

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.