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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 2023**

- Revenue decreased to approximately RMB640.85 million, representing a decrease of approximately 6.7%
- Gross profit margin decreased from approximately 15.6% in 2022 to approximately 15.0% in 2023
- Loss attributable to owners of the Company was approximately RMB59.20 million
- Basic loss per share for the year was approximately RMB7.28 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 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2023*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Revenue	3	<b>640,849</b>	687,000
Cost of sales		<u><b>(544,538)</b></u>	<u>(580,160)</u>
Gross profit		<b>96,311</b>	106,840
Impairment losses under expected credit loss (“ECL”) model, net of reversal		<b>(8,427)</b>	(12,480)
Impairment losses on the Identified Long-lived Assets		<b>(7,653)</b>	(45,156)
Other income	4	<b>34,773</b>	39,296
Other gains and losses	4	<b>15,349</b>	(85,365)
Research and development expenses		<b>(62,509)</b>	(86,300)
Administrative expenses		<b>(75,169)</b>	(89,360)
Distribution and selling expenses		<b>(42,161)</b>	(45,138)
Finance costs	5	<b>(3,279)</b>	(4,970)
Share of results of associates		<u><b>(41)</b></u>	<u>551</u>
Loss before tax		<b>(52,806)</b>	(222,082)
Income tax expense	6	<u><b>(6,389)</b></u>	<u>(7,679)</u>
<b>Loss and the total comprehensive expense for the year attributable to owners of the Company</b>	7	<u><b>(59,195)</b></u>	<u>(229,761)</u>
<b>Loss per share</b>			
– basic (RMB cents)	9	<u><b>(7.28)</b></u>	<u>(28.08)</u>
– diluted (RMB cents)		<u><b>(7.28)</b></u>	<u>(28.08)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>Non-current Assets</b>			
Property, plant and equipment		<b>258,795</b>	280,529
Right-of-use assets		<b>23,420</b>	24,087
Deposits for purchase of plant and equipment		<b>12,361</b>	13,136
Deferred tax assets		<b>36,872</b>	43,026
Intangible assets		<b>17,699</b>	17,917
Interests in associates		<b>4,559</b>	4,600
		<u><b>353,706</b></u>	<u>383,295</u>
<b>Current Assets</b>			
Inventories		<b>149,924</b>	180,836
Trade and other receivables	<i>10</i>	<b>413,071</b>	482,036
Pledged bank deposits		<b>132,355</b>	89,791
Cash and cash equivalents		<b>198,674</b>	174,275
		<u><b>894,024</b></u>	<u>926,938</u>
<b>Current Liabilities</b>			
Trade and other payables	<i>11</i>	<b>631,586</b>	690,574
Contract liabilities		<b>9,098</b>	6,102
Tax payable		<b>215</b>	-
Bank and other borrowings		<b>95,000</b>	38,560
Lease liabilities		<b>3,540</b>	3,630
Deferred income		<b>1,535</b>	1,786
		<u><b>740,974</b></u>	<u>740,652</u>
<b>Net Current Assets</b>		<u><b>153,050</b></u>	<u>186,286</u>
<b>Total Assets less Current Liabilities</b>		<u><b>506,756</b></u>	<u>569,581</u>
<b>Non-current Liabilities</b>			
Lease liabilities		<b>1,216</b>	2,220
Deferred income		<b>988</b>	2,367
		<u><b>2,204</b></u>	<u>4,587</u>
<b>Net Assets</b>		<u><b>504,552</b></u>	<u>564,994</u>
<b>Capital and Reserves</b>			
Share capital		<b>6</b>	6
Reserves		<b>504,546</b>	564,988
<b>Equity attributable to owners of the Company</b>		<u><b>504,552</b></u>	<u>564,994</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR YEAR ENDED 31 DECEMBER 2023

### 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendment to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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.

### 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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

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

	2023 RMB'000	2022 RMB'000
<b>Segment revenues</b>		
Antenna system	255,635	206,999
Base station RF subsystem	327,654	406,628
Coverage extension solution	57,560	73,373
	<u>640,849</u>	<u>687,000</u>
<b>Timing of revenue recognition</b>		
A point in time	<u>640,849</u>	<u>687,000</u>
<b>Segment results</b>		
Antenna system	15,756	(27,539)
Base station RF subsystem	30,586	34,298
Coverage extension solution	(15,219)	(12,043)
	<u>31,123</u>	<u>(5,284)</u>
<b>Reconciliation of segment results to loss before tax:</b>		
Impairment losses under ECL model, net of reversal	(8,427)	(12,480)
Other income and expenses, other gains and losses	50,122	(46,069)
Unallocated corporate expenses	(122,304)	(153,830)
Finance costs	(3,279)	(4,970)
Share of results of associates	(41)	551
	<u>(52,806)</u>	<u>(222,082)</u>
<b>Loss before tax</b>		
	<u>(52,806)</u>	<u>(222,082)</u>
<b>Other segment information</b>		
Depreciation of property, plant and equipment:		
Antenna system	5,812	14,067
Base station RF subsystem	5,007	6,502
Coverage extension solution	679	853
	<u>11,498</u>	<u>21,422</u>
Segment total	11,498	21,422
Unallocated amount	8,319	11,223
	<u>19,817</u>	<u>32,645</u>
<b>Group total</b>		
	<u>19,817</u>	<u>32,645</u>
<b>Research and development expenses:</b>		
Antenna system	25,912	47,826
Base station RF subsystem	20,218	26,489
Coverage extension solution	16,379	11,985
	<u>62,509</u>	<u>86,300</u>
<b>Group total (note 1)</b>		
	<u>62,509</u>	<u>86,300</u>

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Amortisation of intangible assets:		
Antenna system	<b>3,996</b>	14,746
Base station RF subsystem	<b>3,503</b>	3,061
	<hr/>	<hr/>
Group total	<b>7,499</b>	17,807
	<hr/> <hr/>	<hr/> <hr/>
Allowance (reversal of allowance) for inventories		
Antenna system	<b>3,148</b>	4,240
Base station RF subsystem	<b>4,006</b>	(1,061)
Coverage extension solution	<b>827</b>	1,310
	<hr/>	<hr/>
Group total ( <i>note 1</i> )	<b>7,981</b>	4,489
	<hr/> <hr/>	<hr/> <hr/>
<b>Other segment information</b>		
Impairment losses (reversal of impairment losses) on Identified Long-lived Assets		
Antenna system	–	16,226
Base station RF subsystem	<b>2,553</b>	8,511
Coverage extension solution	<b>127</b>	1,087
	<hr/>	<hr/>
Segment total	<b>2,680</b>	25,824
Unallocated amount on corporate assets	<b>4,973</b>	19,332
	<hr/>	<hr/>
Group total ( <i>note 1</i> )	<b>7,653</b>	45,156
	<hr/> <hr/>	<hr/> <hr/>

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

Revenues reported above represent revenues generated from external customers. There are no inter-segment sales for the year ended 31 December 2023 and 2022.

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:

	2023 RMB'000	2022 RMB'000
<i>Segments</i>		
<i>Antenna system</i>		
Multi-band/multi-system antennas	189,833	95,953
FDD+TDD antennas	21,226	13,174
Customized antennas	19,712	–
Multi-Beam antennas	12,328	21,043
Microwave antennas	9,302	29,034
5G antennas	–	22,467
Low-band refarming/IoT antennas	–	13,537
WCDMA/FDD-LTE single-band/multi-band antennas	–	7,346
Other antennas	3,234	4,445
	<u>255,635</u>	<u>206,999</u>
<i>Base station RF subsystem</i>		
WCDMA/LTE RF devices	311,840	372,289
TD/TD-LTE RF devices	6,765	6,769
Low-band refarming/IoT RF devices	5,619	236
GSM RF devices	3,388	17,513
5G RF devices	–	3,788
Other devices	42	6,033
	<u>327,654</u>	<u>406,628</u>
<i>Coverage extension solution</i>		
Aesthetic antennas	15,512	61,573
In-door antennas	21,079	–
Solar energy equipment	6,707	–
Engineering procurement construction	–	556
Access point	–	136
Small cell	–	59
Other products	14,262	11,049
	<u>57,560</u>	<u>73,373</u>
	<u><b>640,849</b></u>	<u><b>687,000</b></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:

	2023 RMB'000	2022 RMB'000
Customer A <sup>1</sup>	242,973	348,959
Customer B <sup>1</sup>	143,378	141,888
Customer C <sup>1</sup>	125,163	N/A <sup>2</sup>
	<u><b>511,514</b></u>	<u><b>631,735</b></u>

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

<sup>2</sup> The revenue amount of the customer did not contribute over 10% of the total revenue of the Group in the corresponding year.



## Geographical information

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

	2023 RMB'000	2022 RMB'000
The PRC	<u>330,439</u>	<u>278,030</u>
Overseas		
Other countries/regions in Asia	149,265	250,453
Europe	141,708	81,278
Americas	19,420	77,234
Others	<u>17</u>	<u>5</u>
Subtotal	<u>310,410</u>	<u>408,970</u>
	<u><b>640,849</b></u>	<u><b>687,000</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

	2023 RMB'000	2022 RMB'000
Government grants		
– related to expense items ( <i>note 1</i> )	14,808	15,775
– related to assets	1,630	2,136
Rental income	12,823	11,702
Interest income from bank deposits	<u>5,512</u>	<u>9,683</u>
Other income	<u>34,773</u>	<u>39,296</u>
Gain (loss) on disposals of property, plant and equipment	6,412	(8,847)
Exchange gain	7,025	9,593
Settlement expenses ( <i>note 2</i> )	–	(83,255)
Others	<u>1,912</u>	<u>(2,856)</u>
Other gains and losses	<u>15,349</u>	<u>(85,365)</u>
Total	<u><b>50,122</b></u>	<u><b>(46,069)</b></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

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	3,113	4,517
Interest on lease liabilities	166	453
	<u>3,279</u>	<u>4,970</u>

## 6. TAXATION

	2023 RMB'000	2022 RMB'000
Current Tax:		
PRC Enterprise Income Tax (“EIT”)	215	14
Under provision in prior year	20	–
	<u>235</u>	<u>14</u>
Deferred tax charge	6,154	7,665
	<u>6,389</u>	<u>7,679</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

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

The applicable tax rate of other PRC subsidiaries is 25% for the year ended 31 December 2023 (2022: 25%).

## 7. LOSS FOR THE YEAR

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Directors' remuneration	<b>3,285</b>	1,292
Other staff costs	<b>164,080</b>	188,507
Retirement benefits scheme contributions for other staff	<b>18,907</b>	21,279
	<u><b>186,272</b></u>	<u>211,078</u>
Less: amount capitalised as cost of inventories manufactured	<u><b>(69,085)</b></u>	<u>(74,582)</u>
	<u><b>117,187</b></u>	<u>136,496</u>
Auditors' remuneration		
– audit services	<b>2,096</b>	2,096
– non-audit services	<b>302</b>	293
Depreciation of property, plant and equipment	<b>19,817</b>	32,645
Depreciation of right-of-use assets	<b>1,231</b>	5,895
Amortisation of intangible assets	<b>7,499</b>	17,807
	<u><b>28,547</b></u>	<u>56,347</u>
Less: amount capitalised as cost of inventories manufactured	<u><b>(8,145)</b></u>	<u>(19,403)</u>
	<b>20,402</b>	36,944
Cost of inventories recognised as expenses	<b>536,557</b>	575,671
Write-down on inventories (included in cost of sales)	<b>7,981</b>	4,489
	<u><b>544,538</b></u>	<u>580,160</u>

## 8. DIVIDENDS

No dividends were recognised as distribution for both years.

No final dividend for the year ended 31 December 2023 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:

	2023 RMB'000	2022 RMB'000
<b>Loss</b>		
Loss for the year attributable to owners of the Company and loss for purpose of basic and diluted loss per share	<u>(59,195)</u>	<u>(229,761)</u>
	2023 '000	2022 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>812,599</u>	<u>818,214</u>

The computation of diluted loss per share for the year ended 31 December 2023 and 2022 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 2023 and 2022.

## 10. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables – contracts with customers	293,679	329,739
Less: allowance for credit losses	<u>(33,921)</u>	<u>(27,158)</u>
	<u>259,758</u>	<u>302,581</u>
Notes and bills receivables	65,123	84,578
Advance to suppliers	42,653	38,310
Value added tax receivables	30,104	37,600
Rental and utility deposits	617	926
Other receivables and deposits	<u>14,816</u>	<u>18,041</u>
	<u>413,071</u>	<u>482,036</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 (2022: 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>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>76,348</b>	83,251
31 to 60 days	<b>34,092</b>	44,346
61 to 90 days	<b>26,278</b>	42,910
91 to 120 days	<b>27,493</b>	18,270
121 to 180 days	<b>25,773</b>	33,096
Over 180 days	<b>69,774</b>	80,708
	<b>259,758</b>	302,581

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>18,187</b>	11,724
31 to 60 days	<b>8,502</b>	9,630
61 to 90 days	<b>11,304</b>	11,155
91 to 120 days	<b>10,293</b>	16,254
Over 120 days	<b>16,837</b>	35,815
	<b>65,123</b>	84,578

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

## 11. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade payables	<b>369,369</b>	403,729
Notes and bills payable	<b>202,130</b>	178,701
Payroll payable	<b>16,599</b>	20,276
Payable for purchase of property, plant and equipment	<b>11,359</b>	16,315
Value added taxes payable	<b>4,191</b>	4,305
Accrued expenses	<b>12,519</b>	10,413
Settlement payables	<b>-</b>	41,985
Others	<b>15,419</b>	14,850
	<b>631,586</b>	690,574

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>44,650</b>	69,999
31 to 60 days	<b>45,220</b>	53,456
61 to 90 days	<b>34,259</b>	38,855
91 to 180 days	<b>101,634</b>	88,539
Over 180 days	<b>143,606</b>	152,880
	<b>369,369</b>	403,729

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>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>2,466</b>	3,187
31 to 60 days	<b>61,726</b>	56,722
61 to 90 days	<b>32,832</b>	1,340
Over 90 days	<b>105,106</b>	117,452
	<b>202,130</b>	178,701

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 RMB46.15 million (approximately 6.7%), to approximately RMB640.85 million in 2023 (2022: approximately RMB687.00 million).

Sales of antenna system increased by approximately 23.5% to approximately RMB255.64 million (2022: approximately RMB207.00 million), while sales of base station RF subsystem decreased by approximately 19.4% to approximately RMB327.65 million (2022: approximately RMB406.63 million). In addition, sales of coverage extension solution and other products decreased by approximately 21.6% to approximately RMB57.56 million (2022: approximately RMB73.37 million).

In 2023, the downward pressure on the economy continued to increase, and the international situation was complex and dynamic, with frequent occurrences of geopolitical conflicts and black swan events, and the external environment were relatively harsh. Based on years of accumulation of customers and products, the Group's operating conditions basically remained stable under the unremitting efforts of the management and operation team. In terms of operator customers, the Group steadily secured research and development projects and market orders (including for 4G and 5G) from domestic and overseas customers. In particular, driven by previous implementation of bid-winning centralized procurement projects of major domestic operators, the shipment of antenna products continued to rise, and the sales revenue to major domestic operators increased significantly compared with last year. In terms of equipment manufacturer customers, the Group continued to maintain its position as a key supplier of major equipment manufacturer customers, and steadily won bids for filters, combiners and other projects, and achieved large-scale shipments. The Group also continued to optimize its expense structure to enhance overall operating efficiency of the Company. We have achieved remarkable results over the years and have seen improvement on net profit. However, as the revenue from certain centralized procurement projects of domestic operators will be recognized in 2024 and beyond, and the production layout of major international equipment manufacturer customers changed in 2023, plus it took a ramp-up process after the new plant was put into operation, it resulted in a decline in overall delivery, which comprehensively affected the overall sales revenue in 2023.

The Group has adhered to the three strategic directions, namely market driving, technology research and development, cost improvement. Externally, we have continuously strengthened the customer relationship, and rapidly responded to the domestic and foreign market demand; internally, we have continuously improved the conversion rate of research and development projects and internal operational efficiency. In the future, the Group will continue to consolidate the business segments of antennas and base station RF subsystem. Focusing on customer demand, the Group will also seek for valuable market opportunities in new business areas on an on-going basis while stabilizing existing customers. By achieving same frequency resonance through technological innovation and customer needs, the Group will enhance its core competitiveness comprehensively. The Group believes that with its product technology and brand advantages, it will take up more market share in the future, and the market opportunities for new businesses and new areas will also become new performance growth points for the Group.

## ***Antenna system***

The Group's products of antenna system are primarily sold to China's domestic network operators and major network operators in overseas markets (such as Asia, Europe and Americas); whilst a portion of our products of antenna system are sold to operator customers worldwide by way of network solution provider customers such as ZTE and Nokia.

In 2023, revenue from antenna system products of the Group significantly increased by approximately 23.5% to approximately RMB255.64 million (2022: approximately RMB207.00 million) as compared with 2022, mainly driven by the implementation of centralized procurement projects of major domestic operators, and the orders and shipments continued to rise. At the same time, due to the increase in relevant demand from major domestic equipment manufacturers and international operator customers, the Group made further breakthrough in FDD+TDD antennas and multi-band/multi-system antennas, with the sales significantly increasing by approximately 61.1% and 97.8% to approximately RMB21.23 million and approximately RMB189.83 million respectively as compared with 2022.

The Group closely followed the progress of operators' network construction, kept increasing research and development inputs and improved the conversion rate of research and development projects. The Group continued to optimize and upgrade the platform solutions with the goal of full-category coverage, with projects under research including domestic and foreign customers and other self-developed projects, which involved multi-beam antennas, multi-band/multi-system antennas, FDD+TDD antennas and other products. The Group also achieved breakthrough in research and development progress in the field of complex multi-port T+F antennas. The Group has always committed to innovation and breakthrough of technological research and development to match customers' demand, which enables the Group to enjoy strong technological advantages in market competition, thus laying the foundation for future revenue.

## ***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 2023, the revenue from the Group's base station RF subsystem products decreased by approximately 19.4% as compared with 2022 to approximately RMB327.65 million (2022: approximately RMB406.63 million), mainly because the production layout of major international equipment manufacturer customers changed and it took a ramp-up process after the new plant was put into operation, resulting in a delay in the overall order delivery cycle. However, driven by the domestic demand for low-band refarming construction, in 2023, the sales of low-band refarming/IoT RF devices of the Group significantly increased by approximately 2,280.9% to approximately RMB5.62 million as compared with 2022. The Group continued to remain as a major supplier among the world's leading telecommunication equipment manufacturers, continuously consolidated and deepened its cooperation with them, successively 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.



## ***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, opening up the second growth curves and participating more in the construction of a new ecology in the 5G era.

In 2023, the Group's revenue from coverage extension solution and other products decreased by approximately 21.6% as compared with the corresponding period of 2022 to approximately RMB57.56 million (corresponding period of 2022: approximately RMB73.37 million), mainly because sales revenue from aesthetic products decreased as compared with the corresponding period of last year as the result of the adjustment of station construction strategies for domestic operator customers. However, with the breakthrough of technology, products and customers, the Group commenced implementation of related projects in new business areas such as photovoltaic and smart city, which 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, as well as the Group's expansion and development of new businesses will create new sources of growth for it.

## ***Customer***

In 2023, the Group seized the opportunities in domestic and overseas communications construction to consolidate its business in domestic operator and equipment manufacturer market while continuously expanding its presence in international market and striving to increase the Company's share in the global market. 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 2023, the cooperation between the Group and major domestic telecommunication operators was continuously strengthened and deepened. On one hand, the orders fulfillment scale of the bid-winning projects remained stable. On the other hand, we actively participated in the research and development and bidding of various projects of major operators. As a result, the Group's sales revenue to domestic operators increased significantly by approximately 71.9% as compared with the corresponding period of last year, to approximately RMB152.10 million, accounting for approximately 23.7% of the total revenue. However, the actual delivery scale to domestic operators was affected by the deferred recognition of revenue, and therefore more revenue recognition is expected in 2024. With the gradual implementation of the centralized procurement projects of major domestic operators, as well as the active and deep involvement in the solid promotion of the 5G industry, the Group believes that this will provide room for continuous performance growth.

In 2023, the Group continuously maintained its position as a leading supplier of major domestic equipment manufacturers. Cooperation in businesses such as antenna and RF were deepened. The scale of order fulfillment remained stable, and the scale of its sales remained flat when compared to 2022, with a slight increase of approximately 1.0% to approximately RMB143.38 million, accounting for approximately 22.4% of the total revenue. In the meantime, the Group continuously cooperated with them on new product series and continued to update and iterate technology to meet the relevant needs of the customers. With the advancement of the domestic 5G network construction, major domestic equipment manufacturers will still take up significant market share. It is believed that by leveraging the Group's close strategic partnership with domestic equipment manufacturers, we will gain more prominent market advantages in the future.

Due to factors such as geopolitics, economic cycle uncertainty, regional changes in business divisions and other factors, in 2023, the Group's direct sales to international operators decreased by approximately 13.3% as compared with 2022 to RMB76.38 million, accounting for approximately 11.9% of total revenue. However, international development is an important strategy that the Group has always adhered to. Currently, the capital expenditures of global operators are still showing cyclical changes. On the one hand, in some emerging markets (such as Africa, Southeast Asia, Latin America and other regions), there is still large room for 4G network construction or transformation. On the other hand, in many countries and regions, 5G construction is 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. In order to ensure network quality and security, international operators have been very strict in establishing shortlists. After years of overseas market expansion, the Group has accumulated a considerable number of shortlists of major international operators. With the gradual release of overseas network construction needs, it is expected there will be more continuous growth opportunities.

In 2023, the production layout of major international equipment manufacturer customers changed. Compared with the previous production progress, the current production progress still needs some time for recovery, and the order fulfillment has also been affected to a certain extent. As a result, the Group's sales to international equipment manufacturer customers decreased by approximately 31.1% as compared with the corresponding period of last year to approximately RMB251.16 million, accounting for approximately 39.2% of total revenue. However, the Group maintained strategic cooperation relationships with major international equipment manufacturer customers. With innovative R&D technology, cost-effective product offerings, strong quality assurance, as well as the accumulation of long-term stable cooperation, the Group maintained the majority of share among leading global equipment manufacturer customers. It is believed that the Group's order fulfillment to international equipment manufacturer customers will gradually resume and continue to rise after the recovery of the production status of its production bases. With the advancement of international mobile network construction, the strengthening of cooperation and communication with overseas customers, overseas market is expected to bring opportunities for sustained business growth to the Group.

In addition, with the continuous expansion in new businesses, the Group has also attracted new customers to the original customer base and continuously explored new types of customers such as government, enterprises and consumers. In the future, the Group will continue to optimize the size and mix of customers, which is believed to become a new performance growth segment.

## **Gross profit**

In 2023, the gross profit of the Group decreased by approximately 9.9% to approximately RMB96.31 million (2022: approximately RMB106.84 million), while the gross profit margin decreased from approximately 15.6% in 2022 to approximately 15.0%. This was mainly due to the impairment of inventories. Excluding this effect, the gross profit margin would increase to 16.3%, which was basically the same as that of the same period last year. Facing the serious challenge of intensified market competition, the Group adopted appropriate measures actively to strengthen cost management and control. The Group will continue to improve the overall gross profit margin through constantly optimizing and upgrading the product sales portfolio, increasing the sales proportion of high-tech products and implementing effective control of internal costs in the future. In addition, the continuous efforts on the second curve of "telecommunications + energy saving/new energy" are believed to be a new source of profit growth for the Group in the future.

## **Other income**

Other income decreased by approximately 11.5% to approximately RMB34.77 million, mainly due to the decrease in interest income from bank deposits.

## **Other gains and losses**

Net other gains amounted to approximately RMB15.35 million, mainly due to the completion of settlement matters, resulting in a significant reduction in related losses.

## **Distribution and selling expenses**

Distribution and selling expenses decreased by approximately 6.6% from approximately RMB45.14 million in 2022 to approximately RMB42.16 million in 2023, mainly due to a decrease in business expenses, advertising fees, rent and utility expenses, transportation expense, office expenses, depreciation expenses and other expenses.

## **Administrative expenses**

Administrative expenses decreased by approximately 15.9% from approximately RMB89.36 million in 2022 to approximately RMB75.17 million in 2023, mainly due to a decrease in expenses including wages, low-value consumables, depreciation expenses, welfare expenses, rent, management/utility expenses, handling fees, social and other insurance premiums, union expenses, recruiting and personnel agency fees, and transportation costs.

## **Research and development expenses**

During the year, research and development expenses decreased by approximately 27.6% from approximately RMB86.30 million in 2022 to approximately RMB62.51 million in 2023, mainly due to the decrease in expenses including wages, research and development materials costs, testing fees, depreciation expenses and amortization of intangible assets.

## **Finance costs**

Finance costs decreased by approximately 34.0% from approximately RMB4.97 million in 2022 to approximately RMB3.28 million in 2023, mainly due to the decrease in interest expense of bank borrowings.

## **Loss before tax**

Loss before taxation was approximately RMB52.81 million in 2023 (2022: loss before tax of approximately RMB222.08 million). Net profit margin before taxation increased from approximately -32.3% in 2022 to approximately -8.2% in 2023.

The decrease in loss before taxation for the year was mainly attributable to the continuous optimization of the expense structure that improved the overall operating efficiency of the Company.

## **Tax**

Current income tax expense increased by approximately RMB201,000 from approximately RMB14,000 in 2022 to approximately RMB215,000 in 2023. Effective tax rates calculated from the loss before tax of the Company were 0.41% and 0.006% in 2023 and 2022 respectively.

## **Loss for the year**

In 2023, loss for the year was approximately RMB59.20 million (2022: loss for the year of approximately RMB229.76 million). The Group's net profit margin was approximately -9.2% in 2023 as compared to approximately -33.4% in 2022.

## **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 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 coverage extension solution 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 2023 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.

In the four years since the official launch of 5G commercialization in China, China's 5G development has experienced three development stages, namely strategic layout, system promotion and application implementation, and significant achievements have been made in 5G commercialization. In order to promote the healthy and rapid development of the telecommunications industry, a series of policies have been promulgated in China, including the "14th Five-Year" Plan for the development of the information and communications industry, the "Sailing" Action Plan for 5G Application (2021-2023)" and other guiding documents, to facilitate the development of the industry. According to the "2023 Communications Industry Statistics Bulletin", by the end of 2023, the total number of mobile communication base stations in China reached 11.62 million, of which 3.377 million were 5G base stations, accounting for 29.1% of the total number of mobile base stations, representing an increase of 7.8% as compared with the end of the previous year. 5G network construction is further promoted. At present, China's 5G development has entered the second half. For the next step of 5G development, major domestic operators have expressed their views that we have to "build 5G premium networks, deepen 5G co-construction and sharing, and further improve the coverage of 5G networks in rural and remote areas, provide better universal telecommunications services" as well as "expand the boundaries of capabilities and open up a new track for 5G applications. For example, for the traffic management of the Internet of Vehicles and vehicle-road collaboration, comprehensive information services can be provided through Integrated Sensing and Communication technology". With the comprehensive expansion and optimization of fundamental network construction, the telecommunications industry will enjoy room for continuous growth.

With regard to overseas markets, the prospect for 5G development is promising. According to the statistics of the Telecommunication Development Industry Alliance, in terms of base station construction, as of the end of December 2023, the total number of 5G base stations deployed globally exceeded 5.17 million, with a cumulative annual increase of 1.53 million, representing a period-on-period increase of 7.48%. Regulatory authorities in various countries have also gradually implemented 5G spectrum auction/allocation. 304 operators in 119 countries and regions around the world have launched commercial 5G networks based on 3GPP standards. 5G SA network investment and construction are accelerating. It is estimated that there will be 6.50 million 5G base

stations worldwide in 2025. At present, the global base station construction is in an uneven state. 4G construction is not yet saturated, and there is still a large scale of construction. The construction of 5G base stations is still being promoted. Meanwhile, the domestic 5G base station construction has always been maintained at a high level, and the domestic 5G development is always in the top-tier of the world, with relatively mature technology and experience, which will bring certain advantages in the global market competition in the future. Looking forward, the Group will, on the one hand, further expand its presence in overseas operator markets, be continuously included in the shortlist by major multinational and regional operators, and, on the other hand, continue to 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 persistence in expanding the presence in the global market will not only help advance the upward development in the next few years but also 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.

At present, China has built the world’s largest 5G network, with new applications and new scenarios continuously emerging. In the future, we will focus on expanding the depth and breadth of 5G network coverage, consolidate the digital base, and continue to promote the depth of 5G network coverage in key scenarios in urban areas. Furthermore, efforts will be made to extend the coverage to townships and rural areas, injecting new growth momentum into the industry chain of the telecommunications industry. With regard to domestic customers, we continued to expand and deepen the relevant strategic cooperation interface in 2023. While existing major domestic operator customers have continuously implemented projects for which we won bids, new collaborations have emerged in areas such as indoor distributed antenna, panel antennas, passive components and ICT. In the future, we will continue to maintain our dominant position as a traditional supplier and deeply engage in relevant demands. In addition, the Group continued to maintain its advantages as a leading supplier of domestic equipment manufacturers by virtue of its good product technology, quality performance and customer communication, and cooperated with them in various forms in the field of antenna and radio frequency. In recent years, the Group has also actively explore the “5G+” vertical industry application areas, increased the layout of new businesses such as energy conservation and new energy. The Group continuously explored the growth opportunities in new businesses and has achieved a certain level of success. In addition to the gradual launch of new projects in photovoltaic and other fields, the Group also tapped into potential customers such as government and enterprise clients as well as consumer base. It is believed that this will also lay the foundation for the Group’s sales channels and performance growth in the future. By maintaining stable relationships with operators and equipment manufacturer customers, as well as developing and exploring the potential of customer base in new fields, the Group will balance its strategies in the operation of multiple projects so as to achieve the goal of continuous growth in performance and the expansion of market share.

With regards to overseas customers, despite being significantly impacted by the general environment, the Group maintained a competitive advantage in the overseas market by virtue of continuous technology accumulation and market expansion. The Group also continued to expand its overseas customer base, successively won bids of international operators' project projects, and maintained strategic cooperation relationship with international equipment manufacturer customers, and maintained a dominant market share, all of which have laid a solid foundation for market growth in the next few years. At the same time, the Group's continuous expansion in overseas markets in the early stage has also entered the shortlist of some major multinational operators. With the advancement of overseas base station construction in the future, there will still be greater market opportunities. The Group will also 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. In addition, through the continuous deepening of cooperation with international equipment manufacturer customers, the steady recovery of order delivery will also bring stable business growth.

## **Products**

Since the official launch of 5G commercialization in China, the network coverage and the co-construction and sharing have been continuously optimized, achieving leapfrog development from making breakthroughs in 3G, keeping pace in 4G, and leading in 5G. At present, China has built the world's largest and technologically advanced 5G network. The rapid development of digital economy, AI computing power, satellite communication, and other related areas has led to a critical phase of scaled development in the integration and application of 5G across industries. Currently, the domestic 5G construction, deployment and large-scale application are progressing solidly, with a steady improvement in base station construction. The development of 5G in China is entering the second half stage. For overseas, the overall development of 5G remains highly unbalanced, and the imbalance between regions continues to exist in the long term. There is still a large demand for LTE network construction in some emerging markets, which will bring incremental demand for overseas LTE and 5G base stations in the future. The above will collectively drive the demand growth of antenna system, RF subsystem and related products in vertical application. 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 improve 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 and domestic customers and passed corresponding tests, laying the foundation for the growth of sales revenue in the future.

In 2024, domestic 5G infrastructure is expected to undergo extensive development. While covering remote areas, the existing 5G base stations will undergo upgrades and optimizations. The goal is to achieve a widespread coverage initially and then focus on optimizing coverage depth, continuously improving the network coverage level. At the same time, the Ministry of Industry and Information Technology proposed to promote the development of 5G lightweight (RedCap) technology evolution and application innovation. This has also led to the development of domestic antennas towards an ecological model of integration with multi-frequency and multi-systems. In addition, 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 multibeam antenna technologies, making them closer to ultimate design and manufacturing.



According to the forecast of the Forward Industry Research Institute, with the technological evolution from 4G to 5G and the upcoming 6G, “the radio frequency (RF) component in the base station construction is becoming increasingly important. The proportion of RF investment in base stations is expected to continuously increase, further driving the expansion of the market size of the 5G base station RF industry. It is estimated that the market size will exceed 60 billion by 2025”. As the demand for 5G lightweight technology arises, RF products will become more compact and lightweight. 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 products, continuously driving a new round of growth in the future.

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 has implemented a number of new communication scenarios in the field of “communications + new energy/energy conservation”. With the increasing investment year by year in green energy and the increasing maturity of new energy technologies such as photovoltaic, wind energy and batteries, the “energy conservation/new energy” industry is gradually expanding, which is believed to become a new source of performance growth for the Group.

## **Conclusion**

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 will generally remain in a growth cycle. The Group believes that the diversified business structure is beneficial to the steady expansion of market share in the future. Looking forward, in addition to focusing on the continuous iteration and innovation of existing products, the Group will also increase investment in research and development and develop new product platforms to cope with the development of customers’ 5G technology evolution and application innovation. With the continuous expansion and deepening of the service and cooperation with domestic and overseas operator customers and equipment manufacturer customers, and the continuous expansion of new businesses, this will bring greater market share and more new opportunities for business growth to the Group in the future, creating more value for shareholders and the society.

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

The Group has funded the Group’s operation and capital requirements with 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 and capital expenditures on purchases of production equipment,

As at 31 December 2023, the Group had net current assets of approximately RMB153.05 million (2022: approximately RMB186.29 million) including inventories of approximately RMB149.92 million (2022: approximately RMB180.84 million), trade receivables and notes receivable of approximately RMB324.88 million (2022: approximately RMB387.16 million) and trade payables and notes payable of approximately RMB571.50 million (2022: approximately RMB582.43 million).

The Group maintained effective management of its working capital. For the year ended 31 December 2023, average inventories turnover, average receivables turnover and average payables turnover were approximately 111 days (2022: 124 days), 203 days (2022: 222 days) and 387 days (2022: 349 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 2023, the Group recorded a pledged bank deposits of approximately RMB132.36 million (2022: approximately RMB89.79 million), cash and cash equivalents of approximately RMB198.67 million (2022: approximately RMB174.28 million) and recorded bank and other borrowings of approximately RMB95.00 million (2022: approximately RMB38.56 million). The current ratio (current assets divided by current liabilities) decreased from approximately 1.25 times as at 31 December 2022 to approximately 1.21 times as at 31 December 2023. The gearing ratio (bank borrowings divided by total assets) was approximately 7.6% as at 31 December 2023 as compared with a gearing ratio of approximately 2.9% as at 31 December 2022. 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 2023, the Group had approximately 1,447 staffs. The total staff costs amounted to approximately RMB186.27 million for the year ended 2023. 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 2023, bank balances of approximately RMB132.36 million were pledged to secure bank borrowings and bills payable granted to the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any significant contingent liabilities.

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

During 2023, a total amount of 6,242,000 shares of the Company had been repurchased at prices ranging from HK\$0.18 per share to HK\$0.27 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 2023 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 2023 ("2023 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 2023 and 31 December 2023 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 2023), internal control and risk management system. The Audit Committee has reviewed the annual results for the year ended 31 December 2023.

## **DIVIDEND**

The Board does not recommend any payment of final dividend for the year ended 31 December 2023.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 22 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **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.

## **PUBLICATION OF FINAL RESULTS AND 2023 ANNUAL REPORT**

This 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 2023 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*

22 March, 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Hu Xiang, Ms. Zhou Lingbo and Mr. Ye Rong; 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.*