SUMMARY

OVERVIEW

We are one of the few one-stop providers of wireless communication antennas and base station radio frequency, or RF, subsystems in China. By strategically locating our principal operations in China, we aim to capitalize on its fast growing mobile communication and equipment manufacturing industry that supplies the rapidly growing worldwide demand for mobile communication infrastructure equipment. Our business consists of the design, manufacture, marketing and sale of antennas, base station RF subsystems and solutions that are the required components of mobile communication coverage systems, including wireless access systems (WiFi and PHS), 2G (GSM and CDMA), 3G (TD-SCDMA, CDMA 2000, W-CDMA and WiMax), satellite communication and microwave transmission networks. Our product portfolio is categorized into three principal groups: antenna systems, base station RF subsystems and coverage extension solutions. We sell our products to network operators in China and overseas for deployment into the networks they are constructing and operating. We also sell our products to wireless network solution providers who incorporate our products into their wireless coverage solutions, such as their proprietary base stations, which they then sell to network operators worldwide.

Our sophisticated technical skills and design experience in developing antennas and base station RF subsystems enable us to be qualified as an equipment supplier to some of the world's leading wireless network solution providers, such as ZTE, Nokia Siemens Networks and Alcatel-Lucent. We also focus our marketing strategy on expanding our market share in China and certain international markets, particularly the rapidly growing emerging market countries that represent some of the greatest growth opportunities in the construction of wireless communication infrastructure, as wireless networks offer a highly cost-effective way to provide communication infrastructure in these vast regions.

We are committed to providing quality and sophisticated products and building long term relationships with our customers. For the years ended December 31, 2006, 2007, 2008 and the eight months ended August 31, 2009, our revenues were RMB361.0 million, RMB626.8 million, RMB671.2 million and RMB632.4 million, respectively. Our net profits for the same periods were RMB31.5 million, RMB56.8 million, RMB61.9 million and RMB84.2 million, respectively.

The following table sets forth the revenue in each of our product groups and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,						For the Eight Months Ended August 31,			
	2006		2007		2008		2008		2009	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except percentages)									
Antenna System	186,392	51.7%	268,751	42.9%	260,543	38.8%	129,641	30.4%	276,282	43.7%
Base Station RF Subsystem	165,433	45.8%	340,940	54.4%	388,675	57.9%	285,025	66.8%	274,501	43.4%
Coverage Extension Solution	9,131	2.5%	17,115	2.7%	21,964	3.3%	11,772	2.8%	81,584	12.9%
Total Revenues	360,956	100.0%	626,806	100.0%	671,182	100.0%	426,438	100.0%	632,367	100.0%

OUR COMPETITIVE STRENGTHS

We believe we benefit from the following competitive strengths:

- strong relationships with all the PRC domestic wireless network operators and many of the world's leading wireless network solution providers;
- strong research and development capability;
- comprehensive product portfolio for the RF path;
- close proximity to suppliers and customers, and competitive cost structure; and
- capable management and engineering team.

OUR BUSINESS STRATEGIES

We seek to increase our revenue, market share and customer base while controlling our working capital requirements and maintain low costs through implementing the following strategies:

- maximize 3G opportunities by working closely with our key customers;
- leverage our short research and development cycle to develop our customer base and increase our technology sophistication;
- capitalize on our lower cost structure to gain market shares; and
- further expand our customer base to other solution providers and network operators worldwide.

INFORMATION ON OUR FINANCIAL INVESTORS

SB Asia, Cisco and Manitou are financial investors who have invested in our Company. SB Asia will be a substantial shareholder of our Company upon Listing. Our Directors, Andrew Y. Yan and Yang Dong, have been nominated by SB Asia to our board of directors. We do not have any past or current business relationship with SB Asia. Each of Cisco and Manitou is an Independent Third Party without any past or current business relationship with us.

SB Asia

SB Asia is a US$404 million fund established under the laws of Cayman Islands in 2001 and managed by SOFTBANK, Inc. SAIF Advisors Limited is an investment advisor to SAIF Management II Limited. Our Director, Andrew Y. Yan, was the founder of and has been the managing partner of SAIF Advisors Limited since 2001, and our Director, Yang Dong, is currently a partner at an affiliate of SAIF Advisors Limited.

Cisco

Cisco, a private company with limited liability incorporated under the laws of the Netherlands, is a wholly-owned subsidiary of Cisco Systems, Inc. Cisco Systems, Inc. is a leader in the innovation of Internet Protocol (IP)-based networking technologies and the development of routing and switching and numerous advanced technologies including application networking services, collaboration home networking, security, storage area networking, telepresence systems, unified communications, unified computing, video systems and wireless.

Manitou

Manitou is a venture fund established in 2001 under the laws of the State of Delaware, the United States and managed by Manitou Venture Management I, LLC. Manitou invests in early and mid-stage companies, based either in Asia or the United States, with a focus on Asian markets such as the PRC and Taiwan. The primary investment focus of Manitou is high growth technology sectors including telecommunications, internet, new media, semiconductors and information technology services.

LEGAL PROCEEDINGS

In December 2004, MOBI Shenzhen was alleged to have infringed a utility model patent of Guangdong Tongyu Communications Equipment Co., Ltd., (formerly known as Zhong Shan Tongyu Communications Equipment Co., Ltd.) ("Tongyu"), which utility model patent is a type of waterproof feeder structure for omni-directional antennas. Subsequently, we made an application to the Patent Review Committee to invalidate that utility model patent. Thereafter, the Patent Review Committee invalidated Tongyu's utility model patent in part, which ruling was then upheld by The Beijing First Intermediate People's Court and The Beijing Superior People's Court, respectively, within their jurisdiction. On September 3, 2007, The Intermediate People's Court of Shenzhen issued a first instance verdict in the corresponding civil proceedings dismissing the allegation of patent infringement. On September 30, 2007, an appeal against such first instance verdict was filed with The Guangdong Superior People's Court. On June 23, 2008, The Guangdong Superior People's Court issued a final civil judgment to affirm the first instance decision and dismissed the allegation of patent infringement. MOBI Shenzhen was found not liable for any damages. On September 15, 2009, Tongyu filed an application for retrial with The Supreme People's Court of the PRC. On November 2, 2009, the Company received a notice dated October 16, 2009 from The Supreme People's Court of the PRC stating that the said retrial application was accepted. We have been advised by our legal advisers as to PRC laws that after acceptance of Tongyu's application for retrial, The Supreme People's Court of the PRC will review the application and make a decision as to whether to retry the case within three months from the date of the acceptance of the application. If The Supreme People's Court of the PRC decides not to retry the case on the ground for retrial presented by Tongyu, the case will be closed unless Tongyu files a new retrial application based on other grounds. Any such new application for retrial must be made within 2 years from June 23, 2008, being the effective date of the final judgment issued by The Guangdong Superior People's Court, or where the said judgment is revoked or modified after the said 2-year period and it is established that there had been misconduct by the personnel handling the original trial, within three months from the date Tongyu became aware of the same or should be aware of the same. If The Supreme People's Court of the PRC decides to retry the case, it may retry the case by itself or order The Guangdong Superior People's Court or other Superior People's Court to retry it. In accordance with the retrial application, Tongyu seeks to revoke the final civil judgment granted by The Guangdong Superior People's Court and to claim an aggregate amount of RMB20.0 million as damages for infringement. As of the Latest Practicable Date, our legal advisers as to PRC laws estimated that in the event that Tongyu succeeds in its claim against us in the retrial and if the retrial court is unable to assess the amount of profits that had been earned by the patent in dispute, we may be exposed to a maximum potential liability, if any, of approximately RMB500,000 under the PRC laws. A provision of RMB500,000 was made as at August 31, 2009.

Pursuant to a deed of indemnity dated [●], 2009, the Beneficial Owners and Fangyi Holdings, our single largest shareholder, with equity interests in approximately 29.86% of our entire issued share capital, have jointly and severally given indemnities in favour of us (for ourselves and as trustee for our subsidiaries) for any claims, damages, losses, liabilities, expenses and proceedings incurred or suffered, or which may be incurred or suffered, by us in an aggregate amount exceeding RMB500,000 in respect of the aforesaid legal proceedings and other potential litigations.

Save as disclosed above, as at the Latest Practicable Date, there were no legal proceedings or arbitrations, pending or threatened, against us that could have a material adverse effect on our financial condition or results of operation.

BASIS OF PRESENTATION

Our Company is an exempted company incorporated with limited liability in the Cayman Islands on December 16, 2002. Our Company is an investment holding company. The principal activities of our subsidiaries are the manufacture and sale of antenna systems and RF devices. Our financial information is presented in Renminbi, which is also our functional currency. The consolidated statement of comprehensive income and the consolidated statement of cash flow for the three years ended December 31, 2008 and eight months ended August 31, 2009 present the results of operations and cash flows. Our consolidated statement of financial position as of December 31, 2006, December 31, 2007, December 31, 2008 and August 31, 2009 present our assets and liabilities as of those dates.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary selected consolidated statements of comprehensive income and consolidated statements of financial position information presented below for the periods indicated is derived from our consolidated financial statements included in Appendix 1 — "Accountants' Report" and you should read the entire financial statements included therein, including the notes thereto, for more details. Our consolidated financial information has been prepared in accordance with HKFRS.

	For the Year Ended December 31,			For the Eight Months Ended August 31,	
	2006	**2007**	**2008**	**2008**	**2009**
				(unaudited)	
	(RMB in thousands, except per share information)				
Selected Consolidated Statements of Comprehensive Income					
Revenue	360,956	626,806	671,182	426,438	632,367
Cost of sales	(275,888)	(472,674)	(487,884)	(312,593)	(451,873)
Gross profit	85,068	154,132	183,298	113,845	180,494
Other income	3,741	2,943	7,103	3,647	3,610
Research and development costs	(15,171)	(24,945)	(34,550)	(21,654)	(21,305)
Distribution and selling expenses	(19,223)	(27,875)	(35,170)	(17,606)	(32,055)
Administrative expenses	(20,762)	(41,819)	(47,401)	(31,766)	(31,181)
Finance costs	(153)	(2,899)	(3,803)	(2,932)	(2,664)
Profit before taxation	33,500	59,537	69,477	43,534	96,899
Income tax expense	(2,019)	(2,764)	(7,552)	(6,186)	(12,694)
Profit and the total comprehensive income for the year/period and attributable to owners of our Company	31,481	56,773	61,925	37,348	84,205
Earnings per share					
— basic(1)	7.91 cents	15.21 cents	15.41 cents	8.83 cents	21.38 cents
— diluted(2)	5.98 cents	10.78 cents	11.76 cents	7.09 cents	15.99 cents

Notes:

(1) Basic earnings per Share of 7.91 cents, 15.21 cents, 15.41 cents, 8.83 cents and 21.38 cents for the year ended December 31, 2006, 2007, 2008 and the eight months ended August 31, 2008 and 2009, respectively, are calculated by reference to the earnings of RMB29.5 million, RMB56.8 million, RMB57.6 million, RMB33.0 million and RMB79.8 million in each of the respective periods and weighted average number of Shares of 372,500,000, 373,232,000, 373,543,000, 373,543,000 and 373,543,000 in each of the respective periods.

(2) Diluted earnings per Share of 5.98 cents, 10.78 cents, 11.76 cents, 7.09 cents and 15.99 cents for the year ended December 31, 2006, 2007, 2008 and the eight months ended August 31, 2008 and 2009, respectively, are calculated by reference to the earnings of RMB31.5 million, RMB56.8 million, RMB61.9 million, RMB37.3 million and RMB84.2 million in each of the respective periods and weighted average number of Shares of 526,543,000, 526,543,000, 526,543,000, 526,543,000 and 526,543,000 in each of the respective periods.

	As of December 31,			As of August 31,
	2006	**2007**	**2008**	**2009**
	(RMB in thousands)			
Selected Consolidated Statements of Financial Position				
Non-current assets				
Property, plant and equipment	70,253	89,029	107,484	117,711
Prepaid lease payments	4,324	4,233	21,570	21,303
Deferred tax assets	—	1,527	6,000	7,384
	74,577	94,789	135,054	146,398
Current assets				
Inventories	51,808	127,442	222,049	290,767
Trade and other receivables	205,882	280,747	362,159	513,902
Prepaid lease payments	98	98	471	453
Pledged bank balances	1,308	8,006	14,739	41,592
Bank balances and cash	43,080	131,470	59,067	69,203
	302,176	547,763	658,485	915,917
Current liabilities				
Trade and other payables	153,327	281,500	380,311	490,370
Dividend payable	—	—	429	758
Tax payable	495	2,404	8,033	11,325
Entrusted bank loan	—	5,000	—	—
Short-term bank borrowings	7,909	69,500	73,454	157,744
Deferred income	54	563	563	746
Provision	500	500	500	500
	162,285	359,467	463,290	661,443
Net current assets	139,891	188,296	195,195	254,474
Total assets less current liabilities	214,468	283,085	330,249	400,872
Non-current liabilities				
Deferred income	1,297	3,236	2,673	3,600
Net assets	213,171	279,849	327,576	397,272
Capital and reserves				
Share capital	1	1	1	1
Reserves	213,170	279,848	327,575	397,271
Equity attributable to owners of our Company	213,171	279,849	327,576	397,272

FUTURE PLANS

We are currently constructing our major manufacturing facility located in Jizhou Industrial Zone, Jian City, Jiangxi Province and our manufacturing and research and development facility in Xian, Shaanxi Province. The estimated capital expenditure for each of the Jian and Xian facilities (including purchases of machinery and equipment) for the three years ending December 31, 2012 are RMB61.0 million and RMB32.0 million, respectively. Please see "Business — Our Strategy" for a more detailed description of our future plans.

SUMMARY OF RISK FACTORS

Risks Related to our Company

- Our business and results of operations are affected by economic cycles, including the recent global financial and economic crisis.
- We rely upon a few customers for the majority of our revenues and the loss of any one of these customers, or a significant loss, reduction or rescheduling of orders from any of these customers, could have a material adverse effect on our business, results of operations and financial condition.
- We generally do not enter into long-term contracts with our customers.
- Failure by the wireless telecommunication sector in China to maintain its current pace of growth could materially and adversely affect our profitability and future prospects.
- If we cannot continue to rapidly develop, manufacture and market innovative products and services that meet customer requirements for performance and reliability, we may lose market share and our revenue may suffer.
- If we lose our ability to design customized products and solutions to meet our customers' requirements, our reputation and relationships with our customers may be damaged and we may incur significant warranty costs or other liabilities, any of which may materially and adversely affect our revenue growth.
- Sales of our RF products and solutions may decrease as a result of our failure to develop commercially successful or viable RF products and solutions.
- We are subject to risks related to product defects that could result in product recalls and could subject us to warranty claims that are greater than anticipated. If we were to experience a product recall or an increase in warranty claims that exceed our forecast, our sales and operating results could be adversely affected.
- If we fail to effectively implement our production plan, our results of operations may be materially and adversely affected.
- Our failure to acquire raw materials or to fill our customers' orders in a timely and cost-effective manner could materially and adversely affect our business operations.
- Our suppliers, contract manufacturers or customers could become competitors.
- A substantial portion of our sales is made outside the PRC. Conducting business in international markets involves risks and uncertainties such as foreign exchange rate exposure and political and economic instability that could lead to reduced international sales and reduced profitability associated with such sales.
- We have experienced, and will continue to experience, significant fluctuations in sales and operating results from period to period.

- The initial vendor qualification cycle associated with the sales of our products is typically lengthy, often lasting from six months to a year, which could cause delays in forecasted sales and cause us to incur substantial expenses before we record any associated revenues.
- Our key managerial and technical personnel are critical to the success of our business and if we fail to attract or retain such personnel we may compromise our ability to maintain strong relationships with customers and suppliers, develop new products and effectively carry on our research and development and other efforts.
- The selling prices of our earlier products have decreased over time, and we anticipate that the selling prices for existing products may decrease over time. If we cannot supplement our product portfolio with new products that have higher selling prices or to lower the production costs of our products, our gross margin will decline.
- We may experience delays or defaults in collecting trade receivables from our customers, which may adversely affect our cash flow and working capital, financial condition and operating results.
- The non-transferrability of the property rights in one of the properties we own may undermine our ownership interest.
- Our operations may be disrupted due to our landlords' lack of the relevant title certificates as to certain leased properties.
- Our lack of comprehensive intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights or to defend against third-party allegations of infringement may be costly.
- We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damage awards.
- The registration of our logo as a trademark in Hong Kong has not yet been approved.
- We generally do not carry product liability insurance for our RF products and solutions, and any significant product liability claim could have a material and adverse effect on our financial condition.

Risks Related to our Industry

- Failure of commercialization of 3G services, particularly TD-SCDMA technology in China or globally, could materially and adversely affect our profitability and future prospects.
- The telecommunications industry has experienced significant consolidation and this trend is expected to continue. Any disruption in our direct business relationship with any of our major customers as a result of market consolidation will adversely affect our sales and profitability.
- The competitive bidding process in the telecommunication infrastructure industry can result in our revenues fluctuating significantly from period to period.
- Our success is tied to the growth of the market for wireless communications services and our future revenue growth is dependent upon the expected increase in the size of this market.
- The wireless communication industry in China is extremely competitive and our inability to compete effectively would be detrimental to our current business and prospects for future growth.

- Our business may be subject to various regulatory restrictions, and any new regulation may restrict our methods of conducting business and subject us to severe penalties.

- Actual or perceived health risks from the electromagnetic fields generated by base stations and mobile devices could negatively affect our operations by leading regulatory authorities to impose more stringent telecommunication equipment standards or causing consumers to reduce their use of mobile devices.

Risks Related to our Operations in the PRC

- Changes in the PRC's political, economic and social conditions, laws, regulations and policies may have an adverse effect on us.

- The PRC's legal system embodies uncertainties that could adversely affect our business and results of operations.

- A newly enacted PRC tax law could affect tax exemptions on dividends received by us and our shareholders and increase our enterprise income tax rate.

- Gain on the sales of our Shares and dividends on our Shares may be subject to PRC income taxes.

- Fluctuations in the exchange rates of the RMB may adversely affect your investment and could materially affect our financial condition and results of operations.

- It may be difficult to effect service of process upon us or our Directors who live in the PRC or to enforce against us or them in the PRC judgments obtained from non-PRC courts.

- An outbreak of Severe Acute Respiratory Syndrome (SARS), Avian Flu (H5N1), Influenza A (H1N1) or any other similar epidemic may, directly or indirectly, adversely affect our operating results and the price of our Shares.

- Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiary, which could restrict our ability to act in response to changing market conditions in a timely manner.