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## HISTORY AND DEVELOPMENT

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### OUR OPERATIONS

#### Our operation in Shenzhen

Our history began with the establishment of MOBI Shenzhen as a limited liability company under the laws of the PRC on August 12, 1999. MOBI Shenzhen was founded by Shenzhen Weixiantong, Wang Beirong, Hou Weigui, Wang Guoying, Shao Zhiguo and Hu Xiang (the “Initial Shareholders”). The Initial Shareholders were both the registered and beneficial shareholders of MOBI Shenzhen. Upon establishment, MOBI Shenzhen had a registered capital of RMB3,000,000, which was fully paid up. MOBI Shenzhen is our principal operating subsidiary.

#### Our operation in Jiangxi

We established MOBI Jian on May 23, 2006. MOBI Jian is our wholly-owned subsidiary which is engaged in the manufacture and sales of mobile communication network base station antennas and other antennas, RF devices and components and RF cables for PHS, GSM, CDMA, TDS-CDMA, WCDMA and CDMA2000 protocols.

#### Our operation in Xian

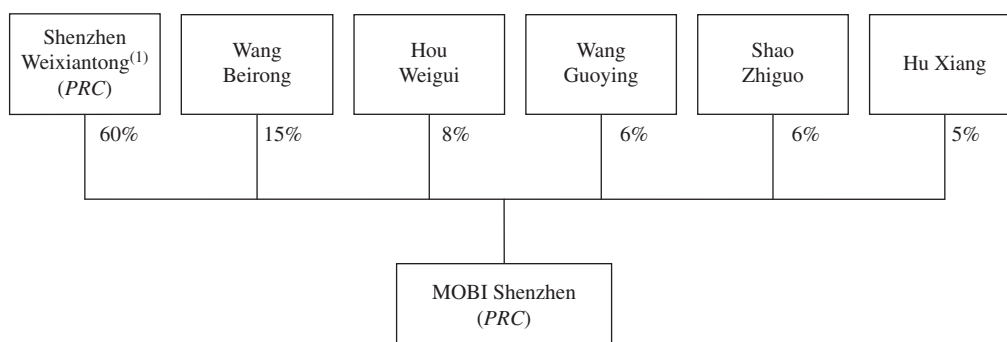
On April 29, 2008, MOBI Shenzhen established its wholly-owned subsidiary, MOBI Xian which is engaged in research, development and production of mobile communication network base station antennas, RF devices and components for GSM, CDMA, TDS-CDMA, WCDMA and CDMA2000 protocols.

### OUR CORPORATE HISTORY

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 16, 2002.

Prior to the Reorganization, we operated our business through our wholly-owned subsidiary, MOBI Shenzhen, which is engaged in the manufacture, sales and marketing of mobile communication network base station antennas and other antennas, RF devices and components for PHS, GSM, CDMA and other protocols.

The diagram below sets forth the Initial Shareholders’ equity interest in MOBI Shenzhen immediately prior to the Reorganization:



*Note:*

- (1) Through Shenzhen Weixiantong, the Beneficial Owners jointly invested in MOBI Shenzhen prior to the incorporation of our Company.

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## HISTORY AND DEVELOPMENT

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### Our Reorganization

We underwent the Reorganization as described below in preparation for the listing of our Shares on the Stock Exchange.

#### *Our incorporation and issuance of Shares*

On December 16, 2002, our Company was incorporated in the Cayman Islands as an exempted company with limited liability.

On December 19, 2002, the one subscriber Share was transferred from Mapcal Limited as an initial subscriber to Hu Xiang for nominal consideration. On the same day, in consideration of the commitment by the grantees to provide and procure services to our Company, our Company allotted and issued a total of 74,499,999 Shares to the following grantees:

Shareholder	Number of Shares
Qu Deqian	47,322,400
Wang Beirong	9,312,500
Hu Xiang	4,618,999
Wang Guoying	4,946,800
Shao Zhiguo	5,043,650
39 Employee Shareholders <sup>(1)</sup>	<u>3,255,650</u>
Total:	<u><u>74,499,999</u></u>

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*Note:*

- (1) As of the Latest Practicable Date, the 39 Employee Shareholders do not have any relationship with us other than being our employees or consultants, and that the 39 Employee Shareholders are not related to other shareholders of our Company and are not related to one another.

#### *Qu Deqian as trustee*

Among the grantees, Qu Deqian held 41,720,000 Shares in trust for the benefit of Shenzhen Weixiantong and 5,602,400 Shares in trust for the benefit of Hou Weigui, pursuant to two declarations of trust dated December 19, 2002. Pursuant to a declaration of trust dated May 16, 2007, Shenzhen Weixiantong further confirmed and acknowledged an earlier oral arrangement with the Beneficial Owners made on December 19, 2002 that since December 19, 2002, the interest in those 41,720,000 Shares had, in turn, always been held in trust for the Beneficial Owners in the proportion set forth in column B of the chart below entitled “Summary on the Beneficial Owners”. In order to maintain the Beneficial Owners’ relative beneficial equity interests in the Shares, a separate trust arrangement was made for Qu Deqian to hold the 5,602,400 Shares in trust for the benefit of Hou Weigui.

## HISTORY AND DEVELOPMENT

### Summary on the Beneficial Owners

Beneficial Owner*	Column A Principal business or occupation	Column B Number of Shares held in trust as of December 19, 2002	Column C Number of Shares held in trust as of April 20, 2007 in relation to the exercise of the Share Warrant	Column D Total number of Shares held in trust for the period from April 20, 2007 to May 30, 2007 and transferred to the Beneficial Owners on May 31, 2007	Column E Shareholding Interest in Fangyi Holdings (%)
1. Hou Weigui <sup>(1)</sup>	ZTE chairman	7,509,600	37,548	7,547,148	18
2. Yin Yimin <sup>(1)</sup>	ZTE director and senior management	2,086,000	10,430	2,096,430	5
3. Zhu Jinwen <sup>(1)</sup>	Retiree <sup>(4)</sup>	2,086,000	10,430	2,096,430	5
4. Jiang Shumin <sup>(1)</sup>	Merchant	1,251,600	6,258	1,257,858	3
5. Shi Lirong <sup>(1)</sup>	ZTE director and senior management	1,251,600	6,258	1,257,858	3
6. Tang Xi <sup>(1)</sup>	Retiree <sup>(4)</sup>	1,251,600	6,258	1,257,858	3
7. Wang Honghai	Merchant	1,251,600	6,258	1,257,858	3
8. Yu Wancheng	Retiree <sup>(4)</sup>	1,251,600	6,258	1,257,858	3
9. Zhou Susu <sup>(1)(2)</sup>	ZTE employee	1,251,600	6,258	1,257,858	3
10. Zhu Weimin	Merchant	1,251,600	6,258	1,257,858	3
11. Wei Zaisheng <sup>(1)</sup>	ZTE senior management	1,251,600	6,258	1,257,858	3
12. Wei Xingmin <sup>(1)</sup>	Shenzhen Zhongxingxin director	1,251,600	6,258	1,257,858	3
13. He Shiyong	ZTE director and senior management	876,120	4,380.60	880,500.60	2.1
14. Hu Xiang <sup>(2)</sup>	Director and our senior management	876,120	4,380.60	880,500.60	2.1
15. Hong Bo	Merchant	834,400	4,172	838,572	2
16. Liang Huming <sup>(3)</sup>	ZTE employee	834,400	4,172	838,572	2
17. Qu Deqian	Shenzhen Weixiantong senior management and our Director	834,400	4,172	838,572	2
18. Zhang Yan <sup>(3)</sup>	ZTE employee	834,400	4,172	838,572	2
19. Han Wei	ZTE employee	834,400	4,172	838,572	2
20. Lai Yongxiang	ZTE employee and director of Fangyi Holdings	834,400	4,172	838,572	2
21. Song Zhongshen	Retiree <sup>(4)</sup>	834,400	4,172	838,572	2
22. Gao Xueping	ZTE employee	750,960	3,754.80	754,714.80	1.8
23. Bai Qi	Retiree <sup>(4)</sup>	625,800	3,129	628,929	1.5
24. Cui Yulong	ZTE employee	625,800	3,129	628,929	1.5
25. Li Li	Merchant	625,800	3,129	628,929	1.5
26. Wei Wangmin	Retiree	625,800	3,129	628,929	1.5

## HISTORY AND DEVELOPMENT

Beneficial Owner*	Column A Principal business or occupation	Column B Number of Shares held in trust as of December 19, 2002	Column C Number of Shares held in trust as of April 20, 2007 in relation to the exercise of the Share Warrant	Column D Total number of Shares held in trust for the period from April 20, 2007 to May 30, 2007 and transferred to the Beneficial Owners on May 31, 2007	Column E Shareholding Interest in Fangyi Holdings (%)
27. Xing Qibin	Chairman and CEO of Shenzhen Jufei Optoelectronics Co., Ltd. and our Director	625,800	3,129	628,929	1.5
28. Yao Dongwei	Merchant	625,800	3,129	628,929	1.5
29. Zhang Dengsheng	ZTE employee	625,800	3,129	628,929	1.5
30. Cheng Xiao	Merchant	625,800	3,129	628,929	1.5
31. Hou Li	Merchant	625,800	3,129	628,929	1.5
32. Li Yuehua	ZTE employee	625,800	3,129	628,929	1.5
33. Shen Guohong	ZTE employee	625,800	3,129	628,929	1.5
34. Tian Weibing	ZTE employee	625,800	3,129	628,929	1.5
35. Xu Hanwu	Retiree <sup>(4)</sup>	625,800	3,129	628,929	1.5
36. Zhang Chuanhai	Merchant	625,800	3,129	628,929	1.5
37. Zhang Diande	Retiree	625,800	3,129	628,929	1.5
38. Zhou Qingjun	ZTE employee	625,800	3,129	628,929	1.5
39. Liu Weihua <sup>(1)</sup>	Retiree	417,200	2,086	419,286	1
Total:		<u>41,720,000</u>	<u>208,600</u>	<u>41,928,600</u>	<u>100</u>

*Notes:*

- (1) These ten Beneficial Owners have been shareholders of Shenzhen Weixiantong since its establishment in October 1992. The other 29 Beneficial Owners became shareholders of Shenzhen Weixiantong in March 2000. Hence, the shareholders of Shenzhen Weixiantong were those ten Beneficial Owners at the time of establishment of MOBI Shenzhen in August 1999, and the shareholders of Shenzhen Weixiantong made up all of the Beneficial Owners at the time of incorporation of our Company in December 2002. The business scope of Shenzhen Weixiantong is the development and production of communication transmission and ancillary equipment, and also computer and ancillary equipment. The Beneficial Owners have together through Shenzhen Weixiantong or individually with Shenzhen Weixiantong invested in various companies involved in telecommunication and other industries, including ZTE, Kang Cheng, Shenglongfeng as described in the section “Our Relationship with Certain Customers and Suppliers” to this Web Proof Information Pack. As a result of their many years of knowing each other and investing together, the Beneficial Owners have established a long term amicable relationship and a strong degree of mutual trust and bonding among themselves.
- (2) Hu Xiang and Zhou Susu are spouses. Zhou Susu has been the senior vice president of ZTE between 1999 and 2008 and currently a director of ZTE’s wholly-owned subsidiary, ZTE (H.K.) Limited.
- (3) Liang Huming and Zhang Yan are spouses.
- (4) The relevant Beneficial Owner was an ex-employee of ZTE or its subsidiaries.

\* The Articles adopted by our shareholders on December 19, 2002 require that all resolutions to be voted at any of our Company’s general meetings be decided by poll. Accordingly, and in conjunction with the trust arrangement by the Beneficial Owners, in theory, each of the Beneficial Owners is entitled to direct the common trustees to cast each his/her votes separately in accordance with his/her instruction and the number of Shares so held in trust. However, as confirmed by Qu Deqian and Lai Yongxiang, the ultimate trustee of the Beneficial Owners from December 19, 2002 to September

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## HISTORY AND DEVELOPMENT

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28, 2006 and from September 29, 2006 to May 30, 2007 respectively, the relevant trustee was to vote (if required) in the shareholders’ meetings of our Company according to the consensus decisions reached amongst the Beneficial Owners. In the absence of a consensus decision amongst the Beneficial Owners, the relevant trustee would not vote on their behalf until a consensus decision had been reached.

Nevertheless, during the relevant period where those Shares were held in trust (i.e. from December 19, 2002 to May 30, 2007), our Company did not hold any general meeting. As a result, the Beneficial Owners had no occasion to exercise their voting rights in the Shares. The Beneficial Owners have allowed the operations of our Company be governed by the Shareholders’ Agreement and decided by the board of directors of our Company. As such, the Beneficial Owners jointly effected their “management and control” through the execution of the Shareholder’s Agreement and appointment of Directors.

In addition, each of the Beneficial Owners informally discuss matters relating to his/her interests in the Shares amongst the Beneficial Owners and had always been able to arrive at the same decisions even though the Beneficial Owners did not have any voting or other similar agreement in place. These matters include:

- (a) the appointments of Shenzhen Weixiantong, Qu Deqian and Lai Yongxiang as trustees of the relevant Shares,
- (b) use of Shenzhen Weixiantong as a vehicle to represent the interests of the Beneficial Owners as one voice during their negotiation with SB Asia in 2002, and to sign the Shareholders’ Agreement, SB Asia’s subscription agreement and the Share Warrant for and on behalf of the Beneficial Owners,
- (c) the change of trustees from Qu Deqian to Lai Yongxiang on September 29, 2006,
- (d) the appointment of Lai Yongxiang as trustee of the Warrant Shares,
- (e) the transfer of the relevant Shares from Lai Yongxiang to the Beneficial Owners as registered holders of the Shares on May 31, 2007,
- (f) the appointment of Lai Yongxiang as the first and sole director of Fangyi Holdings on April 11, 2007, and
- (g) the transfer of the relevant Shares from the Beneficial Owners to Fangyi Holdings on January 23, 2008.

It has always been the intention of the Beneficial Owners to reach consensus on all matters relating to their investments in our Company. The Beneficial Owners have always resolved their differences through friendly consultation. The Beneficial Owners attribute their unison of action to the strong degree of mutual trust and understanding among themselves, which had been built up over the many years of their collective investment in various companies in the same pattern as their investment in our Company.

There was no change in the composition of the Beneficial Owners during 2006, 2007, 2008 and the eight months ended August 31, 2009. Seventeen of the Beneficial Owners are members of senior management or employees of ZTE. The following Beneficial Owners are related to us in the manner described below:

- Hu Xiang is an executive Director of our Company, MOBI Shenzhen, MOBI Jian and MOBI Xian, the chairman of the board of Directors, the legal representative of MOBI Shenzhen and MOBI Jian and the chief executive officer of our Company, MOBI Shenzhen and MOBI Jian.
- Zhou Susu is the spouse of Hu Xiang.
- Xing Qibin is a non-executive Director, and a director of MOBI Shenzhen, MOBI Jian and MOBI Xian.
- Qu Deqian is a non-executive Director, a director of MOBI Shenzhen, MOBI Jian and MOBI Xian, and was a nominee shareholder for the Beneficial Owners and Hou Weigui during the period from December 19, 2002 to September 28, 2006.
- Lai Yongxiang was a nominee shareholder for the Beneficial Owners and Hou Weigui during the period from September 29, 2006 to May 30, 2007.
- Lai Yongxiang previously provided advisory services to us with respect to the direction of development in the PRC telecommunication industry and the use of applicable technology and was granted certain options under the 2003 Stock Incentive Plan.
- Hou Weigui was previously a director of MOBI Shenzhen during the period from August 12, 1999 to January 21, 2003.
- Zhu Weimin was previously a director of MOBI Shenzhen during the period from August 12, 1999 to January 21, 2003.

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## HISTORY AND DEVELOPMENT

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Other than the foregoing, our Company confirms that none of the Beneficial Owners has any present or past relationship with the Directors, substantial shareholders or members of the senior management of our Company or its subsidiaries or their respective associates or any roles in and positions with us. The Beneficial Owners and SB Asia, throughout 2006, 2007, 2008 and the eight months ended August 31, 2009, together accounted for more than two-thirds of our Company’s shareholding prior to Listing. However, none of the Beneficial Owners are acting in concert, either inter se or with SB Asia.

The trust arrangements were of two levels, one where Qu Deqian held those 41,720,000 Shares in trust for the benefit of Shenzhen Weixiantong and the other where Shenzhen Weixiantong held the same interest in those 41,720,000 Shares in trust for the benefit of the Beneficial Owners. The two levels of the trust arrangements were made because:

- (a) SB Asia, our financial investor, was familiar with Shenzhen Weixiantong as an Initial Shareholder of MOBI Shenzhen; as such, the Beneficial Owners arranged to have Shenzhen Weixiantong represent their interests as a trustee of their Shares and as a contracting party signing documents for and on their behalf and were of the view that such arrangement would give the Beneficial Owners better credibility when dealing with SB Asia; and
- (b) Despite the benefits of having Shenzhen Weixiantong represent the interests of the Beneficial Owners, Shenzhen Weixiantong is a PRC corporate entity engaged in day to day business activities with investments in other companies. From an administrative perspective, it would be easier for an individual to implement the instructions of the Beneficial Owners. Therefore, from December 19, 2002 to the date prior to the change of trustee on September 29, 2006, Qu Deqian (being one of the Beneficial Owners) held the relevant Shares in trust for the benefit of Shenzhen Weixiantong, and Shenzhen Weixiantong in turn held the same Shares in trust for the benefit of the Beneficial Owners.

### *SB Asia as our investor and its rights as a holder of Series A Preferred Shares*

On December 19, 2002, our Company entered into a subscription agreement with SB Asia, MOBI Shenzhen, Shenzhen Weixiantong, Qu Deqian, Wang Beirong, Hu Xiang, Wang Guoying, Shao Zhiguo, Hou Weigui and the 39 Employee Shareholders for the subscription of 25.5 million Series A Preferred Shares by SB Asia at a total consideration of RMB45.0 million. Our Directors confirm that the proceeds for the issue of the Series A Preferred Shares were used for the following purposes: (i) RMB15.0 million to acquire the entire equity interest in MOBI Shenzhen; (ii) RMB10.0 million to increase the registered capital of MOBI Shenzhen from RMB3.0 million to RMB13.0 million; and (iii) RMB20.0 million to be retained as our general working capital. SB Asia became our financial investor as the holder of 25.5 million Series A Preferred Shares on January 2, 2003. Please refer to the sub-section headed “Information On Our Financial Investors” of this section of the Web Proof Information Pack for background information on SB Asia. SB Asia subscribed the 25.5 million Series A Preferred Shares at a subscription price of RMB1.7647059 per Series A Preferred Share determined with reference to trading multiple of other publicly traded companies in the same sector at the time. Such subscription price represents a discount of [●]% to the Offer Price assuming the 25.5 million Series A Preferred Shares have been fully converted into Shares on an one-to-one basis. The discount is calculated on the basis of a conversion price of RMB1.7647059 assuming an Offer Price of HK\$[●] (being the mid-point of the Offer Price between HK\$[●] and HK\$[●] per Offer Share) and an exchange rate of RMB1.00 converted to HK\$1.14.

On December 19, 2002, the Shareholders’ Agreement was entered into among our Company, MOBI Shenzhen, SB Asia, Shenzhen Weixiantong, Qu Deqian, Wang Beirong, Hu Xiang, Wang Guoying, Shao Zhiguo, Hou Weigui and the 39 Employee Shareholders (who are distinct from the Beneficial Owners) and the Articles were adopted on December 19, 2002, setting out their key rights and obligations as shareholders of our Company as follows:

- (a) SB Asia, being a holder of Series A Preferred Shares (the “Series A Shareholder”), was granted, among other things, pre-emptive rights, rights of first refusal, co-sale rights, various consent rights, and various information access and consultation rights.



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## HISTORY AND DEVELOPMENT

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- (b) For so long as SB Asia directly or indirectly owns at least 25% of the Shares issued or issuable upon conversion of Series A Preferred Shares on an as converted basis, SB Asia is entitled to appoint two Directors and all committees (including the board finance committee) of our Company’s board of directors must include at least one Director so appointed by SB Asia as a committee member.
- (c) For so long as Qu Deqian (for and on behalf of ultimately the Beneficial Owners through Shenzhen Weixiantong), Wang Beirong, Hu Xiang, Wang Guoying, Shao Zhiguo, Hou Weigui and the 39 Employee Shareholders (the “Founding Shareholders”) own in aggregate directly or indirectly at least 51% of all voting power of our Company, the Founding Shareholders are entitled to appoint four Directors (and our Company confirms that in practice the Beneficial Owners appoint three Directors (namely, Hu Xiang, Qu Deqian and Xing Qibin) and our remaining shareholders who are the Founding Shareholders (namely Wang Guoying, Shao Zhiguo and the 39 Employee Shareholders) appoint one Director (namely, Wang Guoying)).
- (d) For so long as sub-paragraphs (b) and (c) above are applicable, SB Asia and the Founding Shareholders are entitled to jointly appoint one independent Director (namely, Li Tianshu).
- (e) For so long as Shenzhen Weixiantong (for and on behalf of the Beneficial Owners) owns directly or indirectly at least one-third of all voting power of our Company, Shenzhen Weixiantong (for and on behalf of the Beneficial Owners) is entitled to nominate (i) a person to the position of the chief executive officer of our Company and each of our subsidiaries, and (ii) one member of the board finance committee (and such board finance committee shall comprise three members with our chief executive officer being a member and any other member to be appointed by our board of directors). If Shenzhen Weixiantong (for and on behalf of the Beneficial Owners) is not qualified to make such nomination, the aforesaid positions of chief executive officer shall be nominated by our board of directors. All other positions of the senior management of our Company and our subsidiaries shall be nominated by the chief executive officer then in office.
- (f) For so long as sub-paragraph (b) above is applicable, nomination of the aforesaid senior management shall be subject to the veto right of SB Asia (so long as SB Asia directly or indirectly owns at least 25% of the Shares issued or issuable upon conversion of Series A Preferred Shares on an as converted basis) and be only filled with the prior approval of our board of directors.
- (g) Directors of each subsidiary of our Company shall be appointed and removed by our board of directors subject to the approval of holders of not less than two-thirds of Shares (on an as converted basis) held by the Founding Shareholders and the Series A Shareholders.

According to the Articles adopted on December 19, 2002, each Series A Preferred Share is convertible at no additional consideration at any time at the option of the holder into such number of Shares as determined by dividing RMB1.7647059 by a conversion price (the “Conversion Price”), which will initially be RMB1.7647059 per share (subject to applicable adjustment). Series A Preferred Shares will also be automatically converted to Shares at the Conversion Price upon (i) occurrence of a firmly underwritten initial public offering, managed by an investment bank of recognized high standing, with total offering proceeds (excluding the proceeds of any securities issued by our Company to signatories to the Shareholders’ Agreement) of not less than US\$6.0 million or its equivalent (before deduction of underwriters commissions and expenses) and with a pre-offering valuation of our Company of not less than US\$30.0 million; and (ii) the listing of the Shares on an internationally reputable stock exchange reasonably acceptable to the Series A Shareholders who own, in aggregate, at least 51% of all issued and outstanding Series A Preferred Shares (a “Qualified IPO”).

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## HISTORY AND DEVELOPMENT

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As stipulated in the Articles adopted on December 19, 2002, each Share confers upon its shareholder the right to one vote and the holder of each Series A Preferred Share has the number of votes equal to the number of Shares into which such Series A Preferred Share could be converted to at the record date, or if no record date is established, at the date the vote is taken or at the date when any written consent of the shareholders is solicited. Resolutions to be voted at any general meetings of our Company must, in all cases, be decided by poll. Poll votes may be given either personally or by proxy. The chairman of the general meeting is not entitled to a second or casting vote. Furthermore, as stipulated in the Articles adopted on December 19, 2002, written consent of holders of at least two-third of the outstanding Series A Preferred Shares (or holders of more than three-fourth of the outstanding Series A Preferred Shares for so long as at least one-fourth of all Series A Preferred Shares issued remain outstanding and unconverted) is required for: (i) any amendment or change to the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred Shares; (ii) any action that authorizes, creates or issues shares of any class having preferences superior to or on a parity with the Series A Preferred Shares; (iii) any action that reclassifies any outstanding shares into shares having preferences or priority as to dividends or assets superior to or on a parity with the Series A Preferred Shares; (iv) any amendment of the Articles or the memorandum of association of our Company that increases or decreases the number of authorized directors or that adversely affects the rights of any holder of Series A Preferred Shares; and (v) any redemption or repurchase by our Company of its outstanding shares other than the repurchase or conversion of Series A Preferred Shares as set forth in the Articles.

No dividends or other distributions may be made or declared in property, or in any other shares of our Company, with respect to any other class or series of shares of our Company apart from the Series A Preferred Shares, unless and until dividends or distributions in like amount have been paid or distributed in full on the Series A Preferred Shares on an as-converted basis.

In the event of any liquidation, dissolution or winding up of our Company, the Series A Shareholders are entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of our Company to the holders of the Shares or any other class or series of shares, an amount equal to RMB1.7647059 (subject to applicable adjustment) for each Series A Preferred Share and, in addition, all declared but unpaid dividends (the “Series A Preference Amount”). After full payment of the Series A Preference Amount in respect of each Series A Preferred Share, any remaining assets or surplus funds of our Company are required to distribute pro rata to the holders of Shares and Series A Preferred Shares on an as-converted basis.

Since becoming a shareholder of our Company, SB Asia has exercised the following key rights under the Articles adopted on December 19, 2002 Shareholders’ Agreement:

- (a) appointment of Andrew Y. Yan and Huang Jinsheng as directors of our Company on January 2, 2003;
- (b) appointment of Huang Jinsheng as representative of SB Asia on our Company’s board finance committee on January 2, 2003;
- (c) appointment of Liu Jianping as independent non-executive director of our Company on September 8, 2003 (such appointment was jointly made with other shareholders of our Company). Mr. Liu resigned as director of the Company on July 1, 2007 and Mr. Li Tianshu replaced him as independent non-executive director on the same date;
- (d) consent to declaration and payment of dividends in 2004, 2006, 2008 and 2009 by way of board resolutions;
- (e) appointment of Yang Dong as a director of our Company, and as a representative of SB Asia on our Company’s board finance committee, in place of Huang Jinsheng on March 28, 2006;
- (f) consent to establish MOBI Jian on May 23, 2006 and MOBI Xian on April 29, 2008 by way of board resolutions;



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## HISTORY AND DEVELOPMENT

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- (g) consent to amendment of the articles of MOBI Shenzhen as a result of the increase in its registered capital from RMB13.0 million to RMB30.0 million on May 11, 2007 by way of board resolution; and
- (h) various information rights from time to time with respect to our financial information.

Amended and restated Articles adopted by our shareholders on November 25, 2009 will take effect on the Listing Date and pursuant to our new Articles, the share capital of our Company will consist of only one class of shares and no preferred shares upon Listing. The Shareholders’ Agreement will be terminated in its entirety effective on Listing Date pursuant to a termination agreement to be entered into by shareholders of our Company. As a result, the above-mentioned special rights accorded to SB Asia as a Series A Shareholder set out under the Shareholders’ Agreement and the Articles adopted on December 19, 2002 will be terminated upon Listing.

### *Issuance of the Warrants*

On December 19, 2002, our Company also issued the Series A Preferred Share Warrant to SB Asia. Pursuant to the Series A Preferred Share Warrant, SB Asia is entitled to acquire during the exercise period such number of Series A Preferred Shares as is equal to a total consideration of RMB9.0 million divided by an initial exercise price of RMB1.7647059 (subject to applicable adjustment). The exercise period of the Series A Preferred Share Warrant shall expire at the earliest of (a) January 2, 2013, (b) the Listing Date, (c) the date of liquidation, dissolution or winding up of our Company, and (d) the date of full redemption of SB Asia’s Series A Preferred Shares by our Company as provided under our Articles. The Series A Preferred Share Warrant was part of SB Asia’s investment package that provided SB Asia with a right to acquire additional Series A Preferred Shares during the exercise period of the Series A Preferred Share Warrant. As a parallel to the Series A Preferred Share Warrant, the Beneficial Owners also negotiated for the grant of the Share Warrant. On December 19, 2002, the Share Warrant was granted to Shenzhen Weixiantong acting for and on behalf of the Beneficial Owners. Pursuant to the Share Warrant, Shenzhen Weixiantong, acting for and on behalf of the Beneficial Owners, is entitled to acquire 208,600 Shares at a consideration of US\$1.00 during the exercise period, which expired on the date being one and a half year from the date of incorporation of our Company and which was subsequently extended to December 18, 2006 by way of our directors’ resolutions.

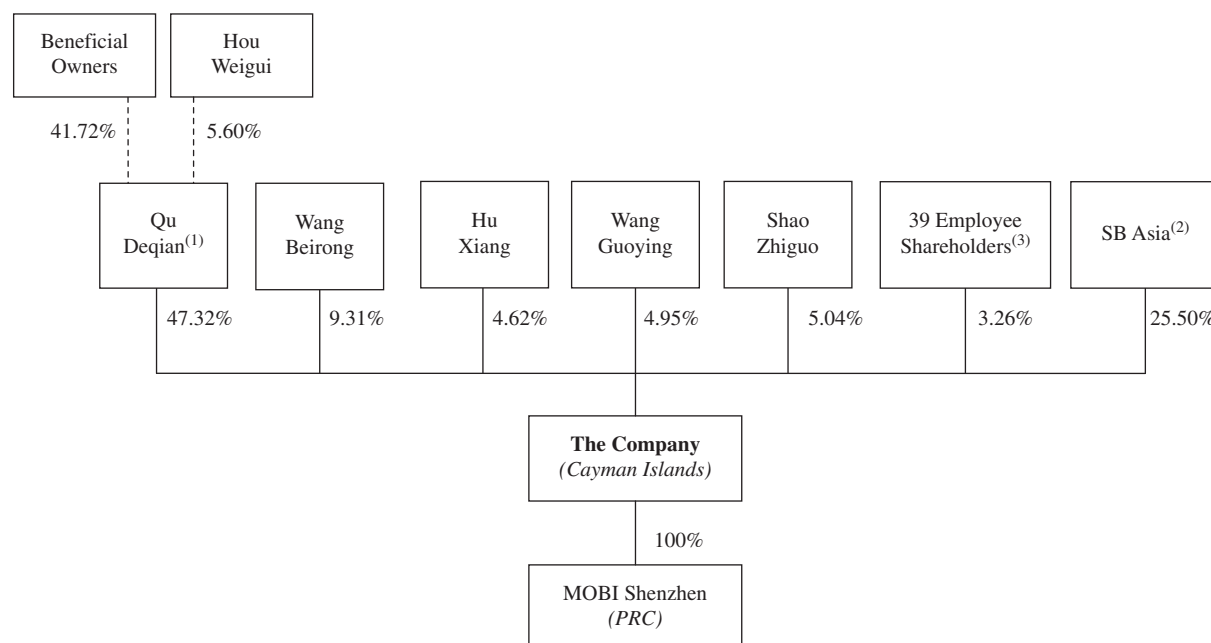
### *Acquisition of MOBI Shenzhen*

On December 19, 2002, our Company entered into an equity transfer agreement with the Initial Shareholders for the acquisition of the entire equity interest in MOBI Shenzhen at a consideration of RMB15.0 million. On January 21, 2003, MOBI Shenzhen was converted into a wholly foreign-owned enterprise of our Company.

For details regarding our restructuring, see “Corporate reorganization” in Appendix VI to this Web Proof Information Pack.

## HISTORY AND DEVELOPMENT

The diagram below sets forth our shareholding and corporate structure immediately after completion of the Reorganization:



*Notes:*

- (1) Qu Deqian was a nominee shareholder, holding 41,720,000 Shares and 5,602,400 Shares in trust ultimately for the Beneficial Owners through Shenzhen Weixiantong, and in trust for Hou Weigui respectively.
- (2) SB Asia held 25.5 million Series A Preferred Shares, which will be converted into 25.5 million Shares on the Listing Date at no additional consideration.
- (3) We confirm that as of the Latest Practicable Date, the 39 Employee Shareholders do not have any relationship with our Group other than being employees or consultants of our Group, and that the 39 Employee Shareholders are not related to other shareholders of our Company and are not related to one another.

### Post-reorganization Developments

#### *Cisco and Manitou as our investors*

On September 12, 2003, Wang Beirong transferred his entire equity interest, consisting of 7,018,348 Shares (the “Cisco Shares”) and 2,294,152 Shares (the “Manitou Shares”), to Cisco and Manitou respectively. In this connection, our Company issued a letter to Cisco and Manitou (the “Cisco and Manitou Letter”) to define their respective rights and obligations as shareholders of our Company. Pursuant to the Cisco and Manitou Letter, for so long as Cisco holds more than 50% of the Cisco Shares (subject to applicable adjustment) (the “Adjusted Cisco Shares”), Cisco has the right to appoint an observer to attend all meetings of our Company’s board of directors and the right to access to materials of such meetings. For so long as Cisco holds more than 50% of the Adjusted Cisco Shares, and for so long as Manitou holds more than 50% of the Manitou Shares, each of Cisco and Manitou is entitled to various information rights. Pursuant to a letter dated [●], 2009 issued by our Company and acknowledged by Cisco and Manitou, the above-mentioned special rights accorded to Cisco and Manitou as shareholders of our Company set out under the Cisco and Manitou Letter will be terminated upon Listing.

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## HISTORY AND DEVELOPMENT

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### *Establishment of MOBI Jian and MOBI Xian*

On May 23, 2006, MOBI Jian, a wholly owned subsidiary of our Company, was established as a limited liability company under the PRC laws. MOBI Jian is engaged in the manufacture and sales of mobile communication network base station antennas and other antennas, RF devices and components and RF cables for PHS, GSM, CDMA, TDS-CDMA, WCDMA and CDMA2000 protocols.

On April 29, 2008, MOBI Shenzhen established its wholly-owned subsidiary, MOBI Xian, as a limited liability company under the laws of the PRC. MOBI Xian is engaged in research, development and production of mobile communication network base station antennas, RF devices and components for GSM, CDMA, TDS-CDMA, WCDMA and CDMA2000 protocols.

### *Lai Yongxiang as trustee*

On September 29, 2006, Qu Deqian transferred to Lai Yongxiang the 41,720,000 Shares he held in trust ultimately for the Beneficial Owners at a nominal consideration of US\$1.00, and the 5,602,400 Shares he held in trust for Hou Weigui at a nominal consideration of US\$1.00. On January 23, 2008, the 41,720,000 Shares of the Beneficial Owners were transferred to Fangyi Holdings, a British Virgin Islands vehicle owned by the Beneficial Owners and Lai Yongxiang (one of the Beneficial Owners) is a director of Fangyi Holdings. Given that Lai Yongxiang is the sole director of Fangyi Holdings representing the interests of the Beneficial Owners as shareholders of Fangyi Holdings upon Listing, the change of trustee from Qu Deqian to Lai Yongxiang in September 2006 was to facilitate Lai Yongxiang's representation of the Beneficial Owners' interests in preparation of the Listing.

Pursuant to two declarations of trust dated September 29, 2006, Lai Yongxiang held those 41,720,000 Shares in trust for the benefit of Shenzhen Weixiantong and those 5,602,400 Shares in trust for the benefit of Hou Weigui, respectively. Pursuant to a declaration of trust dated May 16, 2007, Shenzhen Weixiantong confirmed and acknowledged that any interest in those 41,720,000 Shares had always been held in trust for the Beneficial Owners. As confirmed by our Directors, the 41,720,000 Shares were held by Qu Deqian in trust ultimately for the Beneficial Owners during the period from December 19, 2002 to September 28, 2006 and by Lai Yongxiang in trust ultimately for the Beneficial Owners during the period from September 29, 2006 to May 30, 2007. Our Directors also confirm that those 5,602,400 Shares were held by Qu Deqian in trust for Hou Weigui during the period from December 19, 2002 to September 28, 2006 and by Lai Yongxiang in trust for Hou Weigui during the period from September 29, 2006 to May 30, 2007. Hence, the Beneficial Owners and Hou Weigui have since December 19, 2002 continued to be the beneficial owners of 41,720,000 Shares and 5,602,400 Shares, respectively, notwithstanding Qu Deqian transferred those 47,322,400 Shares to Lai Yongxiang. As advised by our legal advisers as to PRC laws, the aforesaid trust arrangements were not in conflict with any of the PRC trust laws and regulations.

### *Exercise of the Warrants*

On December 18, 2006, Shenzhen Weixiantong, acting for and on behalf of the Beneficial Owners, exercised the Share Warrant and directed the underlying shares of the Share Warrant, being 208,600 Shares, be issued to Lai Yongxiang at an exercise price of US\$1.00. Such subscription price represents a [●]% discount to an Offer Price of HK\$[●] (being the mid-point of the Offer Price between HK\$[●] and HK\$[●] per Offer Share). The discount is calculated on the basis of an exercise price of US\$1.00 for a total of 208,600 Shares and an exchange rate of US\$1.00 converted to HK\$[7.8]. On April 20, 2007, 208,600 Shares were issued to Lai Yongxiang, who held such Shares pursuant to a declaration of trust dated May 14, 2007 in trust for the Beneficial Owners in the proportion set forth in column C of the chart entitled "Summary on the Beneficial Owners" in this section of the Web Proof Information Pack.

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## HISTORY AND DEVELOPMENT

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On December 18, 2006, SB Asia exercised the Series A Preferred Share Warrant at a total purchase price of RMB8,999,998.33 (as agreed by our Company through directors’ resolutions) and was issued 5,099,999 Series A Preferred Shares on April 20, 2007. Together with the 25,500,000 Series A Preferred Shares already held by SB Asia, a total of 30,599,999 Series A Preferred Shares will be converted into 30,599,999 Shares on the Listing Date at no additional consideration.

### *Increase of registered capital of MOBI Shenzhen*

On May 11, 2007, the registered capital of MOBI Shenzhen was further increased from RMB13.0 million to RMB30.0 million. The increased registered capital of RMB17.0 million was fully paid up.

### *Termination of trust arrangements*

On May 31, 2007, Lai Yongxiang transferred 41,928,600 Shares and 5,602,400 Shares to the Beneficial Owners and Hou Weigui respectively pursuant to their directions. No formal agreements have been entered into between Lai Yongxiang and the Beneficial Owners, and Lai Yongxiang and Hou Weigui to terminate the declarations of trust. As no agreement is necessary to record the relevant declarations of trust, the trust arrangements have been automatically terminated as a result of the transfer of the trust property to the Beneficial Owners and Hou Weigui respectively on May 31, 2007. Following the share transfers from Lai Yongxiang, each of the Beneficial Owners and Hou Weigui became the registered shareholders of our Company on May 31, 2007. Each of the Beneficial Owners directly held the number of Shares as set forth next to his/her name in column D of the chart entitled “Summary on the Beneficial Owners” in this section of the Web Proof Information Pack.

### *Share transfers after the termination of trust arrangements*

On January 23, 2008, each of the Beneficial Owners transferred each of his or her entire shareholding in our Company, being 41,928,600 Shares in total, to Fangyi Holdings, a limited liability company incorporated in the BVI on April 11, 2007 and owned by the Beneficial Owners in the proportion set forth in column E of the chart entitled “Summary on the Beneficial Owners” in this section of the Web Proof Information Pack.

On January 23, 2008, Hou Weigui transferred his 5,602,400 Shares to Junyi Holdings, a limited liability company incorporated in the BVI on January 31, 2007 and wholly owned by Hou Weigui himself. As a result, the Beneficial Owners and Hou Weigui indirectly hold 41,928,600 Shares and 5,602,400 Shares through their respective investment companies, Fangyi Holdings and Junyi Holdings.

On January 24, 2008, each of the 39 Employee Shareholders transferred to Shao Zhiguo each of their entire shareholding (both registered and beneficial interests) in our Company, being 3,255,650 Shares in total, at a consideration of RMB8,139,125, which was determined with reference to the net asset value of the Group as of August 31, 2007 of approximately RMB263,458,000.

### *Termination of Shareholders’ Agreement*

On [●], 2009 in contemplation for the Listing, SB Asia, Cisco, Manitou, Fangyi Holdings, Junyi Holdings, Hu Xiang, Wang Guoying and Shao Zhiguo, all being shareholders of our Company immediately prior to Listing, entered into a termination agreement with our Company and MOBI Shenzhen for the purpose of terminating the Shareholders’ Agreement in its entirety effective on the Listing Date. Amended and restated Articles adopted by our shareholders on November 25, 2009 will take effect on the Listing Date and pursuant to our new Articles the share capital of our Company will consist of only one class of shares and no preferred shares upon Listing.

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## HISTORY AND DEVELOPMENT

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### *Fangyi Holdings and its shareholders*

Fangyi Holdings will not be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company and will not be in a position to control the composition of a majority of the board of the directors of our Company after Listing. Fangyi Holdings will be our single largest shareholder immediately following the Global Offering and conversion of all outstanding Series A Preferred Shares into Shares, assuming none of the Over-allotment Option, the Pre-IPO Options, and options that may be granted under the Share Option Scheme has been exercised. None of the Beneficial Owners is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Fangyi Holdings on an individual basis. Therefore, the individual shareholding interests of the Beneficial Owners in our Company is not required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. However, for the purposes of Rule 10.07 of the Listing Rules, Fangyi Holdings and the Beneficial Owners are treated as controlling shareholders of our Company upon Listing and subject to the undertakings set forth in the subsection headed “Undertakings” in the section headed “Underwriting” to this Web Proof Information Pack. Pursuant to a letter of understanding dated January 23, 2008 (the “Letter”), the Beneficial Owners shall reach consensus and arrive at the same decision on all matters relating to the investment of Fangyi Holdings in our Company. In the event of any disagreement among the Beneficial Owners on such matters, the Beneficial Owners shall engage in friendly consultation (whether in shareholders’ meetings of Fangyi Holdings or otherwise) with a view to resolving all their differences without disrupting our Company’s operation. The Letter will take effect on the date of Fangyi Holdings becoming a shareholder of our Company and terminate on the date when Fangyi Holdings disposes of all of its equity interests in our Company.

### *PRC legal compliance*

Our legal advisers as to PRC laws have advised us that the Global Offering and the proposed Listing are not subject to any approval or consent by the CSRC and other PRC government authorities, and that our Company has complied with all relevant rules, regulations and registration requirements imposed by the relevant PRC authorities (including the SAFE), and where applicable, obtained all necessary approvals and consents in relation to its Reorganisation and Global Offering, including but not limited to, the Notice of on Issues relating to Foreign Exchange Control on Fund Raisings by Domestic Residents through Offshore Special Purpose Vehicles and Round-trip Investments promulgated by the SAFE on October 21, 2005 (the “SAFE Notice”). According to the SAFE Notice, Shao Zhiguo, Wang Guoying and the Beneficial Owners who are PRC residents shall effect supplementary foreign exchange registration of offshore investments with the local foreign exchange bureau by March 31, 2006. Given the fact that such PRC residents were residing in different places and countries, it took our Company a substantial amount of time to contact each of such PRC residents and prepare the required documents for such foreign exchange registration, causing delay in the registration process. As of the Latest Practicable Date, our legal advisers as to PRC laws confirmed that all necessary foreign exchange registrations of offshore investments in relation to our Company have been completed at the Shenzhen branch of the SAFE on June 5, 2007. As of the Latest Practicable Date, we have been advised by our legal advisers as to PRC laws that no punitive provisions are set forth in the SAFE Notice for delay in such foreign exchange registrations, and that the Shenzhen branch of the SAFE has not imposed any penalty or other form of punishment on the said PRC residents for their delay in registration.

According to the Rules on Acquisition of Domestic Enterprises by Foreign Investors (the “M&A Rules”) jointly promulgated by the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the SAIC, the CSRC and the SAFE on August 8, 2006 and effective as of September 8, 2006 (the “Effective Date”), an offshore special purpose vehicle formed for overseas listing purpose and controlled, directly or



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## HISTORY AND DEVELOPMENT

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indirectly by PRC domestic enterprise(s) or individual(s), in the event that such special purpose vehicle acquires equity interests in PRC domestic enterprise(s) in exchange for the shares of offshore companies, is required to obtain approval from the CSRC for its overseas listing,

In addition, according to the Notice of the State Council on Further Strengthening Administration of Overseas Offerings and Listings) promulgated on June 20, 1997 (the “State Council Notice”), offshore public companies controlled by domestic enterprises with equity interests in which are held by domestic enterprises are required to obtain approval from the CSRC for its overseas listing.

As advised by our legal advisers as to PRC laws, based on their understanding of current PRC laws, regulations and rules, neither the M&A Rules nor the State Council Notice shall apply to our Company, and the listing of the Shares on the Stock Exchange does not require the approval by the CSRC on the following basis:

- (1) We completed our acquisition of MOBI Shenzhen, a PRC domestic enterprise, in 2002 before the Effective Date by means of cash consideration which did not involve any exchange of shares of our Company. The M&A Rules do not provide that it shall apply retroactively on acquisitions (including our acquisition by means of cash consideration) that have been completed before the Effective Date; and
- (2) The ultimate holders of the equity interests in our Company are domestic individuals rather than domestic enterprises.

### 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. We confirm 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.

SB Asia makes privately negotiated equity or equity-linked investments mainly in information technology, media and telecom related companies based or with significant operations in the Asia Pacific region. SB Asia focuses its efforts primarily on the PRC, India, Korea, Hong Kong and Taiwan.

As confirmed by SB Asia, SB Asia is a limited partnership with one general partner, SB Asia Pacific Partners L.P. and one limited partner, Asia Infrastructure Investments Limited. SB Asia also confirms that the sole general partner of SB Asia Pacific Partners L.P. is SB Asia Pacific Investments Limited, and that Asia Infrastructure Investments Limited is owned as to 99% by Cisco Systems, Inc. (the parent company of Cisco) and as to 1% by SB First Singapore Pte Ltd.. Cisco Systems, Inc. is a company listed on NASDAQ Global Select Market. As confirmed by SB Asia, SOFTBANK CORP., a company listed on the Tokyo Stock Exchange, is the sole shareholder of SB First Singapore Pte Ltd., and Asia Infrastructure Investments Limited is the sole shareholder of SB Asia Pacific Investments Limited. SB Asia also confirms that Cisco Systems, Inc. only has economic interest but no management rights, voting rights or significant influence on Asia Infrastructure Investments Limited



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## HISTORY AND DEVELOPMENT

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and that as a limited partner of SB Asia, Asia Infrastructure Investments Limited only has economic interest but no management rights, voting rights or significant influence on SB Asia. Save for the foregoing, SB Asia confirms that there is no other relationship between SB Asia and Cisco and its holding companies. For the purposes of the SFO disclosure, a general partner (but not a limited partner) in a limited liability partnership equates to a controlling shareholder of a corporation and will be deemed to be interested in the limited liability partnership. It follows that for the purposes of the SFO disclosure, Cisco Systems, Inc. will not be deemed to be interested in SB Asia by virtue of its equity interests in the limited partner of SB Asia. As confirmed by SB Asia and Cisco, they are not parties acting in concert for the purposes of the Takeovers Code. In view of the above, the equity interests of SB Asia and Cisco in our Company should not be aggregated. SB Asia does not act in concert with any of the Beneficial Owners.

### **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.

## HISTORY AND DEVELOPMENT

### CORPORATE STRUCTURE

Among our shareholders, as of the Latest Practicable Date, only Cisco and Manitou are not connected persons (as defined under the Listing Rules) of our Group and can be considered as members of the public. Except for those Shares held by Cisco and Manitou, which will be counted towards public float, all the other Shares will not be counted as listed securities held by the public upon Listing.

All of our shareholders (as of the Latest Practicable Date) have given undertakings on the holding of their Shares. Please refer to the subsection headed “Undertakings” in the section headed “Underwriting” to this Web Proof Information Pack for further details.

The diagram below sets forth our shareholding and corporate structure.

