



Plover Bay Technologies Limited

玊灣科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1523)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021

SUMMARY

- Revenue for the six months ended 30 June 2021 increased approximately 35.9% to US\$32,751,000 from approximately US\$24,102,000 for the six months ended 30 June 2020.
- Profit attributable to the owners of the Company for the six months ended 30 June 2021 increased approximately 81.5% to US\$9,292,000, from approximately US\$5,120,000 for the six months ended 30 June 2020.
- The Company records basic earnings per share of approximately US0.86 cents for the six months ended 30 June 2021 (For the six months ended 30 June 2020: approximately US0.49 cents).
- The Board has determined that an interim dividend of HK5.32 cents per share for the six months ended 30 June 2021 be payable on 20 August 2021 to the shareholders whose names appear in the Company's register of members on 11 August 2021.

The board (the “Board”) of directors (the “Directors”) of Plover Bay Technologies Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		(unaudited)	
		Six months ended 30 June	
		2021	2020
	Notes	US\$'000	US\$'000
Revenue	4	32,751	24,102
Cost of sales and services		<u>(13,106)</u>	<u>(9,966)</u>
Gross profit		19,645	14,136
Other income and gains, net	4	294	284
Selling and distribution expenses		(1,294)	(1,337)
Administrative expenses		(2,947)	(2,912)
Research and development expenses		(4,630)	(4,070)
Finance costs	5	<u>(26)</u>	<u>(31)</u>
Profit before tax	6	11,042	6,070
Income tax expense	7	<u>(1,750)</u>	<u>(950)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>9,292</u>	<u>5,120</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>9</u>	<u>63</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>9,301</u>	<u>5,183</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic (US cents)		<u>0.86</u>	<u>0.49</u>
— Diluted (US cents)		<u>0.86</u>	<u>0.48</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		At 30 June 2021 <i>US\$'000</i> (unaudited)	At 31 December 2020 <i>US\$'000</i> (audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,497	3,109
Intangible assets		1,128	1,125
Deferred tax assets		81	132
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		3,706	4,366
CURRENT ASSETS			
Inventories	<i>10</i>	15,824	12,509
Trade receivables	<i>11</i>	8,510	6,997
Prepayments, deposits and other receivables		2,735	2,202
Tax recoverable		104	82
Pledged deposit		2,003	2,000
Cash and cash equivalents		25,245	31,151
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		54,421	54,941
CURRENT LIABILITIES			
Trade payables, other payables and accruals	<i>12</i>	4,588	4,453
Lease liabilities		549	1,047
Contract liabilities		9,304	8,543
Tax payable		5,179	3,493
Interest-bearing bank borrowings		1,368	3,378
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		20,988	20,914
NET CURRENT ASSETS		33,433	34,027
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,139	38,393
		<hr/>	<hr/>

	At	At 31
	30 June	December
	2021	2020
<i>Notes</i>	US\$'000	US\$'000
	(unaudited)	(audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	119	144
Lease liabilities	34	73
Contract liabilities	2,622	2,338
	<u>2,775</u>	<u>2,555</u>
TOTAL NON-CURRENT LIABILITIES	2,775	2,555
NET ASSETS	34,364	35,838
	<u>34,364</u>	<u>35,838</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	<i>13</i> 1,394	1,381
Reserves	32,970	34,457
	<u>34,364</u>	<u>35,838</u>
TOTAL EQUITY	34,364	35,838
	<u>34,364</u>	<u>35,838</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Note	Attributable to owners of the parent					Total equity US\$'000
		Issued capital US\$'000	Share premium account US\$'000	Share option reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained profits US\$'000	
At 1 January 2020 (audited)		1,349	17,350	1,413	(5)	14,007	34,114
Profit for the period		—	—	—	—	5,120	5,120
Other comprehensive income for period:							
Exchange differences on translation of foreign operations		—	—	—	63	—	63
Total comprehensive income for the period		—	—	—	63	5,120	5,183
Issue of shares upon exercise of share options		6	450	(110)	—	—	346
Equity-settled share option arrangements		—	—	174	—	—	174
Second interim 2019 dividend	8	—	—	—	—	(6,270)	(6,270)
Special dividend	8	—	—	—	—	(4,026)	(4,026)
At 30 June 2020 (unaudited)		<u>1,355</u>	<u>17,800</u>	<u>1,477</u>	<u>58</u>	<u>8,831</u>	<u>29,521</u>
At 1 January 2021 (audited)		1,381	19,587	973	57	13,840	35,838
Profit for the period		—	—	—	—	9,292	9,292
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations		—	—	—	9	—	9
Total comprehensive income for the period		—	—	—	9	9,292	9,301
Issue of shares upon exercise of share options		13	1,005	(217)	—	—	801
Equity-settled share option arrangements		—	—	58	—	—	58
Second interim 2020 dividend	8	—	—	—	—	(8,629)	(8,629)
Special dividend	8	—	—	—	—	(3,005)	(3,005)
At 30 June 2021 (unaudited)		<u>1,394</u>	<u>20,592</u>	<u>814</u>	<u>66</u>	<u>11,498</u>	<u>34,364</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,766	3,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	23	159
Purchase of items of property, plant and equipment	(219)	(148)
Increase in pledged deposit	(3)	—
Increase in non-pledged bank deposit with original maturity of more than three months when acquired	—	(5,555)
Additions to intangible assets	(369)	(318)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(568)	(5,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	801	346
Dividends paid	(11,634)	(10,296)
Interest elements of finance lease rental payments	(11)	(25)
Repayment of bank loans	(3,009)	(9)
New bank loan	1,000	—
Interest paid	(15)	(5)
Principal portion of finance lease rental payments	(539)	(500)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(13,407)	(10,489)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,209)	(12,840)
Cash and cash equivalents at beginning of the period	31,151	28,926
Effect of foreign exchange rate changes, net	303	60
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,245	16,146

(unaudited)
Six months ended 30 June
2021 2020
US\$'000 *US\$'000*

**ANALYSIS OF BALANCES OF CASH AND CASH
EQUIVALENTS**

Cash and bank balances	25,245	16,146
Non-pledged time deposit	—	5,555
	<hr/>	<hr/>
Cash and cash equivalents as stated in the statement of financial position	25,245	21,701
Non-pledged time deposit not in the nature of cash and cash equivalents for the purpose of the statement of cash flows	—	(5,555)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	<u>25,245</u>	<u>16,146</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. CORPORATE AND GROUP INFORMATION

Plover Bay Technologies Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Unit B, 5/F, Dragon Industrial Building, 93 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong.

During the period, the Group was involved in the following principal activities:

- designing, development and marketing of software defined wide area network (the “SD-WAN”) routers; and
- provision of software licences and warranty and support services.

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). They have been prepared under the historical cost convention and are presented in United States Dollars (“US\$”) and all values are rounded to the nearest thousands except when otherwise indicated.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements year ended 31 December 2020.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRS 9, HKAS 39 HKFRS 7, *Interest Rate Benchmark Reform — Phase 2*
HKFRS 4 and HKFRS 16

The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has reportable operating segments as follows:

- (a) the sales of SD-WAN routers segment that primarily engages in sales of wired and wireless routers; and
- (b) software licences and warranty and support services segment that primarily engages in the provision of software licences and warranty and support services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains, net, selling and distribution expenses, unallocated administrative expenses and finance costs are excluded from such measurement.

There were no material intersegment sales and transfers during the current and prior reporting periods.

Operating segments:

Six months ended 30 June (unaudited)

	Sales of SD-WAN routers				Software licences and warranty and support services		Total	
	Wired routers		Wireless routers		2021	2020	2021	2020
	2021	2020	2021	2020				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Segment revenue:								
Sales to external customers	<u>5,946</u>	<u>3,876</u>	<u>18,275</u>	<u>12,960</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Segment result	<u>2,316</u>	<u>1,462</u>	<u>5,469</u>	<u>2,719</u>	<u>6,867</u>	<u>5,566</u>	<u>14,652</u>	<u>9,747</u>
<i>Reconciliation</i>								
Other income and gains, net							294	284
Selling and distribution expenses							(1,294)	(1,337)
Unallocated administrative expenses							(2,584)	(2,593)
Finance costs							(26)	(31)
Profit before tax							<u>11,042</u>	<u>6,070</u>

Geographical information

Revenue from external customers

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
North America	18,106	13,628
Europe, Middle East, Africa	9,366	6,257
Asia	4,556	3,783
Others	723	434
	<u>32,751</u>	<u>24,102</u>

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Revenue from contracts with customers	<u>32,751</u>	<u>24,102</u>

Revenue from contracts with customers

Disaggregated revenue information

Type of goods or services	Sales of SD-WAN routers		Software licences and warranty and support services		Total	
	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of SD-WAN routers						
— Wired	5,946	3,876	—	—	5,946	3,876
— Wireless	18,275	12,960	—	—	18,275	12,960
Provision of warranty and support services	—	—	6,883	5,987	6,883	5,987
Sale of software and licence fee income	—	—	1,647	1,279	1,647	1,279
	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Total revenue from contract with customers	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Geographical markets						
North America	13,315	9,453	4,791	4,175	18,106	13,628
EMEA	7,228	4,512	2,138	1,745	9,366	6,257
Asia	3,162	2,569	1,394	1,214	4,556	3,783
Others	516	302	207	132	723	434
	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Total revenue from contract with customers	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Timing of revenue recognition						
Transferred at a point in time	24,221	16,836	914	754	25,135	17,590
Transferred over time	—	—	7,616	6,512	7,616	6,512
	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>
Total revenue from contracts with customers	<u>24,221</u>	<u>16,836</u>	<u>8,530</u>	<u>7,266</u>	<u>32,751</u>	<u>24,102</u>

Other income and gains, net

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Other income and gains, net		
Sales of parts	20	13
Bank interest income	23	159
Others	111	112
Foreign exchange gains, net	140	—
	<u>294</u>	<u>284</u>
	<u>294</u>	<u>284</u>

5. FINANCE COSTS

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Interest on bank borrowings	15	6
Interest on lease liabilities	11	25
	<u>26</u>	<u>31</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Cost of inventories sold	12,068	8,548
Depreciation*	835	803
Amortisation of intangible assets	363	318
Government subsidies — Lithuania**	(308)	(350)
Write-down of inventories to net realisable value	188	490
Foreign exchange differences, net	(140)	103
	<u>18,036</u>	<u>17,352</u>

* Depreciation includes the depreciation of right-of-use assets of approximately US\$511,000 (Six months ended 30 June 2020: approximately US\$504,000).

** During the period, the Company's subsidiary in Lithuania received subsidies of an aggregate of approximately US\$308,000 (Six months ended 30 June 2020: approximately US\$350,000) from the Government of the Republic of Lithuania for several research and development projects. Amounts of approximately US\$105,000 (Six months ended 30 June 2020: approximately US\$108,000) is included in "Other income and gains, net", and the remainder is recorded in "Research and development expenses" and "Administrative expenses".

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Current — Hong Kong		
Charge for the period	1,725	948
Current — Elsewhere		
Charge for the period	—	4
Under provision in prior years	—	2
Deferred	25	(4)
	<u>1,750</u>	<u>950</u>
Total tax charge for the period	<u>1,750</u>	<u>950</u>

8. DIVIDENDS

During the period, a second interim dividend of HK6.23 cents per ordinary share and a special dividend of HK2.17 cents per ordinary share for the year ended 31 December 2020 were paid to the shareholders of the Company on 29 March 2021.

In the board meeting held on 27 July 2021, the Board has resolved to declare an interim dividend of HK5.32 cents per share for the six months ended 30 June 2021 (Interim dividend 2020: HK3.03 cents). The interim dividend is expected to be paid on Friday, 20 August 2021 to the shareholders whose names appear in the register of members of the Company on Wednesday, 11 August 2021.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the 1,075,507,624 (Six months ended 30 June 2020: 1,049,264,923) weighted average number of ordinary shares in issue during the period.

The calculations of basic and diluted earnings per share are based on:

Earnings

The calculations of basic and diluted earnings per share are based on profit for the period attributable to ordinary equity holders of the parent.

Shares

	(unaudited) Six months ended 30 June Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,075,507,624	1,049,264,923
Effect of dilution — weighted average number of ordinary shares: Share options	8,155,642	16,194,989
	<u>1,083,663,266</u>	<u>1,065,459,912</u>

10. INVENTORIES

	(unaudited) At 30 June 2021 US\$'000	(audited) At 31 December 2020 US\$'000
Raw materials and consumables	10,340	7,939
Finished goods	5,484	4,570
	<u>15,824</u>	<u>12,509</u>

11. TRADE RECEIVABLES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2021	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	8,622	7,110
Impairment	(112)	(113)
	<u>8,510</u>	<u>6,997</u>

The Group's trading terms with its customers are mainly on credit, except for new and individual customers, where payment in advance is normally required. The overall credit period is generally between 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2021	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	6,342	4,471
1 to 2 months	2,095	2,366
2 to 3 months	35	152
Over 3 months	38	8
	<u>8,510</u>	<u>6,997</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2021	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	2,461	2,494
Deposits received	802	564
Other payables	79	29
Accruals	1,246	1,366
	<u>4,588</u>	<u>4,453</u>

13. ISSUED CAPITAL

	(unaudited) At 30 June 2021 <i>US\$'000</i>	(audited) At 31 December 2020 <i>US\$'000</i>
Authorised:		
4,000,000,000 (31 December 2020: 4,000,000,000) ordinary shares of HK\$0.01 each	<u><u>5,152</u></u>	<u><u>5,152</u></u>
Issued and fully paid:		
1,081,760,000 (31 December 2020: 1,071,728,000) ordinary shares of HK\$0.01 each	<u><u>1,394</u></u>	<u><u>1,381</u></u>

A summary of movements in the Company's issued capital is as follows:

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Issued capital <i>US\$'000</i>
At 1 January 2020		1,046,792,000	10,468	1,349
Share options exercised	<i>(a)</i>	<u>24,936,000</u>	<u>249</u>	<u>32</u>
At 31 December 2020 and 1 January 2021		1,071,728,000	10,717	1,381
Share options exercised	<i>(b)</i>	<u>10,032,000</u>	<u>100</u>	<u>13</u>
At 30 June 2021		<u><u>1,081,760,000</u></u>	<u><u>10,817</u></u>	<u><u>1,394</u></u>

Notes:

- (a) The subscription rights attaching to 24,936,000 share options were exercised at the weighted average subscription prices of HK\$0.528 per share, respectively, resulting in the issue of 24,936,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$1,698,000. An amount of approximately US\$571,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.
- (b) The subscription rights attaching to 10,032,000 share options were exercised at the weighted average subscription prices of HK\$0.619 per share, respectively, resulting in the issue of 10,032,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$801,000. An amount of approximately US\$217,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

14. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with its related parties:

	(unaudited)	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Lease payments paid to related companies	<u>431</u>	<u>414</u>

These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The lease payments were charged by related companies based on terms as agreed between the related parties. The controlling shareholder of the Company, Mr. Chan, is also a director and beneficial shareholder of the related companies.

15. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme became effective on 21 June 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The following share options were outstanding under the Scheme during the reporting period:

	(unaudited)		(unaudited)	
	2021		2020	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 January	1.113	36,408,000	0.920	63,776,000
Granted	—	—	—	—
Exercised	0.619	(10,032,000)	0.530	(5,072,000)
Forfeited	1.245	(1,152,000)	1.064	(708,000)
At 30 June	<u>1.304</u>	<u>25,224,000</u>	<u>0.952</u>	<u>57,996,000</u>

The weighted average share price immediately before the date of exercise for share options exercised during six months ended 30 June 2021 was HK\$1.502 per share (Six months ended 30 June 2020: HK\$1,084 per share).

The exercise prices and exercise periods of the share options outstanding as at the end of reporting period are as follows:

Exercise period	Exercise price HK\$ per share	(unaudited)	
		Number of options outstanding as at 30 June	
		2021	2020
20-7-2017 to 19-7-2021	0.483	112,000	892,000
20-7-2018 to 19-7-2021	0.483	200,000	1,413,000
20-7-2019 to 19-7-2021	0.483	222,000	4,321,000
20-7-2020 to 19-7-2021	0.483	342,000	17,900,000
5-4-2018 to 4-4-2022	0.72	10,000	10,000
5-4-2019 to 4-4-2022	0.72	934,000	2,007,000
5-4-2020 to 4-4-2022	0.72	612,000	1,861,000
5-4-2021 to 4-4-2022	0.72	908,000	2,475,000
10-10-2019 to 9-10-2022	1.872	2,070,000	2,720,000
10-10-2020 to 9-10-2022	1.872	1,035,000	1,360,000
10-10-2021 to 9-10-2022	1.872	1,035,000	1,360,000
14-3-2019 to 13-3-2023	1.934	623,000	925,000
14-3-2020 to 13-3-2023	1.934	1,875,000	2,325,000
14-3-2021 to 13-3-2023	1.934	1,250,000	1,625,000
14-3-2022 to 13-3-2023	1.934	1,250,000	1,625,000
14-9-2019 to 13-9-2023	1.02	493,000	2,619,000
14-9-2020 to 13-9-2023	1.02	2,447,000	3,062,000
14-9-2021 to 13-9-2023	1.02	2,505,000	2,862,000
14-9-2022 to 13-9-2023	1.02	2,505,000	2,862,000
10-5-2021 to 9-5-2024	1.18	1,060,000	1,386,000
10-5-2022 to 9-5-2024	1.18	668,000	693,000
10-5-2023 to 9-5-2024	1.18	668,000	693,000
31-12-2021 to 31-12-2024	1.12	300,000	500,000
31-12-2022 to 31-12-2024	1.12	150,000	250,000
31-12-2023 to 31-12-2024	1.12	150,000	250,000
14-12-2022 to 13-12-2025	0.922	900,000	—
14-12-2023 to 13-12-2025	0.922	450,000	—
14-12-2024 to 13-12-2025	0.922	450,000	—
		25,224,000	57,996,000

No share options were granted during the six months ended 30 June 2021. A share option expense of approximately US\$58,000 was recognized during the reporting period.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no other material events occurring after 30 June 2021 and up to the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Revenue and segment information

During the six months ended 30 June 2021, we generated revenue mainly from the sale of SD-WAN routers and the grant of software licences, including SpeedFusion and InControl cloud service for managing our devices, and the provision of warranty and support services in connection with our products. Our revenue represents the net invoiced value of (i) the products sold, after deducting allowances for returns and trade discounts; and (ii) services rendered.

Our product/service consist mainly of the following categories: (i) SD-WAN routers which are further divided into wired and wireless products; (ii) warranty and support services; and (iii) software licences.

The Group recorded a revenue of US\$32,751,000 during the six months ended 30 June 2021, which increased approximately 35.9% over the same period last year. Such growth was mainly driven by approximately 53.4% increase in the sales of wired SD-WAN routers, 41.0% increase in the sales of wireless SD-WAN routers, 15.0% increase in warranty and support services, and 28.8% increase in software licences.

During the period, sales of wired and wireless SD-WAN routers increased significantly due to growing demand for resilient connectivity among enterprises to enable online business continuity and productivity. Warranty and support services continued to grow at a pace similar to past growth trends.

The table below sets out our revenue by product/service category:

	For the six months ended 30 June			
	2021		2020	
	Revenue	% of total	Revenue	% of total
	US\$'000	%	US\$'000	%
SD-WAN routers:				
Wired	5,946	18.2	3,876	16.1
Wireless	18,275	55.8	12,960	53.8
Warranty and support services	6,883	21.0	5,987	24.8
Software licences	1,647	5.0	1,279	5.3
Total	<u>32,751</u>	<u>100.0</u>	<u>24,102</u>	<u>100.0</u>

During the reporting period, sales to North America grew approximately 32.9% year-on-year to approximately US\$18,106,000. Sales to Europe, Middle East and Africa grew approximately 49.7% year-on-year to approximately US\$9,366,000. Sales to Asia grew about 20.4% to about US\$4,556,000.

Sales across all geographic regions saw broad-based growth during the period, due to general increase in the demand for highly reliable connectivity provided by our SpeedFusion technology.

The table below sets out the breakdown of revenue by location of customers in terms of absolute amount and as a percentage of total revenue for the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	Revenue	Weight	Revenue	Weight
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
North America	18,106	55.3	13,628	56.5
EMEA	9,366	28.6	6,257	26.0
Asia	4,556	13.9	3,783	15.7
Others	723	2.2	434	1.8
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>32,751</u>	<u>100.0</u>	<u>24,102</u>	<u>100.0</u>

Gross profit and gross profit margin

For the six months ended 30 June 2021, our gross profit was approximately US\$19,645,000, while gross profit margin was approximately 60.0%, an increase of approximately 1.3 percentage points from last year's interim period.

The increase in gross profit margin was mainly a result of a slightly more favorable product mix into high-margin multi-radio SD-WAN routers. Gross margin for each product generally remained stable.

The table below sets out our Group's gross profit and gross profit margin by product/service category:

	Six months ended 30 June			
	2021		2020	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
SD-WAN routers:				
Wired	3,185	53.6	2,141	55.2
Wireless	8,285	45.3	5,149	39.7
Warranty and support services	6,528	94.8	5,567	93.0
Software licences	1,647	100.0	1,279	100.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	19,645	60.0	14,136	58.7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other income and gains, net

For the six months ended 30 June 2021, other income and gains, net was approximately US\$294,000, compared to about US\$284,000 in comparable interim period. Other income and gains, net mainly represented interest income, sale of parts, foreign exchange gain and other revenues.

Selling and distribution expenses

Selling and distribution expenses comprised mainly salaries and benefits of our sales and marketing staff and advertising and promotion expenses incurred to promote our products and other expenses relating to our sales and marketing activities.

Selling and distribution expenses for the six months ended 30 June 2021 decreased approximately 3.2% year-on-year to approximately US\$1,294,000. During the period, our focus began to shift to in-house online marketing activities, which proved to be more cost effective and lead to reduced spending on traditional advertising and promotion activities.

Administrative expenses

Administrative expenses mainly represented salaries and benefits of our administrative, finance and other supporting staff, depreciation of property, plant and equipment, amortisation of intangible assets, lease expenses and other office expenses.

Administrative expenses for the six months ended 30 June 2021 was approximately US\$2,947,000, largely stable compared to US\$2,912,000 in the comparable period.

Research and development expenses

Research and development (“R&D”) expenses represented mainly salaries and benefits of our engineering, testing and supporting staff, product testing fee, certification costs, tooling, components and parts used for product research and development purpose.

Research and development expenses for the six months ended 30 June 2021 was approximately US\$4,630,000, increasing approximately 13.8% year-over-year. The increase is due to: (1) the continued expansion of the R&D team to strengthen our product development capability and (2) investment in R&D projects for 5G product development and other new technologies.

Equity-settled share-based payment expenses

Included in selling and distribution expenses, administrative expenses and research and development expenses were equity-settled share-based payment expenses, mainly represented equity-settled share-based payments to Directors and employees which are expensed on a straight-line basis over the vesting period since the grant date.

The Company grants share options to its directors, employees and consultants from time to time. Equity-settled share-based payment expenses for the six months ended 30 June 2021 was approximately US\$58,000. Details of share options granted by the Company are set out below under the heading “Share Option Scheme” of this interim report.

Total operating expenses

Total operating expenses, which includes selling and distribution expenses, administrative expenses and research and development expenses for the six months ended 30 June 2021 amounted to approximately US\$8,871,000 an increase of approximately 6.6% year-on-year.

Finance costs

Finance costs mainly represented interests on bank borrowings and the interest portion of lease liabilities.

Finance costs for the six months ended 30 June 2021 was approximately US\$26,000 compared to approximately US\$31,000 during the same period last year.

Income tax expenses

We provided for Hong Kong profits tax at a rate of 16.5% on our estimated assessable profits arising in Hong Kong. The increase in income tax expenses corresponded to the increase of assessable profits during the six months ended 30 June 2021.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2021 was approximately US\$9,292,000, representing a year-on-year increase of approximately 81.5%.

Impact of the coronavirus situation

During the interim period, the Group continues to take precautions to minimise the chance of infection in the workplace. Measures taken include mandatory wearing of facemask at the work place and flexible working hours to avoid crowds during commute.

BUSINESS REVIEW AND OUTLOOK

During the interim period, the Group reported outstanding growth, including 35.9% year-on-year revenue growth and 81.5% year-on-year net profit growth. Our growth mainly came from strong sales volume in wired and wireless routers. Geographically, all markets were growing, with North America and EMEA growing particularly well.

The wireless enterprise network market is going into a multi-year growth cycle, with many positive drivers overlapping each other.

First of all, the need for connectivity is universal, and the growth of data consumption is growing constantly.

Second, the COVID-19 pandemic has created a new normal that accelerated the use of technology among businesses, and all of these rely on a resilient network connection with reliable and consistent performance.

Third, 5G is far beyond just speeding up downloads on our smartphones, but is meant to bring enterprise networks into the mobile world. With the advancement of Advanced LTE and 5G networks, mobile data plans are now approaching parity to business broadband while at the same time offering far better flexibility and agility than fixed line.

As a result, businesses now have compelling reasons to incorporate Advanced LTE and 5G as part of their network.

Plover Bay is well-positioned to capitalise on these opportunities. We are launching a number of new advanced products that support 5G and WiFi 6 in the second half this year. Whether it is 5G, WiFi 6, or something else, mobile is inherently unstable. Our SpeedFusion technology solves this deficiency by combining multiple connections to enable a highly reliable enterprise-grade network. In the past, our technology has been regarded as niche, but we are confident in the coming years it will become a mainstream technology among enterprise wireless networks.

Moving forward, we are preparing ourselves for the next stage of growth. As mentioned in our previous annual and interim reports, Plover Bay has been strengthening its ecosystem of technologies. Fast forward to now, we are on the verge of releasing a truly disruptive new service intended to greatly simplify the way enterprise customers acquire and provision mobile connectivity, so that deploying and managing large scale mobile networks will be trivial tasks. With this new service, Plover Bay will become a one-stop technology vendor with branch routers, wireless data and cloud management solutions.

This service builds on our proprietary, patented technologies in wireless SD-WAN and enables an entirely new business model for us and our partners, and we believe has the potential to multiply our recurring revenue stream in the coming years.

Just like everybody in the industry, we have been facing a semiconductor shortage since last year. Our business model, with focus on execution speed and efficiency, has proven to be extremely effective and resilient under these challenging moments. Our continuous focus on product enhancements, relentless problem solving with a positive mindset are working very well with our channel and ecosystem partners. Our partners have brought us into new vertical markets and applications without needing extensive capital investment on our part.

Over the years, we have also built a dynamic team around the globe. The Plover Bay team comprises smaller teams around the world. We have teams of energetic, committed members with a positive mindset. We share a common goal of building something extraordinary. The journey won't be a smooth one but the experience is rewarding and rich in personal development.

I'd also like to take the opportunity to thank our channel and ecosystem partners. The SpeedFusion ecosystem has a strong foundation. It is growing and expanding in many new applications and vertical markets. Our channel and ecosystem partners have played a very important role for the growth.

Lastly, I would like to thank our investors as well. It takes vision, a lot of courage, and patience to invest in Plover Bay. Thank you for your confidence in your vision, the team and the company.

Thank you everyone for joining our journey of building something extraordinary.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, our bank borrowings amounted to approximately US\$1,368,000 (At 31 December 2020: approximately US\$3,387,000). Gearing ratio (defined as total borrowings over total equity) as at 30 June 2021 was approximately 4.0% (At 31 December 2020: approximately 9.4%). The Directors confirm that the Group financed its operations principally from cash generated from its business operations and expect that this will continue to be the case in the foreseeable future. We did not experience any liquidity problem during the reporting period.

AGEING ANALYSIS OF TRADE RECEIVABLES

For details of our ageing analysis of trade receivables, please refer to note 11 to the condensed consolidated financial information.

FOREIGN CURRENCY EXPOSURE

A majority of the Group's sales and purchases, receipts and payments as well as most of our bank balances and cash are denominated in US\$. Our bank loans and operating expenses are mainly denominated in US\$ or HK\$ which is pegged to US\$. In this respect, there is no significant currency mismatch in our operational cash flows and the Group considers its exposure to foreign currency exchange risk to be insignificant.

EMPLOYEE AND SALARY POLICIES

The Directors consider the quality of employees as the most critical factor in maintaining the Group's business growth and enhancing our profitability. The Group offers remuneration packages including salary, bonuses and retirement benefits with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 30 June 2021, the Group had 185 full-time employees (At 31 December 2020: 167 full time employees).

The Company also adopted a share option scheme approved on 21 June 2016 for the purpose of, among other things, recognition of employees' contribution to the Company's continued growth. Details have been set out in the section headed "Share Option Scheme" elsewhere in this interim report.

The emoluments of the Directors are decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLAN FOR MATERIAL INVESTMENT

As at 30 June 2021, the Group has no significant investment held and material investment plan.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2021, the Group had no material acquisitions or disposals of subsidiaries and associated companies.'

PLEDGE OF ASSETS

The Group's bank loans are secured by mortgages over the Group's leasehold land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately US\$1,050,000 (At 31 December 2020: approximately US\$1,073,000).

The Group's bank facilities are secured by the pledge of a time deposit of the Group amounting to approximately US\$2,003,000 (At 31 December 2020: approximately US\$2,000,000).

USE OF PROCEEDS FROM THE LISTING

The Company's ordinary shares were listed on the Main Board of Stock Exchange on 13 July 2016 ("Listing Date"). The net proceeds ("Net Proceeds") from the initial public offering amounted to approximately HK\$108.4 million (equivalent to approximately US\$14.0 million). As at 30 June 2021, the Net Proceeds have been fully utilised according to the revised use of net proceeds published on 30 October 2020.

As at 30 June 2021, the Group has utilised the Net Proceeds as follows:

	Percentage of total amount	Net proceeds <i>US\$ million</i>	Utilised amount <i>US\$ million</i>	Unutilised amount <i>US\$ million</i>
Strengthen our R&D capabilities:				
Expansion of R&D team	36%	5.06	5.06	—
Upgrade R&D facilities	3%	0.32	0.32	—
Establishment of a R&D centre	9%	1.23	1.23	—
Promotional and marketing activities	15%	2.10	2.10	—
Improving marketing capabilities	13%	1.87	1.87	—
Improve brand awareness	3%	0.48	0.48	—
Install an enterprise resource planning system	1%	0.12	0.12	—
Strengthen patent portfolio	10%	1.40	1.40	—
Working capital and general corporate purposes	10%	1.40	1.40	—
	100%	13.98	13.98	—

DIVIDEND

The Board has resolved to declare an interim dividend of HK5.32 cents per share for the six months ended 30 June 2021. The interim dividend is expected to be paid on 20 August 2021 to the shareholders whose names appear in the Company's register of members of the Company at the close of business on 11 August 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Wednesday, 11 August 2021 for the purpose of determining the entitlement to the 2021 interim dividend. The record date for entitlement to receive the 2021 interim dividend is Wednesday, 11 August 2021. In order to be qualified for the 2021 interim dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 August 2021. The cheques for dividend payment are expected to be sent on Friday, 20 August 2021.

CHANGES IN THE COMPOSITION OF THE BOARD, THE COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2020 annual report on 17 March 2021 are set out below:

Mr. Yip Kai Kut Kenneth has resigned as an executive Director, the company secretary, the authorised representative of the Company, and as a member of the risk management committee on 28 May 2021.

Ms. Wang Yu was appointed as the Company Secretary and authorised representative with effect from 28 May 2021.

Mr. Yeung Yu was appointed as a member of the risk management committee with effect from 28 May 2021.

Pursuant to Mr. Yip Kai Kut Kenneth's resignation, the composition of the Board and Board committees as at the date of this interim report is set out below:

	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Executive Directors:				
Chan Wing Hong Alex		C	C	C
Yeung Yu				M
Chong Ming Pui				
Chau Kit Wai				M
Independent Non-Executive Directors:				
Yu Kin Tim	M	M	M	
Ho Chi Lam	M			
Wan Sze Chung	C	M	M	

C: Committee Chairman

M: Committee Member

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares

Name of Directors	Nature of interest	Number of ordinary shares of the Company interested	Number of underlying ordinary shares of the Company held under Share Option Scheme	Approximate percentage of shareholding %
Chan Wing Hong Alex	Beneficial owner	756,000,000	—	69.9
Chau Kit Wai	Beneficial owner	6,000,000	—	0.6
Chong Ming Pui	Beneficial owner	6,000,000	—	0.6
Yeung Yu	Beneficial owner	6,000,000	—	0.6

Save as disclosed above, as of the date of this interim report, so far as is known to any Director or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. Details of the Directors' interests in share options granted by the Company are set out below under the heading "Share Option Scheme".

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Option Scheme" below, at no time during the six months ended 30 June 2021 was the Group a party to any arrangements to enable the Directors, supervisors or chief executives of the Company, to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 21 June 2016, and became effective on the Listing Date (the “Share Option Scheme”). Details of movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2021 are as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Note	Movement of share options during the period				At 30 June 2021	
					At 1 January 2021	Granted	Exercised	Lapsed/ cancelled		
Directors										
Chan Wing Hong, Alex	20/7/2016	0.483	20/7/2017–19/7/2021	(1), (2)	—	—	—	—	—	
Chau Kit Wai	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	
Yip Kai Kut Kenneth*	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	
Chong Ming Pui	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	
Yeung Yu	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	
Consultants										
	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	8,000	—	—	—	8,000	
	10/10/2017	1.872	10/10/2019–9/10/2022	(4)	1,400,000	—	—	—	1,400,000	
	14/3/2018	1.934	14/3/2019–13/3/2023	(5)	2,300,000	—	—	—	2,300,000	
	14/9/2018	1.021	4/9/2019–13/9/2023	(6)	1,200,000	—	—	—	1,200,000	
	10/5/2019	1.18	10/5/2021–9/5/2024	(7)	100,000	—	—	—	100,000	
Employees										
	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	6,438,000	—	(5,570,000)	—	868,000	
	5/4/2017	0.72	5/4/2018–4/4/2022	(3)	5,898,000	—	(3,434,000)	—	2,464,000	
	10/10/2017	1.872	10/10/2019–9/10/2022	(4)	2,912,000	—	(172,000)	—	2,740,000	
	14/3/2018	1.934	14/3/2019–13/3/2023	(5)	2,800,000	—	(2,000)	(100,000)	2,698,000	
	14/9/2018	1.02	14/9/2019–13/9/2023	(6)	7,480,000	—	(530,000)	(200,000)	6,750,000	
	10/5/2019	1.18	10/5/2021–9/5/2024	(7)	2,672,000	—	(324,000)	(52,000)	2,296,000	
	31/12/2019	1.12	31/12/2021–30/12/2024	(8)	800,000	—	—	(200,000)	600,000	
	14/12/2020	0.922	14/12/2022–13/12/2025	(9)	2,400,000	—	—	(600,000)	1,800,000	
					Total:	36,408,000	—	(10,032,000)	(1,152,000)	25,224,000

Notes:

1. Mr. Chan Wing Hong Alex is also the controlling shareholder of the Company.
 2. For all share options granted on 20 July 2016, the first 25% of the total options can be exercised 1 year after the date of grant, and each 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.46.
 3. A total of 13,600,000 share options are granted on 5 April 2017. Among that, 25% of 8,400,000 can be exercised 1 year after the date of grant, and a further 25% will become exercisable in each subsequent year. For the remaining 5,200,000 options, 50% of the options can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.69.
 4. For all the share options granted on 10 October 2017, the first 50% can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.79.
 5. For the 13,500,000 share options granted on 14 March 2018, 25% of the 9,900,000 options can be exercised 1 year after the date of grant, and 25% will become exercisable in each subsequent year. For the remaining 3,600,000 options, 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.90.
 6. For the 12,264,000 share options granted on 14 September 2018, 25% of 10,864,000 options can be exercised 1 year after the date of grant, and 25% will become exercisable in each subsequent year. For the remaining 1,400,000 options, 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.93.
 7. For all the share options granted on 10 May 2019, the first 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.12.
 8. For all the share options granted on 31 December 2019, the first 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.10.
 9. For all share options granted on 14 December 2020, the first 50% of the total options can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.92.
- * Mr. Yip Kai Kut Kenneth has resigned as an executive Director with effect from 28 May 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Other than as disclosed in the paragraph headed "Directors' and chief executives' interests and short position in shares, underlying shares and debentures" above, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 30 June 2021, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2021 and up to the date of this interim report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as its own code of corporate governance, and is committed to maintaining high standards of corporate governance as well as transparency. The Company has complied with all applicable code provisions of the CG Code during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors of securities in the Company and other matters covered by the Model Code. Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's interim results including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters as well as the condensed consolidated financial statements for the six months ended 30 June 2021 with the management.

APPRECIATION

I would like to take this opportunity to thank the Group's shareholders and business partners for their support and encouragement to the Group during the past six months. I would also like to thank our Directors and all staff member of the Group for their hard work and contribution to the Group.

By Order of the Board of
Plover Bay Technologies Limited
Chan Wing Hong Alex
Chairman and executive Director

Hong Kong, 27 July 2021