



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 2023

SUMMARY

- For the six months ended 30 June 2023, the Group recorded revenue of approximately US\$44,632,000, which increased about 11.3% from the same period last year.
- During the interim period, the Group recorded net profit of approximately US\$12,323,000, which increased about 19.5% year-over-year.
- The Company records basic earnings per share of approximately US1.12 cents for the six months ended 30 June 2023, an increase of about 19.1% year-over-year.
- The Board has determined that an interim dividend of HK7.01 cents per share for the six months ended 30 June 2023 be payable on 22 August 2023 to the shareholders whose names appear in the Company's register of members on 11 August 2023.

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		(unaudited)	
		Six months ended 30 June	
		2023	2022
	Notes	US\$'000	US\$'000
Revenue	4	44,632	40,114
Cost of sales and services		<u>(20,833)</u>	<u>(17,769)</u>
Gross profit		23,799	22,345
Other income and gains, net	4	641	79
Selling and distribution expenses		(1,519)	(1,507)
General and administrative expenses		(3,454)	(4,229)
Research and development, consultancy and other expenses		(4,339)	(4,330)
Finance costs	5	<u>(241)</u>	<u>(75)</u>
Profit before tax	6	14,887	12,283
Income tax expense	7	<u>(2,564)</u>	<u>(1,975)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>12,323</u>	<u>10,308</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>72</u>	<u>(136)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>12,395</u>	<u>10,172</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic (US cents)		<u>1.12</u>	<u>0.94</u>
— Diluted (US cents)		<u>1.12</u>	<u>0.94</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2023 <i>Notes</i> US\$'000 (unaudited)	At 31 December 2022 <i>US\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,591	3,310
Intangible assets		1,721	1,807
Prepayments and deposits		223	266
Deferred tax assets		125	111
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		4,660	5,494
CURRENT ASSETS			
Inventories	<i>10</i>	24,826	32,333
Trade receivables	<i>11</i>	12,757	12,054
Prepayments, deposits and other receivables		2,820	2,634
Tax recoverable		71	88
Pledged deposit		2,052	2,029
Cash and cash equivalents		30,788	28,658
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		73,314	77,796
CURRENT LIABILITIES			
Trade payables, other payables and accruals	<i>12</i>	3,161	6,900
Lease liabilities		990	1,572
Contract liabilities		15,682	15,114
Interest-bearing bank borrowings		5,891	6,471
Tax payable		2,861	5,176
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		28,585	35,233
NET CURRENT ASSETS		44,729	42,563
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,389	48,057
		<hr/>	<hr/>

	At 30 June 2023	At 31 December 2022
<i>Notes</i>	<i>US\$'000</i> (unaudited)	<i>US\$'000</i> (audited)
NON-CURRENT LIABILITIES		
Lease liabilities	618	673
Contract liabilities	4,479	3,745
Deferred tax liabilities	335	348
	<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES	5,432	4,766
	<hr/>	<hr/>
NET ASSETS	43,957	43,291
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	<i>13</i> 1,416	1,414
Reserves	42,541	41,877
	<hr/>	<hr/>
TOTAL EQUITY	43,957	43,291
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent						
	Note	Issued capital US\$'000	Share premium account US\$'000	Share option reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
At 1 January 2022 (audited)		1,405	22,137	573	(31)	15,999	40,083
Profit for the period		—	—	—	—	10,308	10,308
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations		—	—	—	(136)	—	(136)
Total comprehensive income/(loss) for the period		—	—	—	(136)	10,308	10,172
Issue of shares upon exercise of share options		4	749	(135)	—	—	618
Equity-settled share option arrangements		—	—	67	—	—	67
Second interim 2021 dividend	8	—	—	—	—	(11,513)	(11,513)
2021 special dividend	8	—	—	—	—	(989)	(989)
At 30 June 2022 (unaudited)		<u>1,409</u>	<u>22,886</u>	<u>505</u>	<u>(167)</u>	<u>13,805</u>	<u>38,438</u>
At 1 January 2023 (audited)		1,414	23,586	514	(172)	17,949	43,291
Profit for the period		—	—	—	—	12,323	12,323
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations		—	—	—	72	—	72
Total comprehensive income for the period		—	—	—	72	12,323	12,395
Issue of shares upon exercise of share options		2	377	(65)	—	—	314
Equity-settled share option arrangements		—	—	147	—	—	147
Second interim 2022 dividend	8	—	—	—	—	(12,190)	(12,190)
At 30 June 2023 (unaudited)		<u>1,416</u>	<u>23,963</u>	<u>596</u>	<u>(100)</u>	<u>18,082</u>	<u>43,957</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	15,797	4,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	293	5
Purchase of items of property, plant and equipment	(142)	(551)
Increase in pledged deposit	(23)	(3)
Proceeds from disposal of subsidiaries	—	909
Additions to intangible assets	(371)	(587)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(243)	(227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	314	618
Dividends paid	(12,190)	(12,502)
Interest elements of finance lease rental payments	(30)	(30)
Repayment of bank loans	(10,109)	(10,089)
New bank loan	9,533	13,350
Interest paid	(211)	(45)
Principal portion of finance lease rental payments	(821)	(694)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(13,514)	(9,392)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,040	(4,648)
Cash and cash equivalents at beginning of the period	28,658	31,641
Effect of foreign exchange rate changes, net	90	(95)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	30,788	26,898

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022.

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 2023 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2022.

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the 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, also known as Fixed First Connectivity and Mobile First Connectivity; 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 general and 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		2023	2022	2023	2022
	2023	2022	2023	2022				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Segment revenue:								
Sales to external customers	8,151	6,562	21,713	21,687	14,768	11,865	44,632	40,114
Segment result	2,470	2,130	4,451	5,892	12,088	9,588	19,009	17,610
<i>Reconciliation</i>								
Other income and gains, net							641	79
Selling and distribution expenses							(1,519)	(1,507)
Unallocated general and administrative expenses							(3,003)	(3,824)
Finance costs							(241)	(75)
Profit before tax							14,887	12,283

Geographical information

Revenue from external customers

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
North America	26,667	23,638
EMEA (Europe, Middle East and Africa)	12,131	10,634
Asia	4,732	4,733
Others	1,102	1,109
	44,632	40,114

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Revenue from contracts with customers	<u>44,632</u>	<u>40,114</u>

Revenue from contracts with customers

Disaggregated revenue information

Six months ended 30 June (unaudited)	Sale of SD-WAN routers		Software licences and warranty and support services		Total	
	2023	2022	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Type of goods or services						
Sale of SD-WAN routers						
— Wired	8,151	6,562	—	—	8,151	6,562
— Wireless	21,713	21,687	—	—	21,713	21,687
Provision of warranty and support services	—	—	11,774	9,916	11,774	9,916
Sale of software and licence fee income	—	—	2,994	1,949	2,994	1,949
Total revenue from contract with customers	<u>29,864</u>	<u>28,249</u>	<u>14,768</u>	<u>11,865</u>	<u>44,632</u>	<u>40,114</u>
Geographical markets						
North America	17,662	16,518	9,005	7,120	26,667	23,638
EMEA	8,672	7,856	3,459	2,778	12,131	10,634
Asia	2,762	3,115	1,970	1,618	4,732	4,733
Others	768	760	334	349	1,102	1,109
Total revenue from contract with customers	<u>29,864</u>	<u>28,249</u>	<u>14,768</u>	<u>11,865</u>	<u>44,632</u>	<u>40,114</u>
Timing of revenue recognition						
Transferred at a point in time	29,864	28,249	823	997	30,687	29,246
Transferred over time	—	—	13,945	10,868	13,945	10,868
Total revenue from contracts with customers	<u>29,864</u>	<u>28,249</u>	<u>14,768</u>	<u>11,865</u>	<u>44,632</u>	<u>40,114</u>

Other income and gains, net

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Other income and gains, net		
Bank interest income	293	5
Foreign exchange gains, net	246	—
Others	102	74
	<u>641</u>	<u>79</u>

5. FINANCE COSTS

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Interest on bank borrowings	211	45
Interest on lease liabilities	30	30
	<u>241</u>	<u>75</u>

6. PROFIT BEFORE TAX

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

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Cost of inventories sold	19,664	16,864
Depreciation ^a	1,073	970
Amortisation of intangible assets	452	405
Research and development expenses	3,669	3,884
Government subsidies — Hong Kong Special Administrative Region Employment Support Scheme ^b	—	(131)
Government subsidies — Hong Kong Special Administrative Region Dedicated Fund on Branding, Upgrading and Domestic Sales ^b	(95)	—
Government subsidies — Hong Kong Special Administrative Region STEM Internship Scheme ^b	(2)	—
Government subsidies — Lithuania ^c	(171)	(174)
Write-down of inventories to net realisable value	186	67
Foreign exchange differences, net	(246)	1,006
	<u>(246)</u>	<u>1,006</u>

- (a) Depreciation includes the depreciation of right-of-use assets of approximately US\$797,000 (Six months ended 30 June 2022: approximately US\$687,000).
- (b) The subsidies were granted under the Employment Support Scheme, the Dedicated Fund on Branding, Upgrading and Domestic Sales and STEM Internship Scheme from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions relating to the subsidies.
- (c) During the period, the Company's subsidiary in Lithuania received subsidies of an aggregate of approximately US\$171,000 (Six months ended 30 June 2022: approximately US\$174,000) from the Government of the Republic of Lithuania for several research and development projects. The amounts are recorded in "Research and development, consultancy and other expenses" and "General and administrative expenses". There were no unfulfilled conditions relating to the subsidies.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first US\$255,000 (Six months ended 30 June 2022: US\$256,000) of assessable profits of this subsidiary are taxed at 8.25% (Six months ended 30 June 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (Six months ended 30 June 2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	(unaudited)	
	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Current — Hong Kong		
Charge for the period	2,386	1,748
Current — Elsewhere		
Charge for the period	204	138
Deferred	(26)	89
	<hr/>	<hr/>
Total tax charge for the period	2,564	1,975
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

During the period, a second interim dividend of HK8.69 cents per ordinary share for the year ended 31 December 2022 were paid to the shareholders of the Company on 24 March 2023.

In the board meeting held on 27 July 2023, the Board has resolved to declare an interim dividend of HK7.01 cents per share for the six months ended 30 June 2023 (Interim dividend 2022: HK5.9 cents). The interim dividend is expected to be paid on Tuesday, 22 August 2023 to the shareholders whose names appear in the register of members of the Company on Friday, 11 August 2023.

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 1,098,525,320 (Six months ended 30 June 2022: 1,092,558,967) 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	
	2023	2022
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,098,525,320	1,092,558,967
Effect of dilution — weighted average number of ordinary shares: Share options	2,159,674	7,602,677
	<hr/>	<hr/>
	1,100,684,994	1,100,161,644
	<hr/> <hr/>	<hr/> <hr/>

10. INVENTORIES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Raw materials and consumables	12,675	17,992
Finished goods	12,151	14,341
	<u>24,826</u>	<u>32,333</u>

11. TRADE RECEIVABLES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	12,780	12,078
Impairment	(23)	(24)
	<u>12,757</u>	<u>12,054</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
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	8,062	9,344
1 to 2 months	3,165	1,938
2 to 3 months	525	483
Over 3 months	1,005	289
	<u>12,757</u>	<u>12,054</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	(unaudited) At 30 June 2023 <i>US\$'000</i>	(audited) At 31 December 2022 <i>US\$'000</i>
Trade payables	1,265	4,352
Deposits received	341	382
Other payables	35	53
Accruals	1,520	2,113
	<u>3,161</u>	<u>6,900</u>

13. ISSUED CAPITAL

	(unaudited) At 30 June 2023 <i>US\$'000</i>	(audited) At 31 December 2022 <i>US\$'000</i>
Authorised: 4,000,000,000 (31 December 2022: 4,000,000,000) ordinary shares of HK\$0.01 each	<u>5,152</u>	<u>5,152</u>
Issued and fully paid: 1,099,106,000 (31 December 2022: 1,097,523,000) ordinary shares of HK\$0.01 each	<u>1,416</u>	<u>1,414</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 2022		1,090,811,000	10,908	1,405
Share options exercised	(a)	<u>6,712,000</u>	<u>67</u>	<u>9</u>
At 31 December 2022 and 1 January 2023		1,097,523,000	10,975	1,414
Share options exercised	(b)	<u>1,583,000</u>	<u>16</u>	<u>2</u>
At 30 June 2023		<u>1,099,106,000</u>	<u>10,991</u>	<u>1,416</u>

Notes:

- (a) The subscription rights attaching to 6,712,000 share options were exercised at the weighted average subscription price of HK\$1.393 per share, resulting in the issue of 6,712,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$1,195,000. An amount of approximately US\$263,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.
- (b) The subscription rights attaching to 1,583,000 share options were exercised at the weighted average subscription prices of HK\$1.554 per share, respectively, resulting in the issue of 1,583,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$314,000. An amount of approximately US\$65,000 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	
	2023	2022
	US\$'000	US\$'000
Lease payments paid to related companies	629	541

The lease payments were charged by related companies based on terms as agreed between the relevant parties. A Director and beneficial controlling shareholder of the Company 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)	
	2023		2022	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 January	2.326	16,929,000	1.741	19,410,000
Granted	—	—	2.988	7,400,000
Forfeited	2.358	(1,228,000)	0.633	(1,150,000)
Expired	1.934	(2,239,000)	—	—
Exercised	1.554	(1,583,000)	1.499	(3,114,000)
At 30 June	2.500	11,879,000	2.154	22,546,000

The weighted average share price at the date of exercise for share options exercised during six months ended 30 June 2023 was HK\$2.667 per share (Six months ended 30 June 2022: HK\$3.424 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	
		2023	2022
10-10-2019 to 9-10-2022	1.872	—	404,000
10-10-2020 to 9-10-2022	1.872	—	618,000
10-10-2021 to 9-10-2022	1.872	—	746,000
14-3-2019 to 13-3-2023	1.934	—	346,000
14-3-2020 to 13-3-2023	1.934	—	1,211,000
14-3-2021 to 13-3-2023	1.934	—	854,500
14-3-2022 to 13-3-2023	1.934	—	974,500
14-9-2019 to 13-9-2023	1.02	287,000	312,000
14-9-2020 to 13-9-2023	1.02	389,000	470,000
14-9-2021 to 13-9-2023	1.02	371,000	460,000
14-9-2022 to 13-9-2023	1.02	432,000	2,205,000
10-5-2021 to 9-5-2024	1.18	223,000	412,000
10-5-2022 to 9-5-2024	1.18	182,000	511,000
10-5-2023 to 9-5-2024	1.18	438,000	668,000
31-12-2021 to 31-12-2024	1.12	50,000	104,000
31-12-2022 to 31-12-2024	1.12	53,000	125,000
31-12-2023 to 31-12-2024	1.12	100,000	125,000
14-12-2022 to 13-12-2025	0.922	54,000	700,000
14-12-2023 to 13-12-2025	0.922	200,000	350,000
14-12-2024 to 13-12-2025	0.922	200,000	350,000
9-11-2023 to 8-11-2026	2.97	1,200,000	1,600,000
9-11-2024 to 8-11-2026	2.97	600,000	800,000
9-11-2025 to 8-11-2026	2.97	600,000	800,000
17-6-2024 to 16-6-2027	2.988	3,250,000	3,700,000
17-6-2025 to 16-6-2027	2.988	1,625,000	1,850,000
17-6-2026 to 16-6-2027	2.988	1,625,000	1,850,000
		11,879,000	22,546,000

No share options were granted during the six months ended 30 June 2023. Share option expense of approximately US\$147,000 was recognised during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Revenue and segment information

Plover Bay is a vendor of connectivity hardware, software and services. Our products include wired SD-WAN routers, wireless SD-WAN routers and networking peripherals that support customers' networks. We also engage in the sales of add-on software licences and warranty and support services, which includes on-demand data services.

As our product range continue to evolve, many of our products are enabled with both wired and wireless functions. Our products have also branched out to include connectivity products that do not perform the function of a router, such as our mobile antenna, network switches, accessories, access points, and so on.

The classification of our products into wired SD-WAN and wireless SD-WAN routers is no longer accurate. Henceforth, we will rename wired SD-WAN to "Fixed First Connectivity", which denotes products that typically rely on fixed networks as its primary connectivity. Wireless SD-WAN shall be renamed to "Mobile First Connectivity", which includes products that primarily use wireless networks for its connectivity.

Our revenue segments consist mainly of the following categories: (i) SD-WAN routers, which is further divided into wired and wireless products, also known as Fixed First Connectivity and Mobile First Connectivity; (ii) warranty and support services, which includes provision of warranty and usage-based data services; and (iii) software licences, which includes one-off software licences and subscription of InControl2 service.

Revenue highlights

During the period ended 30 June 2023, the Group's revenue increased to approximately US\$44,632,000, representing an approximately 11.3% year-over-year growth. The sales of Fixed First Connectivity (formerly Wired SD-WAN) increased to approximately US\$8,151,000, or an increase of about 24.2% year-over-year. Sales of Mobile First Connectivity (formerly Wireless SD-WAN) slightly increased to approximately US\$21,713,000. Sales of warranty and support services increased about 18.7% to US\$11,774,000. Finally, the sales of software licences increased about 53.6% year-over-year to US\$2,994,000.

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

	For the six months ended 30 June			
	2023		2022	
	Revenue	% of total	Revenue	% of total
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Fixed First Connectivity (<i>formerly Wired SD-WAN</i>)	8,151	18.3	6,562	16.4
Mobile First Connectivity (<i>formerly Wireless SD-WAN</i>)	21,713	48.6	21,687	54.1
Warranty and support services	11,774	26.4	9,916	24.7
Software licences	2,994	6.7	1,949	4.8
Total	<u>44,632</u>	<u>100.0</u>	<u>40,114</u>	<u>100.0</u>

Overview of recurring sales

We consider the sales of Fixed First Connectivity (formerly Wired SD-WAN) and Mobile First Connectivity (formerly Wireless SD-WAN), licences for virtual appliances and add-on licences for software features to be one-time sales.

Recurring sales mainly include the revenue of (i) embedded first-year warranty, (ii) the subsequent renewal of warranty and support services (typically in one to three years intervals), subscription for InControl2 (typically in one to three years intervals) and (iii) the sales of cloud and data services, which are based on data usage.

As part of the sale of a router or product, we include a one-year embedded warranty and access to various features and services. To reflect the embedded first-year warranty upon sales of a product, a portion equivalent to 15% of the product's sales value is deducted from the sales value and recognised as contract liabilities. This amount is then recognised as warranty and support services revenue over the embedded warranty period (i.e., twelve months) in equal instalment.

Subsequent renewal of warranty and support services refers to the extension of warranty and services after the embedded first-year warranty has run its course. Subsequent renewal requires additional purchase of subscription contracts which typically have a valid period of one to three years. We also refer to subsequent renewals as "subscriptions".

During the period, one-time sales increased approximately 4.9% and recurring sales increased approximately 28.3% year-over-year. Due to the deferred nature of revenue recognition of embedded service-type warranty and its subsequent renewal, the year-over-year growth of recurring sales generally follows the growth trend of Fixed First and Mobile First Connectivity segment sales of the past twelve months. As we continue to enrich the software features and services included in our subscription bundles, we see accelerated growth in the number of CarePlans and InControl2 subscriptions.

The table below sets out the breakdown of revenue according to the timing of revenue recognition for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	Revenue	% of total	Revenue	% of total
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
One-time sales	30,687	68.8	29,246	72.9
Recurring sales	13,945	31.2	10,868	27.1
	<hr/>	<hr/>	<hr/>	<hr/>
Total	44,632	100.0	40,114	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Overview of sales in geographical regions

We divide our sales into the following geographical regions: North America, EMEA (including Europe, Middle East and Africa), Asia and other regions. During the reporting period, sales from North America increased approximately 12.8% year-over-year to approximately US\$26,667,000. Sales from EMEA grew approximately 14.1% year-over-year to approximately US\$12,131,000. Sales from Asia and Others remained stable at approximately US\$4,732,000 and US\$1,102,000 respectively.

During the period, sales in North America was mainly driven by strong uptake of 5G products and large enterprise router products. Many of these products were mainly used to enable resilient satellite and mobile communications, which saw strong demands in maritime, government and public safety verticals. Notably, our channel partner completed a major deployment for a passenger cruise fleet, which is now also generating interest from other cruise operators. Meanwhile these positives were partially offset: (i) the region's rapid transition to 5G devices has slowed the sales 4G devices, and (ii) the revamp of our operations on a major North America ecommerce platform, which temporarily affected our sales on that platform. Now that the revamp is complete, we are confident it will bring forth better pricing flexibility and end customer support.

In EMEA, we are encouraged to see newer partners driving the growth and broadening our vertical exposure to a region otherwise highly concentrated in the maritime vertical. In particular, a new partner from Estonia has secured a multi-year deployment with a German-based bus operator with over 3,000 buses across 40 European and North American cities, citing our FusionSIM technology as a key win factor.

In Asia, government spending in each country remains the key driver of our sales in the region which tends to be lumpy. During the period, we experienced strong sales growth in the Hong Kong SAR and Taiwan regions but offset by declines in Vietnam and Japan.

Others region mainly represents sales from Australia. Our partner in Australia has been building up a sizeable potential sales pipeline centered around enabling supercharged networks in remote locations. Customers for these potential projects include mining, emergency services and government verticals.

The table below sets out the breakdown of revenue by geographical regions of customers in terms of absolute amount and as a percentage of total revenue for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	Revenue	Weight	Revenue	Weight
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
North America	26,667	59.7	23,638	58.9
EMEA	12,131	27.2	10,634	26.5
Asia	4,732	10.6	4,733	11.8
Others	1,102	2.5	1,109	2.8
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>44,632</u>	<u>100.0</u>	<u>40,114</u>	<u>100.0</u>

Gross profit and gross profit margin

For the six months ended 30 June 2023, our gross profit was approximately US\$23,799,000, while gross profit margin was approximately 53.3%, a decrease of approximately 2.4 percentage points from last year's interim period.

During the period, our higher margin multiple-modem products is currently undergoing a product refresh, which caused its sales and product mix to decrease. We continue to place a heavy focus on growing our ecosystem to pave way for future recurring revenues. In some instances, we reduced the pricing of our products to accelerate our ecosystem growth. As a result, product mix towards lower margin products, such as single-modem mobile routers, increased which in turn led to decreased gross profit margin.

Management is confident that investing our gross margin in the short term will lead to strong prospect of recurring revenue in the long term.

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

	For the six months ended 30 June			
	2023		2022	
	Gross profit US\$'000	Gross profit margin %	Gross profit US\$'000	Gross profit margin %
Fixed First Connectivity (<i>formerly Wired SD-WAN</i>)	3,333	40.9	2,907	44.3
Mobile First Connectivity (<i>formerly Wireless SD-WAN</i>)	6,867	31.6	8,478	39.1
Warranty and support services	10,977	93.2	9,279	93.6
Software licences	2,622	87.6	1,681	86.2
Total	<u>23,799</u>	<u>53.3</u>	<u>22,345</u>	<u>55.7</u>

Other income and gains, net

For the six months ended 30 June 2023, other income and gains, net was approximately US\$641,000, compared to approximately US\$79,000 during the same period last year. During the period, other income and gains, net mainly comprised of approximately US\$293,000 bank interest income and approximately US\$246,000 exchange gains. In the comparable interim period, other income and gains, net mainly comprised of approximately US\$57,000 gain on disposal of subsidiaries.

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 2023 slightly increased to approximately US\$1,519,000.

General and administrative expenses

General and 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.

General and administrative expenses for the six months ended 30 June 2023 decreased by 18.3% to approximately US\$3,454,000. The decrease was mainly due to the appreciation of Euro relative to the US Dollar, which caused foreign exchange gains, net of approximately US\$246,000 (recorded in “Other income and gains, net”), as compared to approximately US\$1,006,000 exchange losses in the comparable interim period.

Excluding foreign exchange fluctuations, general and administrative expenses increased by 7.2% which is attributable to higher depreciation of rights-of-use-assets related to leases and increased amortisation of intangible assets.

Research and development, consultancy and other expenses

Research and development (“R&D”) expenses mainly represented 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 purposes. Consultancy and other expenses mainly represented payments to service providers for testing, technical support and system maintenance.

Research and development, consultancy and other expenses for the six months ended 30 June 2023 slightly increased to approximately US\$4,339,000.

Equity-settled share-based payment expenses

Included in selling and distribution expenses, general and 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 2023 was approximately US\$147,000. Details of share options granted by the Group 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, general and administrative expenses and research and development, consultancy and other expenses for the six months ended 30 June 2023 amounted to approximately US\$9,312,000, a decrease of approximately 7.5% year-over-year.

Finance costs

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

Finance costs for the six months ended 30 June 2023 was approximately US\$241,000 compared to approximately US\$75,000 during the same period last year. The increase is mainly due to increase in bank borrowings and higher interest rate.

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 2023.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2023 was approximately US\$12,323,000, representing a year-over-year increase of approximately 19.5%.

Inventories

As at 30 June 2023, the Group's inventory balance as approximately US\$24,826,000 (At 31 December 2022: approximately US\$32,333,000). During the period, the Group managed to consume a considerable amount of the previously accumulated buffer of key components. The Group will continue to optimize its inventory levels to ensure the right balance between meeting customer demand and inventory risk.

BUSINESS REVIEW AND OUTLOOK

From the beginning of 2023, Plover Bay has adopted the tagline “Supercharged Connectivity”. The tagline captures the essence of what we do, which is to create solutions that enable clients to build much more reliable and faster network speed.

Often overlooked however, is the flexibility of our solution. Our SpeedFusion technology can combine any network technology together, from mobile, fixed to satellite networks. This means users can build “Supercharged” networks almost anywhere in the world.

This flexibility has helped our partners around the world reach into many exciting projects and deployments.

Since the second half of last year, one of our closest partners has used our solutions to combine multiple Starlinks and 5G networks on the world’s largest cruise ship fleet to enable seamless onboard connectivity for passengers and crew. In the current period, the deployment has largely been completed. As the project progressed, the customer not only required our equipment, but also our data services. The success of this project is now also sparking interest from other major cruise liners to adopt similar solutions on their fleets.

In Europe, a partner from eastern Europe specialized in transportation has won a large-scale multi-year deployment for a German bus company with over 3,000 intercity buses. The project will utilize FusionSIM to seamlessly manage the allocation of thousands SIM cards from one location in order to eliminate downtime and maximize utilization.

In Australia, a service provider specialized in mining services has deployed our products to dozens of mining sites, combining mobile and low earth orbit satellite connections to create fast and resilient private networks in those remote sites. Aside from that, our lead partner in the region has been building up a substantial pipeline in emergency services, with our ability to combine low earth orbit satellite connections with mobile connections lending a strong competitive advantage against other solutions.

From all these examples, these customers are not just buying thousands of Peplink products. They are also subscribing to services in our broader ecosystem.

These are just a few of the many exciting opportunities we have seen in 1H23. During this period, our overall pipeline has seen significant growth, both in number of projects and project size, which points to strong potential growth in the coming years.

Currently, we classify our products into two categories: Wired SD-WAN and Wireless SD-WAN. Such classification is determined by the network connections of the device. When it is connected to fixed networks, it is classified as Wired SD-WAN. When it is connected to mobile networks with LTE or 5G, it is classified as Wireless SD-WAN.

With the proliferation of Fixed Wireless Access with 5G “5G FWA”, Low Earth Orbit Satellite services like Starlink, the connectivity options have expanded tremendously. Customers have been using our Wired SD-WAN products to these 5G FWA and Starlink connectivity options, which essentially are wireless networks. That is why we are seeing our wired SD-WAN products growing at 24% over the same period last year.

Moving forward, we believe a better way to understand the dynamics of the market is to change our current classification of “Wired SD-WAN” and Wireless SD-WAN into “Fixed First Connectivity” and “Mobile First Connectivity”.

Back to the first half of 2023, overall revenue increased 11% compared to the same period last year. Our gross margin decreased to 53%. The margin decrease is because we have embraced the strategy to make our technology more affordable in more markets. Our connectivity devices are the gateways to deliver recurring services. As we continue to focus on growing our installed base, these devices will enable more software and subscription services.

Currently, our subscription take up rate is about 27%, meaning for every 100 devices we ever sold, about 27 currently have a subscription. We are confident that this will increase towards 30–40% in the next 24 months as we expand PrimeCare coverage to a broader part of our product range. PrimeCare is an all-inclusive subscription for necessary software features, convenience features and support packages. It provides an unbeatable value proposition to our users.

We booked \$8.6M subscriptions in 1H23 and this represents a 24% growth year-over-year. The recurring revenue was \$13.9M during the period, which represents a 28% growth over the same period last year.

Despite the lower gross margin, our operating leverage and profitability remains strong. During the period, our operating expenses ratio decreased to 21% of sales, and our net profit margin rose to 28%, an improvement over 2022 levels.

Our R&D team has become much more diverse geographically. Our engineers are located in different cities around the world. This year, we are expanding our engineering resources to Toronto as well as Ho Chi Minh City in addition to our R&D centers in Taipei, Kuala Lumpur, Hong Kong and Lithuania. We believe this would allow us to tap into the talents in different geographic locations and scale as we grow.

We strongly believe what we are doing is a game changer for the connectivity market. Connectivity should not just rely on a single network connection. Connectivity is a necessity but it is still complicated to make it accessible and reliable in many parts of the world. We’ll continue to chase this dream and thank you for our teammates and partners’ hard work and relentless effort.

Once again, it takes a lot of patience and courage to join our journey. We truly appreciate this very much and thank you for partnering with us.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, our bank borrowings amounted to approximately US\$5,891,000 (At 31 December 2022: approximately US\$6,471,000). Gearing ratio (defined as total borrowings over total equity) as at 30 June 2023 was approximately 13.4% (At 31 December 2022: approximately 14.9%). 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

The Group undertakes certain transactions denominated in foreign currencies, mainly in Euro, US dollars, Pound Sterling and Australian dollars, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely in order to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

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 2023, the Group had 196 full-time employees (At 31 December 2022: 202 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 Group'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 2023, the Group has no significant investment held and material investment plan.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2023, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

PLEDGE OF ASSETS

The Group's bank facilities amounting to US\$14,912,000 (At 31 December 2022: US\$14,927,000), of which US\$5,891,000 (At 31 December 2022: US\$6,471,000) had been utilised as at the end of the interim period, are secured by the pledge of a time deposit of the Group's amounting to US\$2,052,000 (At 31 December 2022: US\$2,029,000).

DIVIDEND

The Board has resolved to declare an interim dividend of HK7.01 cents per share for the six months ended 30 June 2023. The interim dividend is expected to be paid on 22 August 2023 to the shareholders whose names appear in the Company's register of members of the Company at the close of business on 11 August 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 11 August 2023 for the purpose of determining the entitlement to the 2023 interim dividend. The record date for entitlement to receive the 2023 interim dividend is Friday, 11 August 2023. In order to be qualified for the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 August 2023. The cheques for dividend payment are expected to be sent on Tuesday, 22 August 2023.

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

At 30 June 2023, 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	Through controlled corporation*	756,000,000	—	68.8
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

* The 756,000,000 shares of the Company are held by Namlong Development Limited, a company beneficially owned by Mr. Chan Wing Hong Alex.

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 2023 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 2023 are as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2023	Granted	Exercised	Forfeited	Lapsed/ cancelled	At 30 June 2023
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)	—	—	—	—	—	—
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)	—	—	—	—	—	—
	10/10/2017	1.872	10/10/2019–9/10/2022	(4)	—	—	—	—	—	—
	14/3/2018	1.934	14/3/2019–13/3/2023	(5 & 11)	2,000,000	—	(600,000)	—	(1,400,000)	—
	14/9/2018	1.02	14/9/2019–13/9/2023	(6 & 11)	1,125,000	—	(25,000)	—	—	1,100,000
	10/5/2019	1.18	10/5/2021–9/5/2024	(7 & 11)	52,000	—	(48,000)	—	—	4,000
	17/6/2022	2.988	17/6/2024–16/6/2027	(13)	800,000	—	—	—	—	800,000

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2023	Granted	Exercised	Forfeited	Lapsed/cancelled	At 30 June 2023
Employees	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	—
	5/4/2017	0.72	5/4/2018–4/4/2022	(3)	—	—	—	—	—	—
	10/10/2017	1.872	10/10/2019–9/10/2022	(4)	—	—	—	—	—	—
	14/3/2018	1.934	14/3/2019–13/3/2023	(5 & 12)	1,238,000	—	(299,000)	(100,000)	(839,000)	—
	14/9/2018	1.02	14/9/2019–13/9/2023	(6 & 12)	523,000	—	(144,000)	—	—	379,000
	10/5/2019	1.18	10/5/2021–9/5/2024	(7 & 12)	1,033,000	—	(144,000)	(50,000)	—	839,000
	31/12/2019	1.12	31/12/2021–30/12/2024	(8 & 12)	354,000	—	(123,000)	(28,000)	—	203,000
	14/12/2020	0.922	14/12/2022–13/12/2025	(9 & 12)	904,000	—	(200,000)	(250,000)	—	454,000
	9/11/2021	2.97	9/11/2023–8/11/2026	(10)	2,900,000	—	—	(500,000)	—	2,400,000
	17/6/2022	2.988	17/6/2024–16/6/2027	(13)	6,000,000	—	—	(300,000)	—	5,700,000
					<u>16,929,000</u>	<u>—</u>	<u>(1,583,000)</u>	<u>(1,228,000)</u>	<u>(2,239,000)</u>	<u>11,879,000</u>

Notes:

- Mr. Chan Wing Hong Alex is also the controlling shareholder of the Company.
- 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.
- 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.
- 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.
- 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.
- 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.
10. For all share options granted on 9 November 2021, 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\$2.77.
11. The weighted average closing share price immediately before the dates on which the options were exercised by consultants was HK\$2.69 per share.
12. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$2.58 per share.
13. For all share options granted on 17 June 2022, 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\$2.96.

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 2023, 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 2023 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 2023 with the management.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (<http://www.hkexnews.com.hk>) and the Company (<http://www.ploverbay.com>) in due course.

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 members 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 2023