



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 2022

SUMMARY

- For the six months ended 30 June 2022, the Group recorded revenue of approximately US\$40,114,000, which increased about 22.5% from the same period last year.
- During the interim period, the Group recorded net profit of approximately US\$10,308,000, which increased about 10.9% year-over-year.
- The Company records basic earnings per share of approximately US0.94 cents for the six months ended 30 June 2022, an increase of about 9.3% year-over-year.
- The Board has determined that an interim dividend of HK5.9 cents per share for the six months ended 30 June 2022 be payable on 23 August 2022 to the shareholders whose names appear in the Company's register of members on 12 August 2022.

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 2022, together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		(unaudited)	
		Six months ended 30 June	
		2022	2021
	Notes	US\$'000	US\$'000
Revenue	4	40,114	32,751
Cost of sales and services		<u>(17,769)</u>	<u>(13,106)</u>
Gross profit		22,345	19,645
Other income and gains, net	4	79	294
Selling and distribution expenses		(1,507)	(1,294)
General and administrative expenses		(4,229)	(2,947)
Research and development expenses		(4,330)	(4,630)
Finance costs	5	<u>(75)</u>	<u>(26)</u>
Profit before tax	6	12,283	11,042
Income tax expense	7	<u>(1,975)</u>	<u>(1,750)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>10,308</u>	<u>9,292</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>(136)</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>10,172</u>	<u>9,301</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic (US cents)		<u>0.94</u>	<u>0.86</u>
— Diluted (US cents)		<u>0.94</u>	<u>0.86</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		At 30 June 2022	At 31 December 2021
	<i>Notes</i>	<i>US\$'000</i> (unaudited)	<i>US\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		3,462	3,311
Intangible assets		1,508	1,336
Deposits paid for acquisition of property, plant and equipment		—	31
Deferred tax assets		111	122
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		5,081	4,800
CURRENT ASSETS			
Inventories	<i>10</i>	27,131	18,622
Trade receivables	<i>11</i>	9,923	11,664
Prepayments, deposits and other receivables		3,385	2,028
Tax recoverable		24	5
Pledged deposit		2,007	2,004
Cash and cash equivalents		26,898	31,641
		<hr/>	<hr/>
		69,368	65,964
Assets of disposal groups classified as held for sale		—	979
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		69,368	66,943

		At 30 June 2022 <i>US\$'000</i> (unaudited)	At 31 December 2021 <i>US\$'000</i> (audited)
CURRENT LIABILITIES			
Trade payables, other payables and accruals	12	5,613	5,625
Lease liabilities		1,451	1,162
Contract liabilities		12,934	11,681
Interest-bearing bank borrowings		7,896	4,639
Tax payable		3,811	4,278
		31,705	27,385
Liabilities of disposal groups classified as held for sale		—	3
TOTAL CURRENT LIABILITIES		31,705	27,388
NET CURRENT ASSETS		37,663	39,555
TOTAL ASSETS LESS CURRENT LIABILITIES		42,744	44,355
NON-CURRENT LIABILITIES			
Lease liabilities		821	1,220
Contract liabilities		3,176	2,820
Deferred tax liabilities		309	232
TOTAL NON-CURRENT LIABILITIES		4,306	4,272
NET ASSETS		38,438	40,083
EQUITY			
Equity attributable to owners of the parent			
Issued capital	13	1,409	1,405
Reserves		37,029	38,678
TOTAL EQUITY		38,438	40,083

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 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>
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)
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>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,971	7,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5	23
Purchase of items of property, plant and equipment	(551)	(219)
Increase in pledged deposit	(3)	(3)
Proceeds from disposal of subsidiaries	909	—
Additions to intangible assets	(587)	(369)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(227)	(568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	618	801
Dividends paid	(12,502)	(11,634)
Interest elements of finance lease rental payments	(30)	(11)
Repayment of bank loans	(10,089)	(3,009)
New bank loan	13,350	1,000
Interest paid	(45)	(15)
Principal portion of finance lease rental payments	(694)	(539)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(9,392)	(13,407)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,648)	(6,209)
Cash and cash equivalents at beginning of the period	31,641	31,151
Effect of foreign exchange rate changes, net	(95)	303
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	26,898	25,245

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2021.

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 2022 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2021.

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.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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; 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		services			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue:								
Sales to external customers	<u>6,562</u>	<u>5,946</u>	<u>21,687</u>	<u>18,275</u>	<u>11,865</u>	<u>8,530</u>	<u>40,114</u>	<u>32,751</u>
Segment result	<u>2,130</u>	<u>2,316</u>	<u>5,892</u>	<u>5,469</u>	<u>9,588</u>	<u>6,867</u>	<u>17,610</u>	<u>14,652</u>
<i>Reconciliation</i>								
Other income and gains, net							79	294
Selling and distribution expenses							(1,507)	(1,294)
Unallocated general and administrative expenses							(3,824)	(2,584)
Finance costs							(75)	(26)
Profit before tax							<u>12,283</u>	<u>11,042</u>

Geographical information

Revenue from external customers

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
North America	23,638	18,106
EMEA (Europe, Middle East and Africa)	10,634	9,366
Asia	4,733	4,556
Others	1,109	723
	<u>40,114</u>	<u>32,751</u>

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Revenue from contracts with customers	<u>40,114</u>	<u>32,751</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	
	2022	2021	2022	2021	2022	2021
Type of goods or services	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of SD-WAN routers						
— Wired	6,562	5,946	—	—	6,562	5,946
— Wireless	21,687	18,275	—	—	21,687	18,275
Provision of warranty and support services	—	—	9,916	6,883	9,916	6,883
Sale of software and licence fee income	—	—	1,949	1,647	1,949	1,647
Total revenue from contract with customers	<u>28,249</u>	<u>24,221</u>	<u>11,865</u>	<u>8,530</u>	<u>40,114</u>	<u>32,751</u>
Geographical markets						
North America	16,518	13,315	7,120	4,791	23,638	18,106
EMEA	7,856	7,228	2,778	2,138	10,634	9,366
Asia	3,115	3,162	1,618	1,394	4,733	4,556
Others	760	516	349	207	1,109	723
Total revenue from contract with customers	<u>28,249</u>	<u>24,221</u>	<u>11,865</u>	<u>8,530</u>	<u>40,114</u>	<u>32,751</u>
Timing of revenue recognition						
Transferred at a point in time	28,249	24,221	997	914	29,246	25,135
Transferred over time	—	—	10,868	7,616	10,868	7,616
Total revenue from contracts with customers	<u>28,249</u>	<u>24,221</u>	<u>11,865</u>	<u>8,530</u>	<u>40,114</u>	<u>32,751</u>

Other income and gains, net

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Other income and gains, net		
Sales of parts	—	20
Bank interest income	5	23
Foreign exchange gains, net	—	140
Others	74	111
	<u>79</u>	<u>294</u>

5. FINANCE COSTS

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Interest on bank borrowings	45	15
Interest on lease liabilities	30	11
	<u>75</u>	<u>26</u>

6. PROFIT BEFORE TAX

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

	(unaudited)	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Cost of inventories sold	16,864	12,068
Depreciation ^a	970	835
Amortisation of intangible assets	405	363
Government subsidies — Hong Kong Special Administrative Region Employee Support Scheme ^b	(131)	—
Government subsidies — Lithuania ^c	(174)	(308)
Write-down of inventories to net realisable value	67	188
Foreign exchange differences, net	1,006	(140)
	<u>16,864</u>	<u>14,006</u>

- (a) Depreciation includes the depreciation of right-of-use assets of approximately US\$687,000 (Six months ended 30 June 2021: approximately US\$511,000).
- (b) The subsidies were granted under the Employment Support 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\$174,000 (Six months ended 30 June 2021: approximately US\$308,000) from the Government of the Republic of Lithuania for several research and development projects. The amounts are recorded in "Research and development expenses" and "General and administrative expenses". In prior year's interim period, amounts of approximately US\$105,000 were included in "Other income and gains, net". 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 2021: 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\$256,000 (Six months ended 30 June 2021: US\$258,000) of assessable profits of this subsidiary are taxed at 8.25% (Six months ended 30 June 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (Six months ended 30 June 2021: 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	
	2022	2021
	US\$'000	US\$'000
Current — Hong Kong		
Charge for the period	1,748	1,725
Current — Elsewhere		
Charge for the period	138	—
Deferred	89	25
	<u>1,975</u>	<u>1,750</u>
Total tax charge for the period	<u><u>1,975</u></u>	<u><u>1,750</u></u>

8. DIVIDENDS

During the period, a second interim dividend of HK8.27 cents per ordinary share and a special dividend of HK0.71 cents per ordinary share for the year ended 31 December 2021 were paid to the shareholders of the Company on 25 March 2022.

In the board meeting held on 28 July 2022, the Board has resolved to declare an interim dividend of HK5.9 cents per share for the six months ended 30 June 2022 (Interim dividend 2021: HK5.32 cents). The interim dividend is expected to be paid on Tuesday, 23 August 2022 to the shareholders whose names appear in the register of members of the Company on Friday, 12 August 2022.

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 1,092,558,967 (Six months ended 30 June 2021: 1,075,507,624) 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	
	2022	2021
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,092,558,967	1,075,507,624
Effect of dilution — weighted average number of ordinary shares: Share options	7,602,677	8,155,642
	<u><u>1,100,161,644</u></u>	<u><u>1,083,663,266</u></u>

10. INVENTORIES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Raw materials and consumables	19,180	13,083
Finished goods	7,951	5,539
	<u>27,131</u>	<u>18,622</u>

11. TRADE RECEIVABLES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	9,934	11,693
Impairment	(11)	(29)
	<u>9,923</u>	<u>11,664</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
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	8,272	9,901
1 to 2 months	1,260	1,747
2 to 3 months	198	14
Over 3 months	193	2
	<u>9,923</u>	<u>11,664</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	(unaudited) At 30 June 2022 <i>US\$'000</i>	(audited) At 31 December 2021 <i>US\$'000</i>
Trade payables	3,417	3,255
Deposits received	751	571
Other payables	45	152
Accruals	1,400	1,647
	<u>5,613</u>	<u>5,625</u>

13. ISSUED CAPITAL

	(unaudited) At 30 June 2022 <i>US\$'000</i>	(audited) At 31 December 2021 <i>US\$'000</i>
Authorised:		
4,000,000,000 (31 December 2021: 4,000,000,000) ordinary shares of HK\$0.01 each	<u>5,152</u>	<u>5,152</u>
Issued and fully paid:		
1,093,925,000 (31 December 2021: 1,090,811,000) ordinary shares of HK\$0.01 each	<u>1,409</u>	<u>1,405</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 2021		1,071,728,000	10,717	1,381
Share options exercised	(a)	<u>19,083,000</u>	<u>191</u>	<u>24</u>
At 31 December 2021 and 1 January 2022		1,090,811,000	10,908	1,405
Share options exercised	(b)	<u>3,114,000</u>	<u>31</u>	<u>4</u>
At 30 June 2022		<u>1,093,925,000</u>	<u>10,939</u>	<u>1,409</u>

Notes:

- (a) The subscription rights attaching to 19,083,000 share options were exercised at the weighted average subscription price of HK\$0.842 per share, resulting in the issue of 19,083,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$2,066,000. An amount of approximately US\$508,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.
- (b) The subscription rights attaching to 3,114,000 share options were exercised at the weighted average subscription prices of HK\$1.499 per share, respectively, resulting in the issue of 3,114,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$618,000. An amount of approximately US\$135,000 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	
	2022	2021
	US\$'000	US\$'000
Lease payments paid to related companies	541	431

The related party transactions during the six months ended 30 June 2021 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 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)	
	2022		2021	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 January	1.741	19,410,000	1.113	36,408,000
Granted	2.988	7,400,000	—	—
Exercised	1.499	(3,114,000)	0.619	(10,032,000)
Forfeited	0.633	(1,150,000)	1.245	(1,152,000)
At 30 June	2.154	22,546,000	1.304	25,224,000

The weighted average share price at the date of exercise for share options exercised during six months ended 30 June 2022 was HK\$3.424 per share (Six months ended 30 June 2021: HK\$1.535 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 2022	2021
20-7-2017 to 19-7-2021	0.483	—	112,000
20-7-2018 to 19-7-2021	0.483	—	200,000
20-7-2019 to 19-7-2021	0.483	—	222,000
20-7-2020 to 19-7-2021	0.483	—	342,000
5-4-2018 to 4-4-2022	0.72	—	10,000
5-4-2019 to 4-4-2022	0.72	—	934,000
5-4-2020 to 4-4-2022	0.72	—	612,000
5-4-2021 to 4-4-2022	0.72	—	908,000
10-10-2019 to 9-10-2022	1.872	404,000	2,070,000
10-10-2020 to 9-10-2022	1.872	618,000	1,035,000
10-10-2021 to 9-10-2022	1.872	746,000	1,035,000
14-3-2019 to 13-3-2023	1.934	346,000	623,000
14-3-2020 to 13-3-2023	1.934	1,211,000	1,875,000
14-3-2021 to 13-3-2023	1.934	854,500	1,250,000
14-3-2022 to 13-3-2023	1.934	974,500	1,250,000
14-9-2019 to 13-9-2023	1.02	312,000	493,000
14-9-2020 to 13-9-2023	1.02	470,000	2,447,000
14-9-2021 to 13-9-2023	1.02	460,000	2,505,000
14-9-2022 to 13-9-2023	1.02	2,205,000	2,505,000
10-5-2021 to 9-5-2024	1.18	412,000	1,060,000
10-5-2022 to 9-5-2024	1.18	511,000	668,000
10-5-2023 to 9-5-2024	1.18	668,000	668,000
31-12-2021 to 31-12-2024	1.12	104,000	300,000
31-12-2022 to 31-12-2024	1.12	125,000	150,000
31-12-2023 to 31-12-2024	1.12	125,000	150,000
14-12-2022 to 13-12-2025	0.922	700,000	900,000
14-12-2023 to 13-12-2025	0.922	350,000	450,000
14-12-2024 to 13-12-2025	0.922	350,000	450,000
9-11-2023 to 8-11-2026	2.97	1,600,000	—
9-11-2024 to 8-11-2026	2.97	800,000	—
9-11-2025 to 8-11-2026	2.97	800,000	—
17-6-2024 to 16-6-2027	2.988	3,700,000	—
17-6-2025 to 16-6-2027	2.988	1,850,000	—
17-6-2026 to 16-6-2027	2.988	1,850,000	—
		22,546,000	25,224,000

During the period, 7,400,000 share options were granted to 56 recent employees as part of their standard employment package and 8 eligible consultants for their satisfactory performance over the past 3 years. A share option expense of approximately US\$67,000 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.

Our revenue segments consist mainly of the following categories: (i) SD-WAN routers, which is further divided into wired and wireless products; (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 2022, the Group's revenue increased to approximately US\$40,114,000, representing an approximately 22.5% year-over-year growth. The sales of wired SD-WAN products increased to approximately US\$6,562,000, or an increase of about 10.4% year-over-year. Sales of wireless SD-WAN products increased to approximately US\$21,687,000, or an increase of about 18.7% year-over-year. Sales of warranty and support services increased about 44.1% to US\$9,916,000. Finally, the sales of software licences increased about 18.3% year-over-year to US\$1,949,000.

During the first half of the year, the Group faced numerous headwinds, including COVID-induced partial lockdowns in Hong Kong in February and March, and in Taiwan in April and May which created brief disruptions to our contract manufacturers and delayed the launch of a key product to mid-June. On the other hand, the strong appreciation of the US Dollars relative to other currencies throughout the period has negatively affected our sales in other currencies when translated into US\$ terms. Faced with these headwinds, the Group continued to deliver revenue growth of approximately 22.5% (approximately 24.9% at constant currency basis) year-over-year. We believe this is a very good indication that the secular trend of growing need for reliable connectivity remains intact.

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

	For the six months ended 30 June			
	2022		2021	
	Revenue	% of total	Revenue	% of total
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
SD-WAN routers:				
Wired	6,562	16.4	5,946	18.2
Wireless	21,687	54.1	18,275	55.8
Warranty and support services	9,916	24.7	6,883	21.0
Software licences	1,949	4.8	1,647	5.0
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Total	40,114	100.0	32,751	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Overview of recurring sales

We consider the sales of wired and wireless SD-WAN routers and add-on licences for software features to be one-time sales, which generally occur at a point in time.

We generally include a one-year embedded service-type warranty service in the sales price of a router. Upon the sale of a product, a portion equivalent to 15% of the product's sales value is deducted from the sales value to reflect the value of the embedded service-type warranty and recognised as contract liabilities. This amount is then recognised as warranty and support services revenue over the embedded service-type warranty period on the straight-line basis. Recurring sales include the revenue recognition of embedded service-type warranty, the subsequent renewal of all-inclusive warranty and support services bundles (i.e., CarePlans, typically in one to three years intervals), subscription for InControl2 (typically in one to three years intervals) and the sale of prepaid data allowance for cloud data services.

During the period, one-time sales increased approximately 16.4% and recurring sales increased approximately 42.7% 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 SD-WAN router 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 2022 and 2021:

	For the six months ended 30 June			
	2022		2021	
	Revenue <i>US\$'000</i>	% of total <i>%</i>	Revenue <i>US\$'000</i>	% of total <i>%</i>
One-time sales:	29,246	72.9	25,135	76.7
Recurring sales:	10,868	27.1	7,616	23.3
Total	<u>40,114</u>	<u>100.0</u>	<u>32,751</u>	<u>100.0</u>

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 30.6% year-over-year to approximately US\$23,638,000. Sales from EMEA grew approximately 13.5% year-over-year to approximately US\$10,634,000. Sales to Asia increased mildly by about 3.9% to approximately US\$4,733,000, while sales from Others jumped about 53.4% year-over-year to approximately US\$1,109,000.

Sales across North American continued to increase due to wide adoption of our products across many industries. In particular, we have seen strong traction in the home offices/mobile offices as our channel partners' digital media efforts began to pay off. We also see broad-based growth among larger enterprises, including those in the retail, financial and healthcare verticals. Since we began to actively manage our online sales via a major ecommerce platform last year, our online sales via ecommerce platform also grew significantly.

In the EMEA market, we continue to see decent growth among all market verticals, but particularly the maritime vertical. Throughout the first six months of 2022, the Euro has depreciated significantly against the US Dollar, which has negatively affected our sales in US\$ terms. On a constant currency basis, our sales in the EMEA market increased by about 20.7%. Following the successes of our online sales via ecommerce in the North America market, we expanded our official online store presence to the Europe region. In addition, our largest distributor in the region is also expanding their presence into more countries, such as the United Kingdoms. Our operations in Europe have not been affected by the regional conflict up to the date of this interim report.

Our sales to Asia region grew mildly during the period. Sales in the Asia region is generally predominated by government spending in each region and therefore can fluctuate due to government project timing. Our sales in Asia region grew mildly in particularly due to strong growth in Japan, Hong Kong, Vietnam and India, but this is offset by declines in Singapore, Turkey and Thailand.

In Others, our growth is mainly contributed by the ramp up of sales of a distributor in Australia.

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 2022 and 2021:

	For the six months ended 30 June			
	2022		2021	
	Revenue	Weight	Revenue	Weight
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
North America	23,638	58.9	18,106	55.3
EMEA	10,634	26.5	9,366	28.6
Asia	4,733	11.8	4,556	13.9
Others	1,109	2.8	723	2.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total	40,114	100.0	32,751	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Gross profit and gross profit margin

For the six months ended 30 June 2022, our gross profit was approximately US\$22,345,000, while gross profit margin was approximately 55.7%, a decrease of approximately 4.3 percentage points from last year's interim period.

During the period, our gross profit margin decreased as our product mix continued to shift towards high-volume, lower margin router products. These products are positioned to accelerate the growth of our installed base which we believe will lead to more high-margin subscription and services in later years. While we responded to rising material costs by increasing prices, we kept our price increases only to a limited number of products in our portfolio in order to improve our competitiveness. We observe that semiconductor shortages have begun to show improvements and therefore we believe product mix will remain the primary factor for gross margin changes going forward.

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			
	2022		2021	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin		margin	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
SD-WAN routers:				
Wired	2,907	44.3	3,185	53.6
Wireless	8,478	39.1	8,285	45.3
Warranty and support services	9,279	93.6	6,528	94.8
Software licences	1,681	86.2	1,647	100.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	22,345	55.7	19,645	60.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other income and gains, net

For the six months ended 30 June 2022, other income and gains, net was approximately US\$79,000, compared to approximately US\$294,000 during the same period last year. During the period, other income and gains, net mainly comprised of approximately US\$57,000 gain on disposal of subsidiaries. In the comparable interim period, other income and gains, net mainly comprised of approximately US\$140,000 exchange gain and approximately US\$105,000 subsidies received in Lithuania.

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 2022 increased approximately 16.5% year-over-year to approximately US\$1,507,000. The increase was mainly due to increased spending on advertising and promotion and increased warehousing costs.

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 2022 was approximately US\$4,229,000, an increase of 43.5% year-over-year. The increase was mainly due to the depreciation of Euro relative to the US Dollar, which caused foreign exchange losses, net of approximately US\$1,006,000 during the period, as compared to approximately US\$140,000 foreign exchange gains, net (recorded in “Other income and gains, net”) in the comparable interim period.

Excluding foreign exchange fluctuations, general and administrative expenses increased by 9.4% which is attributable to higher depreciation of rights-of-use-assets related to leases, increased amortisation of intangible assets and increased staff salaries and headcount.

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 purposes.

Research and development expenses for the six months ended 30 June 2022 was approximately US\$4,330,000, decreasing approximately 6.5% year-over-year due to decreased discretionary bonus granted to the R&D team compared to same period last year.

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 2022 was approximately US\$67,000. On 17 June 2022, the Group granted 7,400,000 share options to 56 current employees and 8 eligible consultants. 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, general and administrative expenses and research and development expenses for the six months ended 30 June 2022 amounted to approximately US\$10,066,000, an increase of approximately 13.5% year-over-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 2022 was approximately US\$75,000 compared to approximately US\$26,000 during the same period last year. The increase is mainly due to increase in bank borrowing and the increase in the interest element for right-of-use assets.

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 2022.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2022 was approximately US\$10,308,000, representing a year-over-year increase of approximately 10.9%.

Inventories

As at 30 June 2022, the Group's inventory balance as approximately US\$27,131,000 (At 31 December 2021: approximately US\$18,622,000). During the period, due to the ongoing global shortage of electronic components, the Group continued to accumulate a large buffer of key components to ensure customer demands can be met within reasonable lead times.

Impact of the coronavirus situation

To reduce the risk of cross infection of COVID-19 among employees in our offices, the Group requires the wearing of facemasks at all times during work and regularly disinfects our premises. In addition, our offices are installed with medical grade air filters. We also implemented work from home arrangements to reduce the number of staff in the office at any given time.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2022, due to the fifth wave of COVID, both our Hong Kong and Taiwan offices were closed for a period of time. Our Taiwan suppliers also had to restrict their output for a few weeks. These all have created disruption and shipment delays during the period. Moreover, the strong US Dollars during the period has eroded our non-US Dollar sales upon translation back into US Dollar terms. Despite these challenges, we were still able to achieve revenue growth of around 22.5% (constant currency: 24.9%) year-over-year and net profit growth of around 10.9% year-over-year during the period. This underscores the growing need for reliable wireless connectivity across many industries.

Small-sized, ad-hoc networks

We continue to see very strong momentum in this segment. These are branch networks, IoT networks, and work from remote locations. These businesses want quick deployment, affordable pricing and easy-to-use solutions. We have accelerated our focus in this market and have seen very promising growth.

During the period, our best-selling volume-based products built for small-sized, ad-hoc networks have experienced about 43.4% year-over-year growth.

Multi-year 5G deployment cycle

During the period, our 5G products have contributed 15.9% of total revenue and experienced approximately 255.4% year-over-year growth.

Plover Bay continues to be one of the most, if not the most, comprehensive product offering of 5G mobile routers in the market purpose-designed for various industries.

We launched the BR2 Pro during this period. This is an all-in-one mobile router with dual 5G modems that enable simultaneous connections to two different cellular networks. This product has become very popular for adding 5G connectivity to any SD-WAN infrastructure or complement low earth orbit satellite broadband services.

Recurring subscription revenue driven by a growing ecosystem

In March, we launched a new feature called InTouch, which extends our cloud management software, InControl2, such that it can remotely manage third party devices. The new feature provides a much simpler solution and licensing scheme to existing alternatives. The feedback received from actual users has been highly positive. We look forward to enhancing our subscription rates and expanding our addressable market into more IoT or industrial applications.

During the period, total recurring revenue increased about 42.7% year-over-year. This is a combination of i) deferred revenue from router and equipment purchases from the last twelve months, ii) an approximately 34.8% year-over-year increase in the number of active paid subscriptions as at end of June 2022, and iii) rapidly growing revenue from our data services. Recurring revenue as a percentage of total revenue is now at 27.1%.

The continuous growth in recurring subscription revenue once again proves we are a good software company which also makes good hardware.

Business outlook

The global economy becomes more challenging by the day. In normal times, businesses must look for innovative ways to drive down internal costs to remain competitive. In difficult times, businesses have an even stronger urgency to cut costs.

Back in 2008, the Global Financial Crisis impacted businesses around the world. We have seen enterprises which would not have considered using our products, switching to become our customers. These enterprises did not relax their requirements and expectations but they are more willing to look into alternatives. The driving force behind is cost optimisation.

In terms of new products, we are now speeding up our strategy of building up our installed base with new products (such as the BR1 Mini new revision) at groundbreaking price points. At the same time, we enhanced our network management software and broadened our services which will help retaining existing subscriptions and attracting new subscriptions. We also continue to increase our marketing efforts through innovative and effective use of digital media in order to increase the mindshare of our products and awareness of our brand. We believe the combined effect of these actions will accelerate both our device sales and subscriptions in the short to medium term.

Today, our technology, product features and manufacturing build are among the best in the industry. We even have some proprietary technologies and features which are only available on our products.

Further setting us apart from other vendors is our lean operating structure and a passion-driven team deep rooted with output-oriented culture. This is the DNA which enables us to create high quality, market leading products at highly competitive price points.

If one compares the total cost of ownership of our products against other vendors, they can easily find very substantial savings with our product solutions. This is especially important for network operators, managed service providers and any business who has a lot of branch connectivity needs.

We'll continue to leverage our software capabilities with our extended supply chain partners for the hardware to deliver some very competitively priced 5G products. These products are no longer restricted to the emerging markets but the global markets. Mobile Network Operators, Managed Service Providers and enterprise customers would welcome the opportunities and value created by these devices.

We remain confident that we are at an early stage of a multi-year growth cycle. Plover Bay has moved beyond SD-WAN. SD-WAN is only one of the things we do. The bigger picture is connectivity.

Our mission is to make connectivity reliable and accessible anywhere.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, our bank borrowings amounted to approximately US\$7,896,000 (At 31 December 2021: approximately US\$4,639,000). Gearing ratio (defined as total borrowings over total equity) as at 30 June 2022 was approximately 20.5% (At 31 December 2021: approximately 11.6%). 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 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 2022, the Group had 203 full-time employees (At 31 December 2021: 190 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 2022, the Group has no significant investment held and material investment plan.

MATERIAL ACQUISITIONS AND DISPOSALS

Other than the disposal of two subsidiaries on 24 February 2022 which was disclosed in note 20 to the Group's annual financial statements for the year ended 31 December 2021, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the reporting period.

PLEDGE OF ASSETS

The Group's bank facilities amounting to US\$14,905,000 (At 31 December 2021: US\$10,752,000), of which US\$7,896,000 (At 31 December 2021: US\$4,282,000) 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\$2,007,000 (At 31 December 2021: US\$2,004,000). As at 31 December 2021, the Group's bank loans were secured by mortgages over the Group's buildings classified as held for sale, which had an aggregate carrying value at the end of the reporting period of approximately US\$957,000.

DIVIDEND

The Board has resolved to declare an interim dividend of HK5.9 cents per share for the six months ended 30 June 2022. The interim dividend is expected to be paid on 23 August 2022 to the shareholders whose names appear in the Company's register of members of the Company at the close of business on 12 August 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 12 August 2022 for the purpose of determining the entitlement to the 2022 interim dividend. The record date for entitlement to receive the 2022 interim dividend is Friday, 12 August 2022. In order to be qualified for the 2022 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 Thursday, 11 August 2022. The cheques for dividend payment are expected to be sent on Tuesday, 23 August 2022.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 15 August 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “Branch Share Registrar”), will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

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

At 30 June 2022, 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	—	69.1
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 2022 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 2022 are as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2022	Granted	Exercised	Forfeited	At 30 June 2022
Director									
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)	—	—	—	—	—

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2022	Granted	Exercised	Forfeited	At 30 June 2022
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 & 12)	1,400,000	—	(500,000)	—	900,000
	14/3/2018	1.934	14/3/2019–13/3/2023	(5 & 12)	2,300,000	—	(300,000)	—	2,000,000
	14/9/2018	1.02	14/9/2019–13/9/2023	(6)	1,200,000	—	—	—	1,200,000
	10/5/2019	1.18	10/5/2021–9/5/2024	(7)	52,000	—	—	—	52,000
	17/6/2022	2.988	17/6/2024–16/6/2027	(11)	—	800,000	—	—	800,000
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 & 13)	584,000	—	(584,000)	—	—
	10/10/2017	1.872	10/10/2019–9/10/2022	(4 & 13)	1,591,000	—	(623,000)	(100,000)	868,000
	14/3/2018	1.934	14/3/2019–13/3/2023	(5 & 13)	2,080,000	—	(594,000)	(100,000)	1,386,000
	14/9/2018	1.02	14/9/2019–13/9/2023	(6 & 13)	2,605,000	—	(108,000)	(250,000)	2,247,000
	10/5/2019	1.18	10/5/2021–9/5/2024	(7 & 13)	1,798,000	—	(259,000)	—	1,539,000
	31/12/2019	1.12	31/12/2021–30/12/2024	(8 & 13)	500,000	—	(146,000)	—	354,000
	14/12/2020	0.922	14/12/2022–13/12/2025	(9)	1,500,000	—	—	(100,000)	1,400,000
	9/11/2021	2.97	9/11/2023–8/11/2026	(10)	3,800,000	—	—	(600,000)	3,200,000
	17/6/2022	2.988	17/6/2024–16/6/2027	(11)	—	6,600,000	—	—	6,600,000
					<u>19,410,000</u>	<u>7,400,000</u>	<u>(3,114,000)</u>	<u>(1,150,000)</u>	<u>22,546,000</u>

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.
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. 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.
12. The weighted average closing share price immediately before the dates on which the options were exercised by consultants was HK\$3.03 per share.
13. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$3.63 per share.

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 2022, 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 2022 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 2022 with the management.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2022 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, 28 July 2022