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## **Plover Bay Technologies Limited**

**玊灣科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1523)**

### **ANNOUNCEMENT OF ANNUAL RESULTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **SUMMARY**

- Revenue for the year ended 31 December 2023 reached approximately US\$94,259,000, an increase of approximately 8.6% over the year ended 31 December 2022.
- Profit attributable to the owners of the Company for the year ended 31 December 2023 was approximately US\$28,099,000, representing an increase of approximately 24.0% over the year ended 31 December 2022.
- Diluted earnings per share for the year ended 31 December 2023 was approximately US2.55 cents, an increase of approximately 23.8% over the year ended 31 December 2022.
- The Board has resolved to declare a second interim dividend of HK10.94 cents per share and a special dividend of HK1.42 cents per share for the year ended 31 December 2023. The dividends are expected to be paid on 28 March 2024 to the shareholders whose names appear in the Company's register of members on 15 March 2024.

The Board (the “Board”) of Directors (the “Directors”) of Plover Bay Technologies Limited (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023, together with the comparative figures for the corresponding year in 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	Notes	2023 US\$'000	2022 US\$'000
Revenue	4	94,259	86,757
Cost of sales and services		<u>(43,346)</u>	<u>(40,250)</u>
Gross profit		50,913	46,507
Other income and gains, net	4	1,362	183
Selling and distribution expenses		(3,544)	(3,100)
General and administrative expenses		(7,021)	(8,173)
Research and development, consultancy and other expenses		(8,411)	(8,792)
Finance costs	5	<u>(349)</u>	<u>(244)</u>
Profit before tax	6	32,950	26,381
Income tax expense	7	<u>(4,851)</u>	<u>(3,722)</u>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><b>28,099</b></u>	<u><b>22,659</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>127</u>	<u>(141)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><b>28,226</b></u>	<u><b>22,518</b></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
- Basic ( <i>US cents</i> )		<u><b>2.56</b></u>	<u>2.07</u>
- Diluted ( <i>US cents</i> )		<u><b>2.55</b></u>	<u>2.06</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4,518	3,310
Intangible assets		2,061	1,807
Prepayments and deposits		419	266
Deferred tax assets		108	111
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,106</b>	<b>5,494</b>
<b>CURRENT ASSETS</b>			
Inventories	10	16,938	32,333
Trade receivables	11	17,419	12,054
Prepayments, deposits and other receivables	12	4,966	2,634
Tax recoverable		49	88
Pledged deposit	13	2,052	2,029
Cash and cash equivalents	13	36,745	28,658
<b>TOTAL CURRENT ASSETS</b>		<b>78,169</b>	<b>77,796</b>
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	14	4,686	6,900
Lease liabilities		1,489	1,572
Contract liabilities		17,638	15,114
Interest-bearing bank borrowings		1,177	6,471
Tax payable		2,252	5,176
<b>TOTAL CURRENT LIABILITIES</b>		<b>27,242</b>	<b>35,233</b>
<b>NET CURRENT ASSETS</b>		<b>50,927</b>	<b>42,563</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>58,033</b>	<b>48,057</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,808	673
Contract liabilities		5,623	3,745
Deferred tax liabilities		378	348
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,809</b>	<b>4,766</b>
<b>NET ASSETS</b>		<b>50,224</b>	<b>43,291</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2023*

	Notes	2023 US\$'000	2022 US\$'000
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	15	1,418	1,414
Reserves		48,806	41,877
<b>TOTAL EQUITY</b>		<b>50,224</b>	<b>43,291</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Attributable to owners of the parent

	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	1,405	22,137	573	(31)	15,999	40,083
Profit for the year	-	-	-	-	22,659	22,659
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	-	-	-	(141)	-	(141)
Total comprehensive income/(loss) for the year	-	-	-	(141)	22,659	22,518
Issue of shares upon exercise of share options	9	1,449	(263)	-	-	1,195
Equity-settled share option arrangements	-	-	266	-	-	266
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	(62)	-	62	-
Second interim 2021 dividend	-	-	-	-	(11,513)	(11,513)
2021 special dividend	-	-	-	-	(989)	(989)
Interim 2022 dividend	-	-	-	-	(8,269)	(8,269)
At 31 December 2022	<u>1,414</u>	<u>23,586</u>	<u>514</u>	<u>(172)</u>	<u>17,949</u>	<u>43,291</u>
At 1 January 2023	<b>1,414</b>	<b>23,586</b>	<b>514</b>	<b>(172)</b>	<b>17,949</b>	<b>43,291</b>
Profit for the year	-	-	-	-	<b>28,099</b>	<b>28,099</b>
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	-	127	-	127
Total comprehensive income for the year	-	-	-	127	<b>28,099</b>	<b>28,226</b>
Issue of shares upon exercise of share options	<b>4</b>	<b>605</b>	<b>(106)</b>	-	-	<b>503</b>
Equity-settled share option arrangements	-	-	<b>253</b>	-	-	<b>253</b>
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	<b>(146)</b>	-	<b>146</b>	-
Second interim 2022 dividend	-	-	-	-	<b>(12,190)</b>	<b>(12,190)</b>
Interim 2023 dividend	-	-	-	-	<b>(9,859)</b>	<b>(9,859)</b>
At 31 December 2023	<u><b>1,418</b></u>	<u><b>24,191</b></u> *	<u><b>515</b></u> *	<u><b>(45)</b></u> *	<u><b>24,145</b></u> *	<u><b>50,224</b></u>

\* These reserve accounts comprise the consolidated reserves of US\$48,806,000 (2022: US\$41,877,000) in the consolidated statement of financial position.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the year ended 31 December 2023*

	2023 US\$'000	2022 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	32,950	26,381
Adjustments for:		
Finance costs	349	244
Bank interest income	(946)	(104)
Write-down of inventories to net realisable value	498	105
Depreciation	2,156	2,009
Impairment of trade receivables	-	11
Amortisation of intangible assets	941	801
Loss on disposal of items of property, plant and equipment	-	1
Gain on disposal of subsidiaries	-	(57)
Equity-settled share option expense	253	266
	<hr/>	<hr/>
	36,201	29,657
Decrease/(increase) in inventories	14,897	(13,816)
Increase in trade receivables	(5,365)	(401)
Increase in prepayments, deposits and other receivables	(2,485)	(841)
Increase/(decrease) in trade payables, other payables and accruals	(2,214)	1,376
Increase in contract liabilities	4,402	4,358
	<hr/>	<hr/>
Cash generated from operations	45,436	20,333
Hong Kong profits tax paid, net	(7,265)	(2,538)
Overseas profits tax paid, net	(449)	(223)
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<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>37,722</b>	<b>17,572</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	946	104
Purchase of items of property, plant and equipment	(691)	(765)
Additions to intangible assets	(1,188)	(1,274)
Disposal of subsidiaries	-	908
Increase in a pledged deposit	(23)	(25)
	<hr/>	<hr/>
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(956)</b>	<b>(1,052)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

	2023	2022
	US\$'000	US\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	503	1,195
Dividends paid	(22,049)	(20,771)
New bank borrowings	13,437	21,521
Repayment of bank borrowings	(18,751)	(19,680)
Interest paid	(298)	(185)
Principal portion of lease payments	(1,620)	(1,404)
Interest portion of lease payments	(51)	(59)
	<u>(28,829)</u>	<u>(19,383)</u>
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
	<u>(28,829)</u>	<u>(19,383)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,937</b>	<b>(2,863)</b>
Cash and cash equivalents at beginning of year	28,658	31,663
Effect of foreign exchange rate changes, net	150	(142)
	<u>36,745</u>	<u>28,658</u>
<b>CASH AND CASH EQUIVALENT AT END OF YEAR</b>		
	<u>36,745</u>	<u>28,658</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>36,745</u>	<u>28,658</u>

## NOTES TO CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 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 year, the Group was involved in the following principal activities:

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

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING 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 sale of SD-WAN routers segment that primarily engages in sale of wired and wireless routers, also known as Fixed First Connectivity and Mobile First Connectivity, respectively; 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 years.

#### Operating segments

	Sale of SD-WAN routers							
	Fixed First Connectivity (formerly Wired SD-WAN routers)		Mobile First Connectivity (formerly Wireless SD-WAN routers)		Software licences and warranty and support services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Segment revenue</b>								
Sales to external customers	<b>14,589</b>	14,430	<b>49,393</b>	46,773	<b>30,277</b>	25,554	<b>94,259</b>	86,757
<b>Segment results</b>	<b>4,779</b>	4,559	<b>11,595</b>	11,458	<b>25,188</b>	20,898	<b>41,562</b>	36,915
<i>Reconciliation:</i>								
Other income and gains, net							<b>1,362</b>	183
Selling and distribution expenses							<b>(3,544)</b>	(3,100)
Unallocated general and administrative expenses							<b>(6,081)</b>	(7,373)
Finance costs							<b>(349)</b>	(244)
Profit before tax							<b>32,950</b>	26,381

Information of assets, liabilities and capital expenditure of reportable segments is not provided to the chief operating decision makers for their review. Therefore, no analysis of the Group's assets, liabilities and capital expenditure by reportable segments is presented.

	<b>Sale of SD-WAN routers</b>							
	<b>Fixed First Connectivity (formerly Wired SD-WAN routers)</b>		<b>Mobile First Connectivity (formerly Wireless SD-WAN routers)</b>		<b>Software licences and warranty and support services</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Other segment information:</b>								
Amortisation of intangible assets	<b>135</b>	145	<b>657</b>	484	<b>149</b>	172	<b>941</b>	801
Write-down of inventories to net realisable value	<b>114</b>	25	<b>384</b>	80	-	-	<b>498</b>	105

### **Geographical information**

#### **Revenue from external customers**

	<b>2023</b>	<b>2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
North America	<b>54,386</b>	52,017
EMEA (Europe, Middle East and Africa)	<b>27,536</b>	21,736
Asia	<b>9,976</b>	11,121
Others	<b>2,361</b>	1,883
	<b>94,259</b>	86,757

The revenue information above is based on the locations of the customers.

**Non-current assets**

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Hong Kong	<b>5,840</b>	4,212
Others	<b>798</b>	1,088
	<b>6,638</b>	5,300

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

**Information about a major customer**

For the year ended 31 December 2023, total revenue of approximately US\$16,087,000 (2022: US\$16,743,000) was derived from transactions with a single customer reporting in the sale of SD-WAN routers segment and software licences and warranty and support services segment.

**4. REVENUE, OTHER INCOME AND GAINS, NET**

An analysis of revenue is as follows:

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
<i>Revenue from contracts with customers</i>	<b>94,259</b>	86,757

## Revenue from contracts with customers

### (i) Disaggregated revenue information

Segments	Sale of SD-WAN routers		Software licences and warranty and support services		Total	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<b>Type of goods or services</b>						
Sale of SD-WAN routers						
- Fixed First Connectivity (formerly <i>Wired SD-WAN routers</i> )	14,589	14,430	-	-	14,589	14,430
- Mobile First Connectivity (formerly <i>Wireless SD-WAN routers</i> )	49,393	46,773	-	-	49,393	46,773
Provision of warranty and support services	-	-	23,765	21,107	23,765	21,107
Sale of software and licence fee income	-	-	6,512	4,447	6,512	4,447
Total revenue from contracts with customers	<b>63,982</b>	61,203	<b>30,277</b>	25,554	<b>94,259</b>	86,757
<b>Geographical markets</b>						
North America	35,995	36,316	18,391	15,701	54,386	52,017
EMEA	20,337	15,857	7,199	5,879	27,536	21,736
Asia	6,000	7,815	3,976	3,306	9,976	11,121
Others	1,650	1,215	711	668	2,361	1,883
Total revenue from contracts with customers	<b>63,982</b>	61,203	<b>30,277</b>	25,554	<b>94,259</b>	86,757
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	63,982	61,203	1,597	1,801	65,579	63,004
Services transferred over time	-	-	28,680	23,753	28,680	23,753
Total revenue from contracts with customers	<b>63,982</b>	61,203	<b>30,277</b>	25,554	<b>94,259</b>	86,757

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 US\$'000	2022 US\$'000
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>		
Provision of warranty and support services	12,125	10,023
Sale of software and licence fee income	2,989	1,658
	<b>15,114</b>	<b>11,681</b>

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of SD-WAN routers and software*

The performance obligation is satisfied upon delivery of the routers and software and payment is generally due within 60 days from delivery.

*Warranty and support services*

The revenue from the provision of warranty services was derived from (i) the embedded service-type warranty provided with the sale of SD-WAN routers; and (ii) the extended service-type warranty. For embedded service-type warranty, it provides customer services such as after-sales services and updates, which is beyond fixing existing defects in the products and thus, embedded service-type warranty represents a separate performance obligation and is considered as a service-type warranty. For other extended service-type warranty, it is sold separately and represented a separate performance obligation. The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

*Licence services*

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Amounts expected to be recognised as revenue:		
Within one year	<b>17,638</b>	15,114
After one year	<b>5,623</b>	3,745
	<b>23,261</b>	18,859

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licence services and warranty and support services, of which the performance obligations are to be satisfied within seven years.

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
<b>Other income and gains, net</b>		
Foreign exchange gains, net	<b>306</b>	-
Bank interest income	<b>946</b>	104
Gain on disposal of subsidiaries	-	57
Government subsidy <sup>#</sup>	<b>96</b>	-
Others	<b>14</b>	22
	<u><b>1,362</b></u>	<u>183</u>

# The subsidy was granted under the Dedicated Fund on Branding, Upgrading and Domestic Sales by the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies, relating to the government subsidy.

## 5. FINANCE COSTS

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Interest on bank borrowings	<b>298</b>	185
Interest on lease liabilities	<b>51</b>	59
	<u><b>349</b></u>	<u>244</u>



## 6. PROFIT BEFORE TAX

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

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Depreciation <sup>a&amp;b</sup>	<b>2,156</b>	2,009
Amortisation of intangible assets <sup>c</sup>	<b>941</b>	801
Employee benefit expense (excluding directors' remuneration) <sup>d</sup> :		
Wages, salaries and allowances	<b>8,530</b>	9,076
Equity-settled share-based payment expense	<b>224</b>	247
Retirement benefit scheme contributions (defined contribution schemes) <sup>e</sup>	<b>343</b>	351
Less: Government subsidies - Hong Kong Special Administrative Region Employment Support Scheme <sup>f</sup>	-	(389)
Government subsidies - Hong Kong Special Administrative Region STEM Internship Scheme <sup>f</sup>	<b>(14)</b>	(9)
Government subsidies - Lithuania <sup>g</sup>	<b>(383)</b>	(465)
	<b>8,700</b>	8,811
Loss on disposal of items of property, plant and equipment	-	1
Impairment of financial assets:		
Impairment of trade receivables, net	-	11
Write-down of inventories to net realisable value	<b>498</b>	105

- a) Depreciation for the year of US\$290,000 (2022: US\$285,000) is included in "Cost of sales and services" on the face of the consolidated statement of profit or loss and other comprehensive income.
- b) The total amount of depreciation includes the depreciation of right-of-use assets of US\$1,592,000 (2022: US\$1,444,000).
- c) Amortisation of intangible assets for the year of US\$941,000 (2022: US\$801,000) is included in "General and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- d) Employee benefit expense of US\$5,547,000 (2022: US\$5,675,000) is included in "Research and development, consultancy and other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- e) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2022: Nil).
- f) The subsidies were granted under the STEM Internship Scheme (2022: Employment Support Scheme and STEM Internship Scheme) of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to the subsidies.
- g) During the year, the Company's subsidiary located in Lithuania received subsidies of approximately US\$419,000 (2022: US\$490,000) from the Government of Lithuania for several research and development projects. Subsidies of approximately US\$366,000 (2022: US\$444,000) were granted by the Government of Lithuania and are presented as a reduction in "Research and development, consultancy and other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. Subsidies of approximately US\$53,000 (2022: US\$46,000) are presented as a reduction in "General and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. There are no unfulfilled conditions or contingencies relating to the subsidies.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2022: US\$256,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Current – Hong Kong		
Charge for the year	<b>4,680</b>	3,447
Overprovision in prior years	<b>(112)</b>	(140)
Current – Elsewhere		
Charge for the year	<b>240</b>	299
Under/(over)provision in prior years	<b>11</b>	(11)
Deferred	<b>32</b>	127
	<hr/>	<hr/>
Total tax charge for the year	<b>4,851</b>	3,722
	<hr/>	<hr/>

## 8. DIVIDENDS

	Notes	2023 US\$'000	2022 US\$'000
Interim – HK7.01 cents (2022: HK5.90 cents) per ordinary share		9,859	8,269
Second interim – HK10.94 cents (2022: HK8.69 cents) per ordinary share	(a)	15,450	12,205
Special dividend – HK1.42 cents (2022: Nil) per ordinary share	(b)	2,006	-
		<u>27,315</u>	<u>20,474</u>

### Notes:

- (a) Subsequent to the end of the reporting period, a second interim dividend in respect of the year ended 31 December 2023 of HK10.94 cents (2022: HK8.69 cents) per ordinary share, in the aggregate amount of approximately US\$15,450,000 (2022: US\$12,205,000), has been declared by the Directors of the Company.
- (b) The Directors of the Company declared a special dividend for the year ended 31 December 2023 of HK1.42 cents (2022: Nil) per ordinary share, in the aggregate amount of approximately US\$2,006,000 (2022: Nil), subsequent to the end of the prior reporting period.

## 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,099,159,540 (2022: 1,094,013,375) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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 year attributable to ordinary equity holders of the parent.

### Shares

	Number of shares	
	2023	2022
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,099,159,540	1,094,013,375
Effect of dilution – weighted average number of ordinary shares: Share options	<u>1,508,957</u>	<u>5,842,182</u>
Number of shares used in the diluted earnings per share calculation	<u><u>1,100,668,497</u></u>	<u><u>1,099,855,557</u></u>

## 10. INVENTORIES

	2023	2022
	US\$'000	US\$'000
Raw materials and consumables	10,343	17,992
Finished goods	<u>6,595</u>	<u>14,341</u>
	<u><u>16,938</u></u>	<u><u>32,333</u></u>

## 11. TRADE RECEIVABLES

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Trade receivables	<b>17,442</b>	12,078
Impairment	<b>(23)</b>	(24)
	<b>17,419</b>	12,054

The Group's trading terms with its customers are mainly on credit, except for new and individual customers, where payment on demand or in advance is normally required. The overall credit period for credit sales is generally within 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 its trade receivables. 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 loss allowance, is as follows:

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Within 1 month	<b>11,108</b>	9,344
1 to 2 months	<b>4,736</b>	1,938
2 to 3 months	<b>848</b>	483
Over 3 months	<b>727</b>	289
	<b>17,419</b>	12,054

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Prepayments	<b>3,573</b>	542
Deposits and other receivables	<b>1,393</b>	2,092
	<b>4,966</b>	2,634

The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default and past due amounts. The loss allowance was assessed to be minimal as at 31 December 2023 and 2022.

### 13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSIT

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Cash and bank balances	<b>36,745</b>	28,658
Time deposit	<b>2,052</b>	2,029
	<b>38,797</b>	30,687
Less: Pledged time deposit for bank borrowings	<b>(2,052)</b>	(2,029)
Cash and cash equivalents	<b>36,745</b>	28,658

Certain cash at banks earns interest at floating rates based on applicable bank deposit rates. Short term time deposit is made for varying periods of between three and twelve months depending on the immediate cash requirements of the Group, and earns interest at the respective short term time deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

### 14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Trade payables	<b>2,300</b>	4,352
Deposits received	<b>501</b>	382
Other payables	<b>140</b>	53
Accruals	<b>1,745</b>	2,113
	<b>4,686</b>	6,900

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Within 1 month	<b>2,154</b>	3,973
1 to 2 months	<b>146</b>	340
2 to 3 months	-	18
Over 3 months	-	21
	<b>2,300</b>	4,352

The trade payables are non-interest-bearing and are normally settled within 30-day terms.

## 15. ISSUED CAPITAL

	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Authorised:		
4,000,000,000 (2022: 4,000,000,000) ordinary shares of HK\$0.01 each	<u><b>5,152</b></u>	<u>5,152</u>
Issued and fully paid:		
1,100,494,000 (2022: 1,097,523,000) ordinary shares of HK\$0.01 each	<u><b>1,418</b></u>	<u>1,414</u>

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

	Notes	Number of shares in issue	Issued capital HK\$'000	Issued capital US\$'000
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>2,971,000</u>	<u>30</u>	<u>4</u>
At 31 December 2023		<u><u>1,100,494,000</u></u>	<u><u>11,005</u></u>	<u><u>1,418</u></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 2,971,000 share options were exercised at the weighted average subscription price of HK\$1.326 per share, resulting in the issue of 2,971,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$503,000. An amount of approximately US\$106,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

## 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 for InControl2 service and other software features.

#### Revenue highlights

During the year ended 31 December 2023, the Group's revenue increased to approximately US\$94,259,000, representing an approximately 8.6% year-over-year growth. The sales of Fixed First Connectivity (formerly Wired SD-WAN) increased to approximately US\$14,589,000, a slight increase of about 1.1% year-over-year. Sales of Wireless First Connectivity (formerly Wireless SD-WAN) increased to approximately US\$49,393,000, or an increase of about 5.6% year-over-year. Warranty and support services increased about 12.6% to US\$23,765,000. Finally, the sales of software licences increased about 46.4% year-over-year to US\$6,512,000.

The table below sets out our revenue by product and service category for the years ended 31 December 2023 and 31 December 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue US\$'000	% of total %	Revenue US\$'000	% of total %
Fixed First Connectivity ( <i>formerly Wired SD-WAN</i> )	14,589	15.5	14,430	16.6
Mobile First Connectivity ( <i>formerly Wireless SD-WAN</i> )	49,393	52.4	46,773	53.9
Warranty and support services	23,765	25.2	21,107	24.3
Software licences	6,512	6.9	4,447	5.2
Total	94,259	100.0	86,757	100.0



## Overview of recurring sales

We consider the sales of Fixed First Connectivity and Mobile First Connectivity, licences for virtual appliances and add-on licences for software features to be one-time sales.

Recurring sales mainly include the following:

- (i) Embedded Subscriptions, which refers to revenues relating to embedded one-year warranty and services included with the sale of a router or product;
- (ii) Organic Subscriptions, which refers to revenues relating to sales of subscriptions for warranty (recognised in the software licences and warranty and support services segment) and software features (recognised in the software licences and warranty and support services segment)
- (iii) the sales of cloud and data services, which are based on data usage.

During the year, one-time sales increased approximately 4.1% while recurring sales increased approximately 20.7% year-over-year. Within recurring sales, Embedded Subscriptions warranty accounted for approximately 41.0% of total recurring sales, while Organic Subscriptions accounted for approximately 51.7%. The sales of Embedded Subscriptions generally follows the growth trend of Fixed First and Mobile First Connectivity segment sales of the past twelve months. Growth of Organic Subscriptions is positively impacted by our continued growing userbase, increasing take up rate of subscriptions, and user stickiness.

The table below sets out the breakdown of revenue according to the timing of revenue recognition for the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue US\$'000	Weight %	Revenue US\$'000	Weight %
One-time sales:	65,579	69.6	63,004	72.6
Recurring sales:	28,680	30.4	23,753	27.4
Total	94,259	100.0	86,757	100.0

## 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 year ended 31 December 2023, sales to North America increased to approximately US\$54,386,000, representing year-on-year growth of approximately 4.6%. Sales to EMEA rose to approximately US\$27,536,000, representing a year-on-year growth of approximately 26.7%. Sales to Asia was approximately US\$9,976,000, which decreased about 10.3% year-on-year. Sales from other regions was approximately US\$2,361,000, which increased about 25.4% year-on-year.

During the period, sales in North America was mainly driven by strong uptake of 5G 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. However, the strong growth of 5G products has been partially offset by the slower sales of 4G devices and the revamp of our operations on a major North America ecommerce platform earlier in the year, which has since been completed. Our operations on the platform have resumed.

In EMEA, growth was lead by our Router-antenna integrated product ranges, which are purpose-designed for mobility applications, such as maritime. Meanwhile, both 5G and advanced 4G products saw strong uptick in sales due to strong growth from relatively new partners in eastern Europe.

Our sales in Asia is still mainly driven by government spending in each individual country. As a result, sales in the region tends to depend on project timing and can be lumpy from time to time.

The strong sales growth in Others region was mainly contributed by sales to Australia and New Zealand, which was due to a strong ramp up of brand building and sales activity by our key partner in the region.

The table below sets out the breakdown of revenue amount by geographical location of customers and the respective proportion of total revenue for the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue	Weight	Revenue	Weight
	US\$'000	%	US\$'000	%
North America	54,386	57.7	52,017	60.0
EMEA	27,536	29.2	21,736	25.1
Asia	9,976	10.6	11,121	12.8
Others	2,361	2.5	1,883	2.1
Total	94,259	100.0	86,757	100.0

## Gross profit and gross profit margin

For the year ended 31 December 2023, our gross profit was approximately US\$50,913,000, a year-over-year increase of approximately 9.5%. Our gross profit margin for the year was approximately 54.0%, compared to approximately 53.6% for the year ended 31 December 2022.

Our gross profit margin increased slightly compared to the same period last year. Notably, our gross margin in the second half of 2023 improved to 54.6% compared to 53.3% in the first half of 2023 (the “Interim Period”). Throughout the year, the increased sales mix of the software licences and warranty and support services segment has brought up the Group’s overall gross profit margin. For the year ended 31 December 2023, gross profit from recurring revenues has well exceeded half of the Group’s overall gross profit. On the other hand, component costs and production lead times have returned to reasonable levels, we also begin to see milder component costs in the second half of the year, leading to improved margins in Fixed First and Mobile First Connectivity segments compared to the Interim Period.

The table below sets out our Group’s gross profit and gross profit margin by product and service category for the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Gross profit US\$’000	Gross margin %	Gross profit US\$’000	Gross margin %
Fixed First Connectivity	6,215	42.6	6,166	42.7
Mobile First Connectivity	16,659	33.7	16,682	35.7
Warranty and support services	22,302	93.8	19,782	93.7
Software licences	5,737	88.1	3,877	87.2
Total	50,913	54.0	46,507	53.6

## Other income and gains, net

Other income and gains, net for the year ended 31 December 2023 were approximately US\$1,362,000 (2022: approximately US\$183,000). The sharp increase was mainly attributable to higher bank interest income and foreign exchange gains, as compared to foreign exchange losses (recognised in general and administrative expenses) in 2022.

## Selling and distribution expenses

Selling and distribution expenses comprised mainly salaries and benefits of our sales and marketing staff, 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 year ended 31 December 2023 were approximately US\$3,544,000, increasing about 14.3% year-on-year. The overall increase was mainly due to higher spending on advertising and promotion.

## **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 year ended 31 December 2023 were approximately US\$7,021,000, a year-on-year decrease of approximately 14.1%. The decrease was mainly due to foreign exchange losses, net of approximately US\$1,657,000 recorded in the previous period, as compared to foreign exchange gains, net of approximately US\$306,000 being recorded in “Other income and gains, net” in the current period. Excluding the effects of foreign exchange fluctuations, general and administrative expenses increased by approximately 7.8% year-on-year.

## **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 fees, 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 year ended 31 December 2023 were approximately US\$8,411,000, decreasing approximately 4.3% year-on-year as we increased the portion of hardware development outsourced to contract manufacturers.

## **Government subsidies**

For the year ended 31 December 2023, government subsidies of approximately US\$96,000 (2022: Nil) and nil (2022: approximately US\$389,000) were granted under the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Employment Support Scheme implemented by the Government of the Hong Kong Special Administrative Region (the “HKSAR Government”), respectively, and approximately US\$419,000 (2022: approximately US\$490,000) were granted by the Government of the Republic of Lithuania for several R&D projects.

## **Equity-settled share-based payment expense**

Included in selling and distribution expenses, general and administrative expenses, and research and development, consultancy and other expenses was equity-settled share-based payment expense, representing equity-settled share-based payments to directors, employees and consultants which are expensed on a straight-line basis over the vesting period since the grant date.

During the year, the Group granted 3,300,000 share options to 33 employees on 11 December 2023. Equity-settled share-based payment expense for the year ended 31 December 2023 was approximately US\$253,000 (2022: approximately US\$266,000). Details of share options granted by the Group are set out below under the heading “Share Option Scheme” of this annual results announcement.

## **Total operating expenses**

Total operating expenses for the year ended 31 December 2023, which includes selling and distribution expenses, general and administrative expenses, and research and development, consultancy and other expenses, amounted to approximately US\$18,976,000, representing a year-over-year decrease of approximately 5.4%. Employee cost (including equity-settled share-based payment expense and directors' remuneration) remained our largest cost component, which amounted to approximately US\$9,861,000 for the year (2022: approximately US\$9,957,000).

## **Finance costs and interest-bearing bank borrowings**

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

Finance costs for the year ended 31 December 2023 were approximately US\$349,000, representing a year-over-year increase of approximately 43.0%. The increase was mainly due to higher interest rates.

As at 31 December 2023, bank borrowings were approximately US\$1,177,000 (2022: approximately US\$6,471,000). The decrease in bank borrowings was mainly because of repayment of loans.

## **Income tax expense**

During the year, the Group provided for Hong Kong profits tax at a rate of 16.5% on its estimated assessable profits arising in Hong Kong, except for one subsidiary which is a qualifying entity under the two-tiered profits tax rates regime. Taking into consideration the effects of super deductions of qualified R&D expenses implemented by the HKSAR Government, the overall effective tax rate for the year was approximately 14.7%.

## **Profit attributable to owners of the parent**

Profit attributable to owners of the parent for the year ended 31 December 2023 was approximately US\$28,099,000, representing an increase of approximately 24.0% year-on-year.

## **Inventories**

As at 31 December 2023, the Group's inventory balance was approximately US\$16,938,000 (2022: approximately US\$32,333,000). During the year, the component shortages and production lead times started to abate, allowing us to meet customer demands while holding less inventories.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond our control:

- Brand recognition of our customers depends on our ability to keep up with the rapidly changing technologies or conduct R&D and market our new products and services;
- Competition from existing or new competitors may affect our market share in the SD-WAN markets and our revenue may be reduced;
- Our business and financial performances depend on our ability to manage our inventories effectively;
- Global trade policy uncertainties, which may affect the economics of the purchasing decisions of our end customers;
- We do not have long-term purchase commitments from our customers which may lead to significant uncertainty and volatility of our revenue;
- We may be exposed to credit risk of our customers, affecting the collectability of trade receivables and adversely affecting our cash flows; and
- Disruption of supply chain and raw material shortages may affect our ability to meet customer demands.

The above is not an exhaustive list. Investors are advised to make their own judgement or consult their own investment advisers before making any investment in the Company's shares.

## **CHAIRMAN'S STATEMENT AND BUSINESS OUTLOOK**

Dear shareholders and partners,

This is our first year of “Supercharged Connectivity”, a tagline we adopted in the beginning of 2023 to capture the essence of what we do — creating solutions that enable customers to build much more reliable and faster networks.

In many parts of the world, connectivity remains a challenge to acquire and set up, and often comes with speed, reliability and stability problems. More often than not, rather than technological limitations, these so-called last-mile problems are simply caused by lack of economic incentives, rent-seeking behaviors, or bureaucratic inefficiencies.

These issues underscore the need for easy ways to improve connectivity across all businesses and industries, which is what “Supercharged Connectivity” offers.

### **More connectivity options is good for business**

Some years ago, we were asked if 5G or Starlink might replace our business. In fact, we continue to grow and thrive as connectivity options have proliferated in the past few years, expanding from traditional broadband and mobile to low-earth orbit (LEO) satellite services, fixed wireless access (FWA), private networks and more.

No single service provider can provide flawless reliability, perfect latency and full network coverage in every market. Different carriers and different types of internet services have their own strengths and weaknesses. One of the key reasons customers purchase our products is that they can combine their choices of connectivity to make their network more stable and faster. Therefore, our business thrives when more connectivity choices are available.

Our proprietary technology, SpeedFusion, takes the unique strengths of each connection, whether it's the low-latency of 5G, the broad coverage of Starlink, or the stability of wired connections, and combines them to create a “supercharged” connection that is superior to any single source.

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

### **SpeedFusion is 18 years old**

SpeedFusion has been developed for more than 18 years. It is mature, but not stagnant. Over time, we have made it more reliable, more responsive, and capable of supporting any carrier and more kinds of internet services.

We have also built a full ecosystem around SpeedFusion. We have routers in all kinds of form factors supporting different network interfaces. Many of those are specifically designed for certain industry verticals and deployment settings, and are refined over time based on actual feedback from deployment sites.

We built software to help visualize and remotely manage a large number of routers, and created a global network of point of presences. These make it much easier for customers to use SpeedFusion and manage their network. Over time, we also introduced more management features and made our software easier and more intuitive to use.

These core products and software are also supported by a range of supporting products such as access points, signal-amplifying outdoor antennas, network switches and so on, which help our customers in delivering complete networking solutions.

### **Starlink's first Authorized Technology Provider**

Plover Bay is much more than just selling hardware. We are also very different from conventional networking players, to the point that some may find our SD-WAN features “lacking”.

This is because our entire ecosystem is built on solving connectivity problems in a simple way. We continued to refine this ecosystem over the years, accumulating strong trust and reputation across many industry verticals. This is very hard to replicate, and it gives us many edges when new opportunities emerge.

The emergence of Starlink is one such example. Since Starlink launched in 2021, customers have been using Peplink to bridge their Starlink connections with mobile or broadband at small remote sites. Since then, the solution has continued to expand and land in larger opportunities in maritime, public safety and mining.

In 2023, we helped one of the largest cruise ship companies in the world bond together dozens of Starlink connections on their whole fleet, providing fast broadband internet to thousands of passengers and crew onboard. In this deployment, while competing large networking companies also introduced their SD-WAN solutions, we were able to deliver a much better performance in terms of speed, reliability and stability. We also provided very responsive feedback to the customer, and we had a wide range of supporting products specialized for maritime deployments. These all added up to become winning factors.

Eventually, this large deployment led us into our recent appointment as Starlink's first Authorized Technology Provider. The recognition enhances our brand visibility and allows us to tap into the fast-growing Starlink user base, providing even more potential for growth in the coming years.

We believe these kinds of successes are proof that we are moving in the right direction.

Besides Starlink, other new connectivity options have also emerged, such as other low earth orbit (“LEO”) services, fixed wireless access (FWA) and private networks.

### **Entering the Fixed Wireless Access market**

The FWA market is a large opportunity. According to market estimates, the number of FWA connections will more than double to over 300 million by 2030. Of course, with such substantial volumes at play, this is a highly competitive market. In fact, many leading networking equipment manufacturers are already supplying sizable volumes of FWA routers to telecom companies worldwide.



We intend to approach the FWA market with a different strategy. Recently, we have launched the B One series fixed / 5G router. It features a full range of SpeedFusion capabilities. This gives customers the ability to SpeedFusion different FWA networks together with fixed broadband or other mobile networks.

The B One series is optimized for large volumes and has a very friendly price point to small office / home office users.

We also launched a companion app called the “Peplink App”. The app is an extension of our InControl2 management software, and provides a much more simplified interface for users to configure and manage their small networks, including SpeedFusion and other value-added services. We believe the Peplink App makes our ecosystem more accessible and helps us tap into customers in the FWA segment.

### **Growing subscription pipeline**

In 2023, our recurring revenue has reached a key milestone. It currently accounts for 30% of our sales, and 52% of our gross profit.

The drivers of recurring revenue continue to grow. As at 31 December 2023, the number of devices registered on our cloud management platform has risen 20% year-on-year to over 500K. At the same time, the number of subscriptions has grown over 40% year-on-year. The take-up rate of our subscriptions, which is defined as the number of subscriptions versus the number of devices sold, also rose to 28% against a growing user base.

To boost our recurring revenue growth pipeline, we will continue to focus on providing superior value propositions through launching affordable new products while further enhancing our software features.

### **Other exciting opportunities**

In the past year, AI has been developing by leaps and bounds. We believe it will create a lot of opportunities for us in an expanding connectivity market, making our operation more efficient to create new AI-enabled product platforms. Plover Bay has a track record in adopting new technology to enrich our product offerings and ecosystem. We are very excited about the possibilities.

### **To wrap up**

It took us 18 years to reach US\$94.3M from zero. We have learned a lot during our growth journey and, just like the coming of age of a young person, Plover Bay is reaching a new stage with stronger manufacturing and go-to-market partners to help us reach the next US\$100M much faster.

We are fortunate to have like-minded team members, partners and investors around the world working together. Thank you everybody for joining us in this exciting journey.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2023, our bank borrowings amounted to approximately US\$1,177,000 (2022: approximately US\$6,471,000) which are secured by the pledge of a time deposit amounting to approximately US\$2,052,000 (2022: approximately US\$2,029,000).

As at 31 December 2023, the gearing ratio (which is defined as total borrowings over total equity) of our Group was approximately 2.3% (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 coming year. We did not experience any liquidity problem during the year ended 31 December 2023.

## **AGEING ANALYSIS OF TRADE RECEIVABLES AND TRADE PAYABLES**

For details of our ageing analysis of trade receivables and trade payables, please refer to note 11 and note 14 to the consolidated financial information, respectively.

## **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 salaries, bonuses and retirement benefits with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 31 December 2023, the Group had 177 (2022: 202) full-time employees. The total amount of employee costs of the Group (including equity-settled share-based payment expense and directors' remuneration) for the year was approximately US\$9,861,000 (2022: approximately US\$9,957,000).

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. During the year, the Company issued share options on 11 December 2023. Details have been set out in the section headed "Share Option Scheme" elsewhere in this announcement.

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.

## **RETIREMENT BENEFIT PLANS**

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualified employees in Hong Kong. Contributions from employers and employees are 5% each of the employee’s relevant income. The maximum mandatory contribution per employee is HK\$1,500 per month. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The expense arising from contributions to the MPF Scheme of the Group for the year ended 31 December 2023 was approximately US\$235,000 (2022: approximately US\$257,000).

The employees of the Group’s subsidiary in Malaysia are members of the state-managed retirement benefit scheme, the Employees Provident Fund (the “EPF Scheme”) operated by the Malaysian government. The subsidiary is required to contribute a certain percentage of payroll costs to the EPF Scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. The retirement benefit scheme contributions arising from the EPF Scheme charged to profit or loss for the year ended 31 December 2023 were approximately US\$51,000 (2022: approximately US\$44,000).

The employees of the Group’s subsidiary in Taiwan chose to participate in a defined contribution scheme governed by the Labour Pension Act of Taiwan. This subsidiary contributes 6% of the total salaries of participating employees who have chosen to participate in the defined contribution scheme, which are deposited into individual pension accounts at the Bureau of Labour Insurance of Taiwan. The expense arising from the defined contribution scheme for the year ended 31 December 2023 was approximately US\$54,000 (2022: approximately US\$48,000).

The employee of the Group’s subsidiary in Singapore participates in the Central Provident Fund scheme (the “CPF”) organised by the government of Singapore. This subsidiary and its employee are required to contribute a certain percentage of the employee’s payroll to the CPF. The contributions are charged to profit or loss as they become payable in accordance with the rules of the CPF. The subsidiary has no further obligations for the actual pension payments or post-retirement benefits beyond its contributions. The expense arising from contributions to the CPF for the year ended 31 December 2023 was approximately US\$12,000 (2022: approximately US\$11,000).

## **SIGNIFICANT INVESTMENTS HELD AND FUTURE PLAN FOR MATERIAL INVESTMENT**

As at 31 December 2023, the Group had no significant investment held and no material future investment plan.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 December 2023, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

## **COMMITMENTS**

As at 31 December 2023, the Group had nil capital commitment including commitment in respect of acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements (2022: approximately US\$145,000).

## **PLEDGE OF ASSETS**

The Group's bank facilities amounting to approximately US\$14,989,000 (2022: approximately US\$14,927,000), of which approximately US\$1,177,000 (2022: approximately US\$6,471,000) had been utilised as at the end of the reporting period, which are secured by the pledge of a time deposit of the Group amounting to approximately US\$2,052,000 (2022: approximately US\$2,029,000).

## **DIVIDEND POLICY**

The Board of Directors of the Company has approved and adopted a dividend policy (the "Dividend Policy") effective from 28 February 2019. The Company endeavours to maintain sufficient working capital to develop and operate the business of the Group and to provide stable and sustainable returns to the shareholders of the Company ("Shareholders"). During the year ended 31 December 2023, there has been no change to the Dividend Policy.

In determining the dividend for distribution to Shareholders, the Board will measure the capital needs in future years based on the future capital budget plan of the Company and consider factors such as profitability, financial structures and liquidity of the Group comprehensively.

The declaration and payment of dividend by the Company is subject to any restrictions under the Companies Law of the Cayman Islands and the Company's articles of association and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserves the rights in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Group in respect of its future dividend and/or in no way obligate the Group to declare a dividend at any time or from time to time.

## **DECLARATION OF DIVIDENDS AND THE CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to declare a second interim dividend of HK10.94 cents per share and a special dividend of HK1.42 cents per share (together, the "Dividends") for the year ended 31 December 2023. For the purpose of determining the entitlement to the Dividends, the register of members of the Company will be closed on Friday, 15 March 2024. The record date for entitlement to receive the Dividends is Friday, 15 March 2024. In order to be qualified for the Dividends, 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, 14 March 2024. The cheques for payment of the Dividends are expected to be sent on Thursday, 28 March 2024.

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

At 31 December 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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

### Long positions in shares and underlying shares

Name of Director	Nature of interest	Number of ordinary shares of the Company interested	Number of underlying ordinary shares of the Company held under the Share Option Scheme	Approximate percentage of shareholding %
Chan Wing Hong Alex	Through controlled corporation (note)	756,000,000	-	68.7
Chau Kit Wai	Beneficial owner	6,000,000	-	0.5
Chong Ming Pui	Beneficial owner	6,000,000	-	0.5
Yeung Yu	Beneficial owner	6,000,000	-	0.5
		<hr/>		
		774,000,000	-	70.2

#### Note:

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 annual results announcement, 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 year ended 31 December 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 the 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 13 July 2016 (the “Listing Date”) (the “Share Option Scheme”). Details of movements of the share options granted under the Share Option Scheme for the year ended 31 December 2023 are as follows:

Grantee	Date of grant	Exercise price per share (HKS)	Exercise period	Notes	At 1 January 2023	Granted	Exercised	Forfeited	Lapsed/ cancelled	At 31 December 2023
<b>Directors</b>										
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)	-	-	-	-	-	-
<b>Consultants</b>										
	14/3/2018	1.934	14/3/2019-13/3/2023	(3 & 11)	2,000,000	-	(600,000)	-	(1,400,000)	-
	14/9/2018	1.02	14/9/2019-13/9/2023	(4 & 11)	1,125,000	-	(505,000)	-	(620,000)	-
	10/5/2019	1.18	10/5/2021-9/5/2024	(5 & 11)	52,000	-	(48,000)	-	-	4,000
	17/6/2022	2.988	17/6/2024-16/6/2027	(9)	800,000	-	-	(100,000)	-	700,000
<b>Employees</b>										
	14/3/2018	1.934	14/3/2019-13/3/2023	(3 & 12)	1,238,000	-	(299,000)	(100,000)	(839,000)	-
	14/9/2018	1.02	14/9/2019-13/9/2023	(4 & 12)	523,000	-	(457,000)	-	(66,000)	-
	10/5/2019	1.18	10/5/2021-9/5/2024	(5 & 12)	1,033,000	-	(613,000)	(150,000)	-	270,000
	31/12/2019	1.12	31/12/2021-30/12/2024	(6 & 12)	354,000	-	(123,000)	(28,000)	-	203,000
	14/12/2020	0.922	14/12/2022-13/12/2025	(7 & 12)	904,000	-	(326,000)	(300,000)	-	278,000
	9/11/2021	2.97	9/11/2023-8/11/2026	(8)	2,900,000	-	-	(700,000)	-	2,200,000
	17/6/2022	2.988	17/6/2024-16/6/2027	(9)	6,000,000	-	-	(1,100,000)	-	4,900,000
	11/12/2023	1.99	11/12/2025-10/12/2028	(10)	-	3,300,000	-	-	-	3,300,000
					<b>16,929,000</b>	<b>3,300,000</b>	<b>(2,971,000)</b>	<b>(2,478,000)</b>	<b>(2,925,000)</b>	<b>11,855,000</b>

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 per share.
3. 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 per share.
4. 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 per share.
5. For all share options granted on 10 May 2019, 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\$1.12 per share.
6. For all share options granted on 31 December 2019, 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\$1.10 per share.
7. 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 per share.
8. 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 per share.
9. 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 per share.
10. For all share options granted on 11 December 2023, 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\$2.00 per share.
11. The weighted average closing share price immediately before the dates on which the options were exercised by consultants was HK\$2.51 per share.
12. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$2.38 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 positions 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.

## **NON-COMPETITION UNDERTAKINGS**

Mr. Chan Wing Hong Alex (the “Covenator”) has confirmed to the Company of his compliance with the terms of the Deed of Non-Competition during the year ended 31 December 2023.

Our independent non-executive Directors have reviewed compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced during the year ended 31 December 2023.

As at 31 December 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 31 December 2023 and up to the date of this annual results announcement.

## **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 year ended 31 December 2023.

## **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 for the year ended 31 December 2023.



## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquiries with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the year ended 31 December 2023.

## **SCOPE OF WORK OF THE COMPANY'S AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company reviewed the Group's consolidated annual results for the year ended 31 December 2023, including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters as well as the consolidated financial statements for the year ended 31 December 2023 with the management.

## **THE ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2023 will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.ploverbay.com>) in due course.

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

Hong Kong, 29 February 2024

*As at the date of this announcement, the executive Directors are Mr. Chan Wing Hong Alex, Mr. Chau Kit Wai, Mr. Chong Ming Pui and Mr. Yeung Yu; and the independent non-executive Directors are Dr. Yu Kin Tim, Mr. Ho Chi Lam and Mr. Wan Sze Chung.*