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Plover Bay Technologies Limited

玊灣科技有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1523)

CHANGE IN USE OF PROCEEDS

References are made to the prospectus of Plover Bay Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 30 June 2016 (the “**Prospectus**”) in relation to the listing of the Company’s shares (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited, and the Company’s annual report for the year ended 31 December 2016 dated 23 March 2017 (the “**Annual Report 2016**”), in which the amount of the net proceeds from the Listing after deducting underwriting fees and other expenses (the “**Net Proceeds**”) and the amount apportioned to each business objective based on the Net Proceeds was disclosed.

ORIGINAL USE OF PROCEEDS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds raised from the Listing (or adjusted on a pro rata basis according to the net proceeds) as follows:

- approximately 22% or HK\$26.89 million (equivalent to approximately US\$3.47 million) will be used to strengthen our research and development (“**R&D**”) capabilities through expansion of our R&D team by employing additional experienced engineers in the field.
- approximately 13% or HK\$15.00 million (equivalent to approximately US\$1.94 million) will be used to upgrade our R&D facilities.
- approximately 13% or HK\$15.06 million (equivalent to approximately US\$1.94 million) will be used to finance the acquisition and decoration of a property suitable for the establishment of a R&D centre for R&D testing and quality assurance purposes.

- approximately 15% or HK\$18.09 million (equivalent to approximately US\$2.33 million) will be used to carry out promotional and marketing activities including attending overseas trade fairs, exhibitions, press conference and advertisement in media and to expand our distribution network;
- approximately 13% or HK\$16.12 million (equivalent to approximately US\$2.08 million) will be used to improve our marketing capabilities by (i) employing additional experienced and reputable marketing executives, technical marketing engineers and designers; and (ii) purchasing additional computer design systems for marketing purpose;
- approximately 3% or HK\$4.15 million (equivalent to approximately US\$0.54 million) will be used to improve brand awareness by (i) engaging public relation professionals in different regions to promote our brand; and (ii) enhancing communication with customers by market research analysis;
- approximately 1% or HK\$1.00 million (equivalent to approximately US\$0.13 million) will be used to install an enterprise resource planning system;
- approximately 10% or HK\$12.04 million (equivalent to approximately US\$1.55 million) will be used to strengthen our patent portfolio by filing more patent applications as well as acquiring intellectual property rights; and
- approximately 10% or HK\$12.04 million (equivalent to approximately US\$1.55 million) will be used for working capital and other general corporate purposes.

The actual Net Proceeds received by the Company was approximately HK\$108.39 million (equivalent to approximately US\$13.98 million).

As disclosed in the Annual Report 2016, US\$3.12 million was allocated for expansion of R&D team, US\$1.74 million was allocated for upgrade of R&D facilities, US\$1.75 million was allocated for establishment of R&D centre, US\$2.10 million was allocated for promotional and marketing activities, US\$1.87 million was allocated for improving marketing capabilities, US\$0.48 million was allocated for improving brand awareness, US\$0.12 million was allocated for installing an enterprise resource planning system, US\$1.40 million was allocate for strengthening patent portfolio and US\$1.40 million was allocated for working capital and general corporate purposes.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately US\$2.10 million (the “**Unutilised Net Proceeds**”). The board (the “**Board**”) of directors (the “**Directors**”) of the Company having considered the business environment and development of the Group, resolved to change the use of the Unutilised Net Proceeds. Set out below is the utilisation of the Net Proceeds up to the date of this announcement and the proposed change of use of the Unutilised Net Proceeds:

Intended use of Net Proceeds	Original approximate percentage of Net Proceeds as stated in the Prospectus	Revised approximate percentage of Net Proceeds	Unutilised amount of Net Proceeds up to the date of this announcement US\$ million	Revised allocation of Unutilised Net Proceeds US\$ million
Strengthen our R&D capabilities:				
Expansion of R&D team	22%	36%	-	1.94
Upgrade R&D facilities	13%	3%	1.42	-
Establishment of a R&D centre	13%	9%	0.52	-
Promotional and marketing activities	15%	15%	-	-
Improving marketing capabilities	13%	13%	-	-
Improve brand awareness	3%	3%	0.16	0.16
Install an enterprise resource planning system	1%	1%	-	-
Strengthen patent portfolio	10%	10%	-	-
Working capital and general corporate purposes	10%	10%	-	-
	100%	100%	2.10	2.10

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Over the past few years, advances in computing, software and cloud technologies have drastically improved the productivity of employees. Meanwhile, the wide availability third-party hardware testing services have diminished our need for specialised R&D testing equipment and dedicated facilities required to house such equipment. As a result, hiring and retaining talented engineers have become one of the most important drivers for generating and executing new innovations in the technology field. The Directors therefore consider that expanding our R&D team would be a better use of resources compared to establishing a new R&D center and upgrading R&D facilities. As such, the Board has resolved to reallocate the unutilised US\$1.42 million and US\$0.52 million which were originally intended to upgrade R&D facilities and to establish a R&D centre to the expansion of our R&D team.

Save for the aforesaid changes, there is no other change in the uses of the Net Proceeds. The Board confirms that there is no material change in the nature of business of the Group as set out in the Prospectus. The Board considers that the above changes in the uses of the Net Proceeds are fair and reasonable, as they would allow the Company to deploy its financial resources more effectively to support the business of the Group and therefore the changes are in the interests of the Group and the shareholders as a whole.

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

Hong Kong, 30 October 2020

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