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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)

ANNOUNCEMENT OF ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY

- Revenue for the year ended 31 December 2021 reached approximately US\$74,128,000, an increase of approximately 40.3% over the year ended 31 December 2020.
- Profit attributable to the owners of the Company for the year ended 31 December 2021 was approximately US\$21,200,000, representing an increase of approximately 49.0% over the year ended 31 December 2020.
- Diluted earnings per share for the year ended 31 December 2021 was approximately US1.94 cents, an increase of approximately 45.9% over the year ended 31 December 2020.
- The Board has resolved to declare a second interim dividend of HK8.27 cents per share and a special dividend of HK0.71 cents per share for the year ended 31 December 2021. The dividends are expected to be paid on 25 March 2022 to the shareholders whose names appear in the Company's register of members on 11 March 2022.

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 2021, together with the comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 US\$'000	2020 US\$'000
Revenue	4	74,128	52,818
Cost of sales and services		<u>(30,973)</u>	<u>(22,018)</u>
Gross profit		43,155	30,800
Other income and gains, net	4	57	737
Selling and distribution expenses		(2,738)	(2,475)
General and administrative expenses		(6,973)	(5,535)
Research and development expenses		(8,657)	(7,425)
Remeasurement loss on a disposal group classified as held for sale		(68)	-
Finance costs	5	<u>(49)</u>	<u>(60)</u>
Profit before tax	6	24,727	16,042
Income tax expense	7	<u>(3,527)</u>	<u>(1,812)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>21,200</u></u>	<u><u>14,230</u></u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(88)</u>	<u>62</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>21,112</u></u>	<u><u>14,292</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
- Basic (<i>US cents</i>)		<u>1.96</u>	<u>1.34</u>
- Diluted (<i>US cents</i>)		<u><u>1.94</u></u>	<u><u>1.33</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 US\$'000	2020 US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,311	3,109
Intangible assets		1,336	1,125
Deposits paid for acquisition of property, plant and equipment		31	-
Deferred tax assets		122	132
TOTAL NON-CURRENT ASSETS		4,800	4,366
CURRENT ASSETS			
Inventories	10	18,622	12,509
Trade receivables	11	11,664	6,997
Prepayments, deposits and other receivables	12	2,028	2,202
Tax recoverable		5	82
Pledged deposit	13	2,004	2,000
Cash and cash equivalents	13	31,641	31,151
		65,964	54,941
Assets of disposal groups classified as held for sale	15	979	-
TOTAL CURRENT ASSETS		66,943	54,941
CURRENT LIABILITIES			
Trade payables, other payables and accruals	14	5,625	4,453
Lease liabilities		1,162	1,047
Contract liabilities		11,681	8,543
Interest-bearing bank borrowings		4,639	3,378
Tax payable		4,278	3,493
		27,385	20,914
Liabilities of disposal groups classified as held for sale	15	3	-
TOTAL CURRENT LIABILITIES		27,388	20,914
NET CURRENT ASSETS		39,555	34,027
TOTAL ASSETS LESS CURRENT LIABILITIES		44,355	38,393
NON-CURRENT LIABILITIES			
Lease liabilities		1,220	73
Contract liabilities		2,820	2,338
Deferred tax liabilities		232	144
TOTAL NON-CURRENT LIABILITIES		4,272	2,555
NET ASSETS		40,083	35,838

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2021*

	Notes	2021 US\$'000	2020 US\$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	16	1,405	1,381
Reserves		38,678	34,457
TOTAL EQUITY		40,083	35,838

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

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 2020	1,349	17,350	1,413	(5)	14,007	34,114
Profit for the year	-	-	-	-	14,230	14,230
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	-	62	-	62
Total comprehensive income for the year	-	-	-	62	14,230	14,292
Issue of shares upon exercise of share options	32	2,237	(571)	-	-	1,698
Equity-settled share option arrangements	-	-	215	-	-	215
Transfer of share option reserve upon the forfeiture of share options	-	-	(84)	-	84	-
Second interim 2019 dividend	-	-	-	-	(6,270)	(6,270)
2019 special dividend	-	-	-	-	(4,026)	(4,026)
Interim 2020 dividend	-	-	-	-	(4,185)	(4,185)
At 31 December 2020	<u>1,381</u>	<u>19,587</u>	<u>973</u>	<u>57</u>	<u>13,840</u>	<u>35,838</u>
At 1 January 2021	1,381	19,587	973	57	13,840	35,838
Profit for the year	-	-	-	-	21,200	21,200
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	-	-	-	(88)	-	(88)
Total comprehensive income/(loss) for the year	-	-	-	(88)	21,200	21,112
Issue of shares upon exercise of share options	24	2,550	(508)	-	-	2,066
Equity-settled share option arrangements	-	-	123	-	-	123
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	(15)	-	15	-
Second interim 2020 dividend	-	-	-	-	(8,629)	(8,629)
2020 special dividend	-	-	-	-	(3,005)	(3,005)
Interim 2021 dividend	-	-	-	-	(7,422)	(7,422)
At 31 December 2021	<u>1,405</u>	<u>22,137*</u>	<u>573*</u>	<u>(31)*</u>	<u>15,999*</u>	<u>40,083</u>

* These reserve accounts comprise the consolidated reserves of US\$38,678,000 (2020: US\$34,457,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021	2020
	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,727	16,042
Adjustments for:		
Finance costs	49	60
Bank interest income	(30)	(212)
Write-down of inventories to net realisable value	295	693
Covid-19-related rent concessions from lessors	(4)	(7)
Depreciation	1,693	1,683
Impairment of trade receivables	18	-
Amortisation of intangible assets	739	656
Remeasurement loss on a disposal group classified as held for sale	68	-
Equity-settled share option expense	123	215
	27,678	19,130
Increase in inventories	(6,408)	(5,815)
Increase in trade receivables	(4,685)	(773)
Decrease/(increase) in prepayments, deposits and other receivables	174	(180)
Increase in trade payables, other payables and accruals	1,071	1,839
Increase in contract liabilities	3,620	1,990
	21,450	16,191
Cash generated from operations	21,450	16,191
Hong Kong profits tax paid	(2,532)	(353)
Overseas profits tax paid, net	(2)	-
	18,916	15,838
NET CASH FLOWS FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	30	212
Purchase of items of property, plant and equipment	(532)	(318)
Deposits paid for acquisition of property, plant and equipment	(31)	-
Additions to intangible assets	(958)	(683)
Deposits received related to the UUL and UPL Disposals	101	-
Increase in a pledged deposit	(4)	(2,000)
	(1,394)	(2,789)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 December 2021*

	2021	2020
	US\$'000	US\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	2,066	1,698
Dividends paid	(19,056)	(14,481)
New bank loans	5,282	3,000
Repayment of bank loans	(4,019)	(18)
Interest paid	(31)	(17)
Principal portion of lease payments	(1,137)	(1,005)
Interest portion of lease payments	(18)	(43)
	<hr/> (16,913)	<hr/> (10,866)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		
	609	2,183
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	31,151	28,926
Effect of foreign exchange rate changes, net	(97)	42
	<hr/> 31,663	<hr/> 31,151
CASH AND CASH EQUIVALENT AT END OF YEAR		
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	31,641	31,151
	<hr/> 31,641	<hr/> 31,151
Cash and cash equivalents as stated in the consolidated statement of financial position		
Cash and cash equivalents attributable to the disposal groups	22	-
	<hr/> 31,663	<hr/> 31,151
Cash and cash equivalents as stated in the consolidated statement of cash flows		

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 (the “SD-WAN”) routers; and
- provision of software licences and warranty and support services.

2.1 BASIS OF PREPARATION

These 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 (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These 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 2021. 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).

When the Company has, directly or indirectly, 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of approximately US\$4,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

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; 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				Software licences and warranty and support services		Total	
	Wired SD-WAN routers		Wireless SD-WAN routers					
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue:								
Sales to external customers	12,463	9,152	42,561	28,441	19,104	15,225	74,128	52,818
Segment results	4,986	3,542	12,950	7,044	15,823	12,132	33,759	22,718
<i>Reconciliation:</i>								
Other income and gains, net							57	737
Selling and distribution expenses							(2,738)	(2,475)
Unallocated general and administrative expenses							(6,234)	(4,878)
Remeasurement loss on a disposal group classified as held for sale							(68)	-
Finance costs							(49)	(60)
Profit before tax							24,727	16,042

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.

	Sale of SD-WAN routers				Software licences and warranty and support services		Total	
	Wired SD-WAN routers		Wireless SD-WAN routers		2021	2020	2021	2020
	2021	2020	2021	2020				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Other segment information:								
Amortisation of intangible assets	79	53	468	483	192	120	739	656
Write-down of inventories to net realisable value	67	166	228	527	-	-	295	693

Geographical information

Revenue from external customers

	2021	2020
	US\$'000	US\$'000
North America	43,087	29,563
EMEA (Europe, Middle East and Africa)	19,658	14,492
Asia	9,322	7,791
Others	2,061	972
	74,128	52,818

Non-current assets

	2021 US\$'000	2020 US\$'000
Hong Kong	4,107	3,794
Others	571	440
	<u>4,678</u>	<u>4,234</u>

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

Information about a major customer

For the year ended 31 December 2021, total revenue of approximately US\$13,863,000 was derived from transactions with a single customer (2020: approximately US\$10,490,000) reporting in the sale of SD-WAN routers segment and software licences and warranty and support services segment.

4. REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2021 US\$'000	2020 US\$'000
<i>Revenue from contracts with customers</i>	<u>74,128</u>	<u>52,818</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

Segments	Sale of SD-WAN routers		Software licences and warranty and support services		Total	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Type of goods or services						
Sale of SD-WAN routers						
- Wired	12,463	9,152	-	-	12,463	9,152
- Wireless	42,561	28,441	-	-	42,561	28,441
Provision of warranty and support services	-	-	15,724	12,319	15,724	12,319
Sale of software and licence fee income	-	-	3,380	2,906	3,380	2,906
Total revenue from contract with customers	<u>55,024</u>	<u>37,593</u>	<u>19,104</u>	<u>15,225</u>	<u>74,128</u>	<u>52,818</u>
Geographical markets						
North America	32,388	21,006	10,699	8,557	43,087	29,563
EMEA	14,777	10,664	4,881	3,828	19,658	14,492
Asia	6,325	5,230	2,997	2,561	9,322	7,791
Others	1,534	693	527	279	2,061	972
Total revenue from contract with customers	<u>55,024</u>	<u>37,593</u>	<u>19,104</u>	<u>15,225</u>	<u>74,128</u>	<u>52,818</u>
Timing of revenue recognition						
Goods transferred at a point in time	55,024	37,593	1,791	1,767	56,815	39,360
Services transferred over time	-	-	17,313	13,458	17,313	13,458
Total revenue from contracts with customers	<u>55,024</u>	<u>37,593</u>	<u>19,104</u>	<u>15,225</u>	<u>74,128</u>	<u>52,818</u>

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:

	2021 US\$'000	2020 US\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of warranty and support services	7,582	6,397
Sale of software and licence fee income	961	664
	<u>8,543</u>	<u>7,061</u>

(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 advances are normally required before rendering the services.

Licence services

The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services.

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

	2021	2020
	US\$'000	US\$'000
Amounts expected to be recognised as revenue:		
Within one year	11,681	8,543
After one year	2,820	2,338
	14,501	10,881

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.

	2021	2020
	US\$'000	US\$'000
Other income and gains, net		
Sale of parts	16	-
Bank interest income	30	212
Foreign exchange gains, net	-	409
Government grants	-	112
Others	11	4
	<hr/> 57 <hr/>	<hr/> 737 <hr/>

5. FINANCE COSTS

	2021	2020
	US\$'000	US\$'000
Interest on bank borrowings	31	17
Interest on lease liabilities	18	43
	<hr/> 49 <hr/>	<hr/> 60 <hr/>

6. PROFIT BEFORE TAX

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

	2021	2020
	US\$'000	US\$'000
Cost of inventories sold	30,116	21,185
Cost of services provided	857	833
Depreciation ^{a&b}	1,693	1,683
Amortisation of intangible assets ^c	739	656
Lease payments not included in the measurement of lease liabilities	88	-
Auditors' remuneration	202	176
Employee benefit expenses (excluding directors' remuneration): ^d		
Wages, salaries and allowances	8,791	7,646
Equity-settled share-based payment expense	105	187
Retirement benefit scheme contributions (defined contribution schemes) ^e	310	265
Less: Government subsidies - Hong Kong Special Administrative Region Employee Support Scheme ^f	-	(673)
Government subsidies - Hong Kong Special Administrative Region STEM Internship Scheme ^f	(1)	-
Government subsidies - Lithuania ^g	(590)	(542)
Government subsidies - Singapore Jobs Support Scheme ^h	(1)	-
	8,614	6,883
Equity-settled share-based payment expenses for consultants	18	3
Impairment of financial assets:		
Impairment of trade receivables	18	-
Write-down of inventories to net realisable value	295	693
Remeasurement loss on a disposal group classified as held for sale	68	-
Foreign exchange differences, net	821	(409)

- a) Depreciation for the year of US\$240,000 (2020: US\$287,000) 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\$1,079,000 (2020: US\$1,012,000).
- c) Amortisation of intangible assets for the year of US\$739,000 (2020: US\$656,000) 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 expenses of US\$5,906,000 (2020: US\$4,802,000) is included in "Research and development 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.

- f) The subsidies were granted under the STEM Internship Scheme (2020: Employment Support Scheme) from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions relating to the subsidies.
- g) During the year, the Company's subsidiary located in Lithuania received subsidies of approximately US\$646,000 (2020: US\$713,000) from the Government of Lithuania for several research and development projects. Subsidies of approximately US\$565,000 (2020: US\$542,000) were granted from the Government of Lithuania and are presented as a reduction in "Research and development expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. Subsidies of US\$81,000 (2020: US\$59,000) are included in "General and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. In the prior year, subsidies of approximately US\$112,000 were included in "Other income and gains, net" on the face of the consolidated statement of profit or loss and other comprehensive income. There were no unfulfilled conditions relating to the subsidies.
- h) The subsidies were granted under the Jobs Support Scheme from the Government of Singapore. 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% (2020: 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\$257,000 (2020: US\$258,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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.

	2021	2020
	US\$'000	US\$'000
Current – Hong Kong		
Charge for the year	3,290	1,970
Overprovision in prior years	(31)	(81)
Current – Elsewhere		
Charge for the year	169	13
Underprovision in prior years	-	2
Deferred	99	(92)
	<hr/>	<hr/>
Total tax charge for the year	3,527	1,812
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

	Notes	2021 US\$'000	2020 US\$'000
Interim – HK5.32 cents (2020: HK3.03 cents) per ordinary share		7,422	4,185
Second interim – HK8.27 cents (2020: HK6.23 cents) per ordinary share	(a)	11,567	8,614
Special dividend – HK0.71 cents (2020: HK2.17 cents) per ordinary share	(b)	993	3,001
		<u>19,982</u>	<u>15,800</u>

Notes:

- (a) Subsequent to the end of the reporting period, a second interim dividend in respect of the year ended 31 December 2021 of HK8.27 cents (2020: second interim dividend of HK6.23 cents) per ordinary share, in an aggregate amount of approximately US\$11,567,000 (2020: US\$8,614,000), has been declared by the Directors of the Company.
- (b) In addition, the Directors of the Company have declared a special dividend for the year ended 31 December 2021 of HK0.71 cents (2020: HK2.17 cents) per ordinary share, in an aggregate amount of approximately US\$993,000 (2020: US\$3,001,000), subsequent to the end of the 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 1,081,496,214 (2020: 1,058,011,541) in issue during the year.

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	
	2021	2020
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,081,496,214	1,058,011,541
Effect of dilution – weighted average number of ordinary shares: Share options	10,492,244	11,422,535
	<hr/> 1,091,988,458 <hr/>	<hr/> 1,069,434,076 <hr/>
Number of shares used in the diluted earnings per share calculation	1,091,988,458	1,069,434,076

10. INVENTORIES

	2021	2020
	US\$'000	US\$'000
Raw materials and consumables	13,083	7,939
Finished goods	5,539	4,570
	<hr/> 18,622 <hr/>	<hr/> 12,509 <hr/>

11. TRADE RECEIVABLES

	2021	2020
	US\$'000	US\$'000
Trade receivables	11,693	7,110
Impairment	(29)	(113)
	11,664	6,997

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 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:

	2021	2020
	US\$'000	US\$'000
Within 1 month	9,901	4,471
1 to 2 months	1,747	2,366
2 to 3 months	14	152
Over 3 months	2	8
	11,664	6,997

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	US\$'000	US\$'000
Prepayments	497	814
Deposits and other receivables	1,531	1,388
	2,028	2,202

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. Since the deposits and other receivables are related to receivables which are still in current and the payment is not due, the expected credit loss rates of deposits and other receivables are assessed to be minimal as at 31 December 2021 and 2020.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSIT

	2021 US\$'000	2020 US\$'000
Cash and bank balances	31,641	31,151
Time deposit	2,004	2,000
	<u>33,645</u>	<u>33,151</u>
Less: Pledged time deposit for bank loans	<u>(2,004)</u>	<u>(2,000)</u>
Cash and cash equivalents	<u><u>31,641</u></u>	<u><u>31,151</u></u>

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

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2021 US\$'000	2020 US\$'000
Trade payables	3,255	2,494
Deposits received	571	564
Other payables	152	29
Accruals	1,647	1,366
	<u>5,625</u>	<u>4,453</u>

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

	2021 US\$'000	2020 US\$'000
Within 1 month	3,147	2,386
1 to 2 months	86	76
2 to 3 months	-	7
Over 3 months	22	25
	<u>3,255</u>	<u>2,494</u>

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

15. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On 10 December 2021, Protean Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into sales and purchase agreements (the “Agreements”) with Mr. Chan Wing Hong Alex to dispose of its entire equity interests in Ultra Land Limited (“ULL”) and Ultra Prosper Limited (“UPL”) and assign the loans which ULL and UPL owed to their holding companies and fellow subsidiaries at the completion date for total cash considerations of HK\$4,100,000 and HK\$3,800,000, respectively (the “ULL and UPL Disposals”). Upon the completion of the ULL and UPL Disposals on 24 February 2022, ULL and UPL ceased to be subsidiaries of the Company. Accordingly, as at 31 December 2021, certain groups of assets and liabilities of ULL and UPL to be disposed of pursuant to the Agreements were classified as “Assets of disposal groups classified as held for sale” and “Liabilities of disposal groups classified as held for sale”, respectively.

The major classes of assets and liabilities of disposal groups classified as held for sale as at 31 December 2021 are as follows:

	2021
	US\$'000
<i>Assets</i>	
Property, plant and equipment (note)	957
Cash and cash equivalents	22
	<hr/>
Assets of disposal groups classified as held for sale	979
	<hr/>
<i>Liabilities</i>	
Accruals	1
Tax payable	1
Deferred tax liabilities	1
	<hr/>
Liabilities of disposal groups classified as held for sale	3
	<hr/>
	976
	<hr/>

Note:

The buildings included in property, plant and equipment of disposal groups classified as held for sale with an aggregate net carrying amount of US\$957,000 (2020: US\$1,073,000) situated in Hong Kong were pledged to secured certain banking facilities granted to the Group.

Further details of the ULL and UPL Disposals are also disclosed in the Company’s announcement dated 10 December 2021.

16. ISSUED CAPITAL

	2021	2020
	US\$'000	US\$'000
Authorised:		
4,000,000,000 (2020: 4,000,000,000) ordinary shares of HK\$0.01 each	<u>5,152</u>	<u>5,152</u>
Issued and fully paid:		
1,090,811,000 (2020: 1,071,728,000) ordinary shares of HK\$0.01 each	<u>1,405</u>	<u>1,381</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 2020		1,046,792,000	10,468	1,349
Share options exercised	(a)	<u>24,936,000</u>	<u>249</u>	<u>32</u>
At 31 December 2020 and 1 January 2021		1,071,728,000	10,717	1,381
Share options exercised	(b)	<u>19,083,000</u>	<u>191</u>	<u>24</u>
At 31 December 2021		<u>1,090,811,000</u>	<u>10,908</u>	<u>1,405</u>

Notes:

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

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 sell add-on software licences, 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 overview

In recent years, enterprise networking is extending beyond the reach of conventional fixed network solutions into small networks such as machines, vehicles, ships, broadcast, livestreaming, Internet of Things devices, and other remote sites, which still require enterprise level network availability. Moreover, enterprise networks must also be able to adapt to technological changes quickly, such as the surge of bandwidth required to support cloud workloads and work from home. Traditional fixed networks such as MPLS are not well-equipped to the task because of its complexity to set up, and simply cannot reach into these small remote networks. This has created a plenty of opportunities for our Group.

Over the years, our Group has developed a wide range of wired and wireless SD-WAN routers which use a mix of multiple LTE/5G or fixed plus LTE/5G networks that allows enterprise users to respond to changes rapidly while still ensuring high network speed and uptime. Our wide range of products also fit into different places described above, particularly where fixed network is not available.

Our products are supported by various software features, such as SpeedFusion technology which combines multiple connectivity together to create a fast, reliable and secure connection. InControl2 is our cloud-based management platform subscription which enables remote real-time management of our SD-WAN routers and support the use of API to automate certain aspects of network management. Our software is regularly updated to provide new features. For example, we have recently added new features to SpeedFusion Cloud services. This allows users to conveniently protect their important applications from network failures with just a few clicks, when needed. It also allows us to tap into data consumption as a new revenue stream.

During the year ended 31 December 2021, the Group's revenue increased to approximately US\$74,128,000, representing an approximately 40.3% year-over-year growth. The sales of wired SD-WAN products increased to approximately US\$12,463,000, or an increase of about 36.2% year-over-year. Sales of wireless SD-WAN products increased to approximately US\$42,561,000, or an increase of about 49.6% year-over-year. Warranty and support services increased about 27.6% to US\$15,724,000. Finally, the sales of software licences increased about 16.3% year-over-year to US\$3,380,000.

Sales across product categories broadly increased due to growing need for reliable connectivity in small remote networks. In particular, elementary wireless SD-WAN products continued to be the strongest contributor of our revenue growth and installed base. Meanwhile mid-range dual-radio wireless SD-WAN products and wired SD-WAN products designed for mid-sized enterprises also displayed very strong growth rates. The strong volume growth in those products is in line with our strategy to accelerate the growth of our installed base. A larger installed base will in turn increase the revenue of recurring services in the coming years.

The table below sets out our revenue by product and service category for the years ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue US\$'000	% of total %	Revenue US\$'000	% of total %
SD-WAN routers:				
Wired	12,463	16.8	9,152	17.3
Wireless	42,561	57.4	28,441	53.9
Warranty and support services	15,724	21.2	12,319	23.3
Software licences	3,380	4.6	2,906	5.5
Total	74,128	100.0	52,818	100.0

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 in equal instalment. Recurring sales include the revenue recognition of embedded service-type warranty, the subsequent renewal of warranty and support services (typically in one to three years intervals), subscription for InControl2 (typically in one to three years intervals) and the sale of cloud data services, which is based on data usage.

During the year, one-time sales increased approximately 44.3% and recurring sales increased approximately 28.6% 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. In the longer term, as we continue to grow the installed base of SD-WAN routers and enrich the features and services in our subscription plans, we expect the proportion of recurring sales to increase. In addition, our cloud data services, whose sales is based on cloud data usage, allows us to tap into data consumption as a new revenue stream.

The table below sets out the breakdown of revenue according to the timing of revenue recognition for the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue US\$'000	% of total %	Revenue US\$'000	% of total %
One-time sales:	56,815	76.6	39,360	74.5
Recurring sales:	17,313	23.4	13,458	25.5
Total	74,128	100.0	52,818	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 2021, sales from North America increased to approximately US\$43,087,000, representing year-over-year growth of approximately 45.7%. Sales from EMEA rose to approximately US\$19,658,000, representing a year-over-year growth of approximately 35.6%. Sales to Asia increased approximately 19.7% to approximately US\$9,322,000. Sales from other regions increased approximately 112.0% year-over-year to approximately US\$2,061,000.

During the year, because of market expansion, a majority of our channel partners in all our geographical regions experienced strong growth, particularly North America and EMEA. We continued to expand our warehousing operations in the US and Europe, which improved our product availability and delivery lead times and contributed to the growth of both regions.

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 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue	% of total	Revenue	% of total
	US\$'000	%	US\$'000	%
North America	43,087	58.1	29,563	56.0
EMEA	19,658	26.5	14,492	27.4
Asia	9,322	12.6	7,791	14.8
Others	2,061	2.8	972	1.8
Total	74,128	100.0	52,818	100.0

Gross profit and gross profit margin

For the year ended 31 December 2021, our gross profit was approximately US\$43,155,000, a year-over-year increase of approximately 40.1%. Our gross profit margin was approximately 58.2%, compared to approximately 58.3% for the year ended 31 December 2020.

During the year, our strong shipment volume growth has generated economies of scale which offset the effects of product mix shift to our gross profit margin. Overall, we have been able to pass on the cost increases due to component shortages and the gross margin of each individual product did not vary materially compared to the previous year.

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 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Gross profit	Gross margin	Gross profit	Gross margin
	US\$'000	%	US\$'000	%
SD-WAN routers:				
Wired	6,520	52.3	4,882	53.3
Wireless	18,389	43.2	11,526	40.5
Warranty and support services	14,866	94.5	11,486	93.2
Software licences	3,380	100.0	2,906	100.0
Total	43,155	58.2	30,800	58.3

Other income and gains, net

Other income and gains, net mainly represented bank interest income and exchange gains. For the year ended 31 December 2021, other income and gains, net was approximately US\$57,000, representing a year-over-year decrease of approximately 92.3% from US\$737,000 last year. The decrease was mainly due to: (i) foreign exchange losses, net of approximately US\$821,000 (recorded in "General and administrative expenses") during the year, as compared to approximately US\$409,000 foreign exchange gains, net recorded in "Other income and gains, net" during the year ended 31 December 2020, and (ii) approximately US\$112,000 government subsidies relating to research and development activities in 2019 were recorded in "Other income and gains, net" for the year ended 31 December 2020.

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 2021 were approximately US\$2,738,000, a year-over-year increase of approximately 10.6%. During the year, the increase in selling and distribution expenses was mainly due to the expansion of our marketing and business development teams and increased warehousing and distribution 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, amortization of intangible assets, lease expenses and other office expenses.

General and administrative expenses for the year ended 31 December 2021 were approximately US\$6,973,000, a year-over-year increase of approximately 26.0%. During the year, approximately US\$821,000 foreign exchange losses, net were recorded, compared to about US\$409,000 foreign exchange gains, net were recorded in “Other income and gains, net” in the previous year. Excluding the effects of foreign exchange fluctuations, general and administrative expenses increased by 11.1%, which mainly represents the increase in 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 fees, certification costs, tooling, components and parts used for product research and development purposes.

R&D expenses for the year ended 31 December 2021 were approximately US\$8,657,000, increasing 16.6% year-over-year. During the year, the increase in R&D expenses was mainly due to increase in headcount and salaries of the R&D teams.

Government grants

For the year ended 31 December 2021, the government subsidies of Nil (2020: US\$708,000) from the Employee Support Scheme implemented by the HKSAR Government and approximately US\$646,000 (2020: US\$713,000) from the Republic of Lithuania as grants for several R&D projects are included in “General and administrative expenses” and “Research and development expenses” respectively.

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, 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 3,900,000 share options to 39 new employees on 9 November 2021. Equity-settled share-based payment expenses for the year ended 31 December 2021 was approximately US\$123,000 (2020: US\$215,000). 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 2021, which includes selling and distribution expenses, general and administrative expenses, and research and development expenses from the above, amounted to approximately US\$18,368,000, representing a year-over-year increase of approximately 19.0%. Employee cost (including equity-settled share-based payment expenses and directors’ remuneration) remains our largest cost component at US\$9,854,000. Excluding the effects of government subsidies and grants, the gross employee cost is US\$10,446,000, representing a year-over-year increase of about 10.4%.

Finance costs and interest-bearing bank borrowings

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

Finance costs for the year ended 31 December 2021 were approximately US\$49,000, representing a year-over-year decrease of approximately 18.3%. The decrease was mainly due to less interest on decreasing lease liabilities.

As at 31 December 2021, bank borrowings were approximately US\$4,639,000 (2020: approximately US\$3,378,000). The increase in bank borrowings was because of a credit facility drawn down for working capital purposes.

Income tax expense

During the year, we provided for Hong Kong profits tax at a rate of 16.5% on our 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 effective tax rate during the year was approximately 14.3%.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2021 was approximately US\$ 21,200,000, representing an increase of approximately 49.0% year-over-year.

Inventories

As at 31 December 2021, the Group's inventory balance was approximately US\$18,622,000 (2020: approximately US\$12,509,000). During the year, 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 COVID-19

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.

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 performance 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 within our revenue;
- We may be exposed to credit risk of our customers, affecting the collectability of trade receivables and adversely affecting our cash flow; 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.

BUSINESS OUTLOOK

In the past year, our company achieved year-over-year momentum with about 40.3% revenue growth and about 49.0% net profit growth. The need for connectivity is increasing everywhere, from home, workplace, factories, outdoor, vehicles, ships to IoT systems. Our patented technologies continue to help organizations and people to stay connected. Our SpeedFusion Cloud infrastructure has further simplified the technical skills needed to establish a stable and reliable connection for many industries.

Supply chain remains a continuous challenge for the entire industry. We are no different but thanks to our team's agility and relentless focus on execution, we have minimized the impact and we are outperforming our industry peers. We have leveraged our financial resources to secure component supply and manufacturing resources.

Growing demand in small-sized, ad-hoc networks

We have seen a very strong growth in small-sized, ad-hoc networks around the world. Businesses are connecting their branches utilizing LTE/5G as the primary connection. These businesses want quick deployment, affordable pricing and easy-to-use solutions. Our full featured small platform appliance is very competitive in the market. We work very closely with a number of managed service providers with an entrepreneurial mindset to address this fast-growing market. In the last 12 months, we won a good number of very influential projects in various vertical markets with our partners. We believe these influential projects will form the blueprint for future customers in these vertical markets over the next few years and this will be one of the areas of sustainable growth for us.

Multi-year 5G deployment cycle

Last year, we mentioned the multi-year upgrade cycle to 5G for better speed and lower latency. This year, our 5G products have contributed to around 10.1% of our total revenue. Plover Bay currently has one of the most, if not the most, comprehensive product offering of 5G SD-WAN routers in the market purpose-designed for various industries. Together with our extensive 4G product portfolio, we can address the current and future needs for our customers around the world.

The cost per GB for both 5G and LTE has reached a new low level during the year. As we mentioned last year, while the fixed broadband has an "un-metered" fixed price nature, Wireless WAN being a "metered" network has been a psychological barrier keeping some organizations from deploying mobile broadband as the primary WAN. Now, this psychological barrier appears to be melting away quickly. We have seen many customers embracing multiple 5G/LTE links to form an elastic, dynamic on-demand wireless network, which is even more reliable than fixed broadband in certain locations.

Passion-driven marketing

Our enhanced marketing effort has been very encouraging. Our dynamic and creative team has put their passion into action and created some very successful marketing campaigns, in an unconventionally cost-efficient way. The result is we are seeing broad growth among all markets.

Recurring subscription revenue driven by a growing ecosystem

We are expanding our ecosystem with more software integration to enable competitive subscription offerings for our partners and customers. While the industry is moving towards a SaaS model for everything, this imposes a higher entry barrier for hardware vendors to offer a reliable, competitive holistic solution. End customers are expecting an engaging digital experience instead of just the product. This requires a very different mindset when building our product as a service. Plover Bay has been misunderstood as a hardware company because we make good and reliable hardware platforms, purpose-built for various vertical markets. Our accelerating growth in recurring subscription revenue proves that we are actually a good software company which also makes good hardware.

New strategy to expand in emerging countries

Moving forward, we will leverage our software capabilities and extended supply chain partners for the hardware to expand to ASEAN and emerging countries. Through these partners, we will combine competitive product pricing with stable software code and advanced features to create a compelling new product family for these emerging markets. While these markets may require a lower price point, they present significant growth opportunities for us.

Relentless operational improvement

Our industry is still undergoing broad supply chain challenges. These challenges will remain in the coming months and possibly even longer. With our supply chain team's diligent effort, we made good progress in increasing our inventories of semiconductor components and communication modules. We are also working to launch new platforms to optimize and diversify our supply chain. These actions will help us further avoid disruptions, reduce reliance on any single market and provide a more sustainable growth in the long run.

Overall, we believe that we are at an early stage of a multi-year growth cycle. We are a passion driven team. Problem-solving is in our DNA and we will continue to choose to be great instead of big.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, our bank borrowings amounted to approximately US\$4,639,000 (2020: US\$3,378,000) which are secured by the pledge of a time deposit amounting to approximately US\$2,004,000 (2020: US\$2,000,000) and mortgages over the Group's buildings classified as held for sale with aggregate carrying value at the end of the period of US\$957,000 (2020: approximately US\$1,073,000).

As at 31 December 2021, the gearing ratio (which is defined as total borrowings over total equity) of our Group was approximately 11.6% (2020: approximately 9.4%). The Directors confirm that the Group financed its operations principally from cash generated from its business operations and expect that this will continue to be the case in the coming year. We did not experience any liquidity problem during the year ended 31 December 2021.

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 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 2021, the Group had 190 (2020: 167) full-time employees. The total amount of staff costs of the Group (including equity-settled share-based payment expenses and directors' remuneration) for the year was approximately US\$9,854,000 (2020: US\$8,215,000).

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 9 November 2021. 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 expenses arising from the provident fund of the Group for the year ended 31 December 2021 were approximately US\$235,000 (2020: approximately US\$209,000).

The employees in 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 and other comprehensive income for the year ended 31 December 2021 were approximately US\$39,000 (2020: approximately US\$36,000).

The employees in 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 at 6% of the total salaries of participating employees who have chosen to participate in the defined contribution scheme, deposited into individual pension accounts at the Bureau of Labour Insurance of Taiwan. The expenses arising from the defined contribution scheme for the year ended 31 December 2021 were approximately US\$40,000 (2020: US\$30,000).

The employee in the Group’s subsidiary in Singapore participate in the Central Provident Fund scheme (the “CPF”) organized 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 expenses arising from the defined contribution scheme for the year ended 31 December 2021 were approximately US\$7,000 (2020: Nil).

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLAN FOR MATERIAL INVESTMENT

As at 31 December 2021, the Group has no significant investment held and material investment plan.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2021, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

COMMITMENTS

As at 31 December 2021, the Group had approximately US\$61,000 in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements (2020: Nil).

PLEDGE OF ASSETS

The Group's bank facilities amounting to US\$10,752,000 (2020: US\$10,772,000), of which US\$4,282,000 (2020: US\$3,000,000) had been utilised as at the end of the reporting period, are secured by the pledge of a time deposit of the Group's amounting to US\$2,004,000 (2020: US\$2,000,000). The Group's bank loans are 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 US\$957,000 (2020: US\$1,073,000).

USE OF PROCEEDS FROM THE LISTING

The Company's ordinary shares were listed on the Main Board of Stock Exchange on 13 July 2016 ("Listing Date"). The net proceeds ("Net Proceeds") from the initial public offering amounted to approximately HK\$108.4 million (equivalent to approximately US\$14.0 million). As at 31 December 2021, the Net Proceeds have been fully utilised according to the revised use of Net Proceeds published on 30 October 2020.

As at 31 December 2021, the Group has utilized the Net Proceeds as follows:

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

DIVIDEND 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 2021, 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 and financial structure and liquidity of the Company 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 right 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 HK8.27 cents per share and a special dividend of HK0.71 cents per share (together, the “Dividends”) for the year ended 31 December 2021. For the purpose of determining the entitlement to the Dividends, the register of members of the Company will be closed on Friday, 11 March 2022. The record date for entitlement to receive the Dividends is Friday, 11 March 2022. 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 March 2022. The cheques for payment of the Dividends are expected to be sent on Friday, 25 March 2022.

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

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

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

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

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

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

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

C: Committee Chairman

M: Committee Member

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

At 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares

Name of Directors	Nature of interest	Number of ordinary shares of the Company interested	Number of underlying ordinary shares of the Company held under Share Option Scheme	Approximate percentage of shareholding %
Chan Wing Hong Alex	Through controlled corporation (note 1)	756,000,000	-	69.3
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
		<hr/>		
		774,000,000	-	71.1

Note:

1. 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 2021 was the Group a party to any arrangements to enable the Directors, supervisors or chief executives of the Company, to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 21 June 2016, and became effective on the Listing Date (the “Share Option Scheme”). Details of movements of the share options granted under the Share Option Scheme for the year ended 31 December 2021 are as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2021	Granted	Exercised	Forfeited	Lapsed/cancelled	At 31 December 2021
Directors										
Chan Wing Hong, Alex	20/7/2016	0.483	20/7/2017-19/7/2021	(1 & 2)	-	-	-	-	-	-
Chau Kit Wai	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Yip Kai Kut Kenneth	20/7/2016	0.483	20/7/2017-19/7/2021	(2 & 13)	-	-	-	-	-	-
Chong Ming Pui	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Yeung Yu	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Consultants										
	20/7/2016	0.483	20/7/2017-19/7/2021	(2 & 11)	8,000	-	(4,000)	(4,000)	-	-
	10/10/2017	1.872	10/10/2019-9/10/2022	(4)	1,400,000	-	-	-	-	1,400,000
	14/3/2018	1.934	14/3/2019-13/3/2023	(5)	2,300,000	-	-	-	-	2,300,000
	14/9/2018	1.02	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 & 11)	100,000	-	(48,000)	-	-	52,000
Employees										
	20/7/2016	0.483	20/7/2017-19/7/2021	(2 & 12)	6,438,000	-	(6,406,000)	-	(32,000)	-
	5/4/2017	0.72	5/4/2018-4/4/2022	(3 & 12)	5,898,000	-	(5,314,000)	-	-	584,000
	10/10/2017	1.872	10/10/2019-9/10/2022	(4 & 12)	2,912,000	-	(1,321,000)	-	-	1,591,000
	14/3/2018	1.934	14/3/2019-13/3/2023	(5 & 12)	2,800,000	-	(620,000)	(100,000)	-	2,080,000
	14/9/2018	1.02	14/9/2019-13/9/2023	(6 & 12)	7,480,000	-	(4,548,000)	(327,000)	-	2,605,000
	10/5/2019	1.18	10/5/2021-9/5/2024	(7 & 12)	2,672,000	-	(822,000)	(52,000)	-	1,798,000
	31/12/2019	1.12	31/12/2021-30/12/2024	(8)	800,000	-	-	(300,000)	-	500,000
	14/12/2020	0.922	14/12/2022-13/12/2025	(9)	2,400,000	-	-	(900,000)	-	1,500,000
	9/11/2021	2.97	9/11/2023-8/11/2026	(10)	-	3,900,000	-	(100,000)	-	3,800,000
					36,408,000	3,900,000	(19,083,000)	(1,783,000)	(32,000)	19,410,000

Notes:

1. Mr. Chan Wing Hong Alex is also the controlling shareholder of the Company.
2. For all share options granted on 20 July 2016, the first 25% of the total options can be exercised 1 year after the date of grant, and each 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.46.
3. A total of 13,600,000 share options are granted on 5 April 2017. Among that, 25% of 8,400,000 can be exercised 1 year after the date of grant, and a further 25% will become exercisable in each subsequent year. For the remaining 5,200,000 options, 50% of the options can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.69.
4. For all share options granted on 10 October 2017, 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\$1.79.
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 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.
8. 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.
9. For all share options granted on 14 December 2020, the first 50% of the total options can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.92.
10. For all share options granted on 9 November 2021, the first 50% of the total options can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$2.77.
11. The weighted average closing share price immediately before the dates on which the options were exercised by consultants was HK\$2.00 per share.
12. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$2.01 per share.
13. Mr. Yip Kai Kut Kenneth has resigned as an executive Director with effect from 28 May 2021.

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

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

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 2021.

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 2021.

As at 31 December 2021, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

EVENTS AFTER THE REPORTING PERIOD

Save for the completion of the ULL and UPL Disposals on 24 February 2022, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2021 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 2021.

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 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 2021.

SCOPE OF WORK OF INDEPENDENT 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 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY 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 2021, 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 2021 with the management.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 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.

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

Hong Kong, 24 February 2022

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; the independent non-executive Directors are Dr. Yu Kin Tim, Mr. Ho Chi Lam and Mr. Wan Sze Chung.