



Plover Bay Technologies Limited

玊灣科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1523)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2024

SUMMARY

- For the six months ended 30 June 2024, the Group recorded revenue of approximately US\$57,298,000, which increased about 28.4% from the same period last year.
- During the interim period, the Group recorded net profit of approximately US\$19,103,000, which increased about 55.0% year-over-year.
- The Company records basic earnings per share of approximately US1.74 cents for the six months ended 30 June 2024, an increase of about 55.4% year-over-year.
- The Board has determined that an interim dividend of HK10.83 cents per share for the six months ended 30 June 2024 be payable on 20 August 2024 to the shareholders whose names appear in the Company's register of members on 9 August 2024.

The board (the “Board”) of directors (the “Directors”) of Plover Bay Technologies Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		(unaudited)	
		Six months ended 30 June	
		2024	2023
	Notes	US\$'000	US\$'000
Revenue	4	57,298	44,632
Cost of sales and services		<u>(25,553)</u>	<u>(20,833)</u>
Gross profit		31,745	23,799
Other income and gains, net	4	873	641
Selling and distribution expenses		(1,853)	(1,519)
General and administrative expenses		(3,688)	(3,454)
Research and development, consultancy and other expenses		(4,204)	(4,339)
Finance costs	5	<u>(163)</u>	<u>(241)</u>
Profit before tax	6	22,710	14,887
Income tax expense	7	<u>(3,607)</u>	<u>(2,564)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>19,103</u>	<u>12,323</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>34</u>	<u>72</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>19,137</u>	<u>12,395</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic (<i>US cents</i>)		<u>1.74</u>	<u>1.12</u>
— Diluted (<i>US cents</i>)		<u>1.73</u>	<u>1.12</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024	At 31 December 2023
<i>Notes</i>		<i>US\$'000</i> (unaudited)	<i>US\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		3,559	4,518
Intangible assets		1,999	2,061
Prepayments and deposits		360	419
Deferred tax assets		108	108
		6,026	7,106
TOTAL NON-CURRENT ASSETS			
CURRENT ASSETS			
Inventories	<i>10</i>	13,129	16,938
Trade receivables	<i>11</i>	17,506	17,419
Prepayments, deposits and other receivables		2,698	4,966
Tax recoverable		22	49
Pledged deposit		2,158	2,052
Cash and cash equivalents		53,538	36,745
		89,051	78,169
TOTAL CURRENT ASSETS			
CURRENT LIABILITIES			
Trade payables, other payables and accruals	<i>12</i>	3,117	4,686
Lease liabilities		1,430	1,489
Contract liabilities		18,744	17,638
Interest-bearing bank borrowings		4,300	1,177
Tax payable		4,833	2,252
		32,424	27,242
TOTAL CURRENT LIABILITIES			
NET CURRENT ASSETS		56,627	50,927
TOTAL ASSETS LESS CURRENT LIABILITIES		62,653	58,033

	At 30 June 2024	At 31 December 2023
<i>Notes</i>	<i>US\$'000</i> (unaudited)	<i>US\$'000</i> (audited)
NON-CURRENT LIABILITIES		
Lease liabilities	1,100	1,808
Contract liabilities	9,131	5,623
Deferred tax liabilities	363	378
	<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES	10,594	7,809
	<hr/>	<hr/>
NET ASSETS	52,059	50,224
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	<i>13</i> 1,418	1,418
Reserves	50,641	48,806
	<hr/>	<hr/>
TOTAL EQUITY	52,059	50,224
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

		Attributable to owners of the parent					
		Issued capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Retained profits	Total equity
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023 (audited)		1,414	23,586	514	(172)	17,949	43,291
Profit for the period		—	—	—	—	12,323	12,323
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations		—	—	—	72	—	72
Total comprehensive income for the period		—	—	—	72	12,323	12,395
Issue of shares upon exercise of share options		2	377	(65)	—	—	314
Equity-settled share option arrangements		—	—	147	—	—	147
Second interim 2022 dividend	8	—	—	—	—	(12,190)	(12,190)
At 30 June 2023 (unaudited)		<u>1,416</u>	<u>23,963</u>	<u>596</u>	<u>(100)</u>	<u>18,082</u>	<u>43,957</u>
At 1 January 2024 (audited)		1,418	24,191	515	(45)	24,145	50,224
Profit for the period		—	—	—	—	19,103	19,103
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations		—	—	—	34	—	34
Total comprehensive income for the period		—	—	—	34	19,103	19,137
Issue of shares upon exercise of share options		—	63	(10)	—	—	53
Equity-settled share option arrangements		—	—	131	—	—	131
Repurchase and cancellation of shares		—	(87)	—	—	—	(87)
Second interim 2023 dividend	8	—	—	—	—	(15,400)	(15,400)
2023 Special dividend	8	—	—	—	—	(1,999)	(1,999)
At 30 June 2024 (unaudited)		<u>1,418</u>	<u>24,167</u>	<u>636</u>	<u>(11)</u>	<u>25,849</u>	<u>52,059</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	31,843	15,797
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	866	293
Purchase of items of property, plant and equipment	(140)	(142)
Increase in pledged deposit	(106)	(23)
Proceeds from disposal of property, plant and equipment	1	—
Additions to intangible assets	(483)	(371)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	138	(243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	53	314
Repurchase and cancellation of shares	(87)	—
Dividends paid	(17,399)	(12,190)
Interest elements of finance lease rental payments	(86)	(30)
Repayment of bank loans	(3,559)	(10,109)
New bank loan	6,686	9,533
Interest paid	(77)	(211)
Principal portion of finance lease rental payments	(901)	(821)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(15,370)	(13,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,611	2,040
Cash and cash equivalents at beginning of the period	36,745	28,658
Effect of foreign exchange rate changes, net	182	90
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	53,538	30,788

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE AND GROUP INFORMATION

Plover Bay Technologies Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Unit B, 5/F, Dragon Industrial Building, 93 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong.

During the period, the Group was involved in the following principal activities:

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

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). They have been prepared under the historical cost convention and are presented in United States Dollars (“US\$”) and all values are rounded to the nearest thousands except when otherwise indicated.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2023.

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has reportable operating segments as follows:

- (a) the sales of SD-WAN routers segment that primarily engages in sales of wired and wireless routers, also known as Fixed First Connectivity and Mobile First Connectivity; and
- (b) software licences and warranty and support services segment that primarily engages in the provision of software licences and warranty and support services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains, net, selling and distribution expenses, unallocated general and administrative expenses and finance costs are excluded from such measurement.

There were no material intersegment sales and transfers during the current and prior reporting periods.

Operating segments:

Six months ended 30 June (unaudited)

	Sales of SD-WAN routers				Software licences and warranty and support services		Total	
	Fixed First Connectivity		Mobile First Connectivity		2024	2023	2024	2023
	2024	2023	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue:								
Sales to external customers	8,752	8,151	32,194	21,713	16,352	14,768	57,298	44,632
Segment result	3,484	2,470	9,531	4,451	13,988	12,088	27,003	19,009
<i>Reconciliation</i>								
Other income and gains, net							873	641
Selling and distribution expenses							(1,853)	(1,519)
Unallocated general and administrative expenses							(3,150)	(3,003)
Finance costs							(163)	(241)
Profit before tax							22,710	14,887

Geographical information

Revenue from external customers

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
North America	36,761	26,667
EMEA (Europe, Middle East and Africa)	14,725	12,131
Asia	4,061	4,732
Others	1,751	1,102
	57,298	44,632

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Revenue from contracts with customers	<u>57,298</u>	<u>44,632</u>

Revenue from contracts with customers

Disaggregated revenue information

Six months ended 30 June (unaudited)	Sale of SD-WAN routers		Software licences and warranty and support services		Total	
	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Type of goods or services						
Sale of SD-WAN routers						
— Fixed First Connectivity	8,752	8,151	—	—	8,752	8,151
— Mobile First Connectivity	32,194	21,713	—	—	32,194	21,713
Provision of warranty and support services	—	—	12,575	11,774	12,575	11,774
Sale of software and licence fee income	—	—	3,777	2,994	3,777	2,994
Total revenue from contract with customers	<u>40,946</u>	<u>29,864</u>	<u>16,352</u>	<u>14,768</u>	<u>57,298</u>	<u>44,632</u>
Geographical markets						
North America	26,622	17,662	10,139	9,005	36,761	26,667
EMEA	10,744	8,672	3,981	3,459	14,725	12,131
Asia	2,295	2,762	1,766	1,970	4,061	4,732
Others	1,285	768	466	334	1,751	1,102
Total revenue from contract with customers	<u>40,946</u>	<u>29,864</u>	<u>16,352</u>	<u>14,768</u>	<u>57,298</u>	<u>44,632</u>
Timing of revenue recognition						
Transferred at a point in time	40,946	29,864	620	823	41,566	30,687
Transferred over time	—	—	15,732	13,945	15,732	13,945
Total revenue from contracts with customers	<u>40,946</u>	<u>29,864</u>	<u>16,352</u>	<u>14,768</u>	<u>57,298</u>	<u>44,632</u>

Other income and gains, net

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Other income and gains, net		
Bank interest income	866	293
Foreign exchange gains, net	—	246
Others	7	102
	<u>873</u>	<u>641</u>

5. FINANCE COSTS

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Interest on bank borrowings	77	211
Interest on lease liabilities	86	30
	<u>163</u>	<u>241</u>

6. PROFIT BEFORE TAX

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

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Cost of inventories sold	24,450	19,664
Depreciation ^a	1,081	1,073
Amortisation of intangible assets	538	452
Government subsidies — Hong Kong Special Administrative Region Dedicated Fund on Branding, Upgrading and Domestic Sales ^b	—	(95)
Government subsidies — Hong Kong Special Administrative Region STEM Internship Scheme ^b	—	(2)
Government subsidies — Lithuania ^c	—	(171)
Write-down of inventories to net realisable value	212	186
Foreign exchange differences, net	47	(246)
	<u>47</u>	<u>(246)</u>

- (a) Depreciation includes the depreciation of right-of-use assets of approximately US\$796,000 (Six months ended 30 June 2023: approximately US\$797,000).
- (b) The subsidies were granted under the Dedicated Fund on Branding, Upgrading and Domestic Sales and STEM Internship Scheme from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions relating to the subsidies.
- (c) During the period, the Company's subsidiary in Lithuania received subsidies of nil (Six months ended 30 June 2023: approximately US\$171,000) from the Government of the Republic of Lithuania for several research and development projects. The amounts were recorded in "Research and development, consultancy and other expenses" and "General and administrative expenses". There were no unfulfilled conditions relating to the subsidies.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first US\$256,000 (Six months ended 30 June 2023: US\$255,000) of assessable profits of this subsidiary are taxed at 8.25% (Six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (Six months ended 30 June 2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Current — Hong Kong		
Charge for the period	3,428	2,386
Current — Elsewhere		
Charge for the period	189	204
Underprovision in prior years	3	—
Deferred	(13)	(26)
	<u>3,607</u>	<u>2,564</u>
Total tax charge for the period	<u>3,607</u>	<u>2,564</u>

8. DIVIDENDS

During the period, a second interim dividend of HK10.94 cents per ordinary share and a special dividend of HK1.42 cents per ordinary share for the year ended 31 December 2023 were paid to the shareholders of the Company on 28 March 2024.

In the board meeting held on 25 July 2024, the Board has resolved to declare an interim dividend of HK10.83 cents per share for the six months ended 30 June 2024 (Interim dividend 2023: HK7.01 cents). The interim dividend is expected to be paid on Tuesday, 20 August 2024 to the shareholders whose names appear in the register of members of the Company on Friday, 9 August 2024.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the 1,100,602,729 (Six months ended 30 June 2023: 1,098,525,320) weighted average number of ordinary shares in issue during the period.

The calculations of basic and diluted earnings per share are based on:

Earnings

The calculations of basic and diluted earnings per share are based on profit for the period attributable to ordinary equity holders of the parent.

Shares

	(unaudited)	
	Six months ended 30 June	
	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,100,602,729	1,098,525,320
Effect of dilution — weighted average number of ordinary shares: Share options	532,669	2,159,674
	<u>1,101,135,398</u>	<u>1,100,684,994</u>

10. INVENTORIES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Raw materials and consumables	9,365	10,343
Finished goods	3,764	6,595
	<u>13,129</u>	<u>16,938</u>

11. TRADE RECEIVABLES

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	17,529	17,442
Impairment	(23)	(23)
	<u>17,506</u>	<u>17,419</u>

The Group's trading terms with its customers are mainly on credit, except for new and individual customers, where payment in advance is normally required. The overall credit period is generally between 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	(unaudited)	(audited)
	At	At
	30 June	31 December
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	14,103	11,108
1 to 2 months	1,515	4,736
2 to 3 months	1,468	848
Over 3 months	420	727
	<u>17,506</u>	<u>17,419</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	(unaudited) At 30 June 2024 <i>US\$'000</i>	(audited) At 31 December 2023 <i>US\$'000</i>
Trade payables	1,001	2,300
Deposits received	693	501
Other payables	106	140
Accruals	1,317	1,745
	<u>3,117</u>	<u>4,686</u>

13. ISSUED CAPITAL

	(unaudited) At 30 June 2024 <i>US\$'000</i>	(audited) At 31 December 2023 <i>US\$'000</i>
Authorised:		
4,000,000,000 (31 December 2023: 4,000,000,000) ordinary shares of HK\$0.01 each	<u>5,152</u>	<u>5,152</u>
Issued and fully paid:		
1,100,604,000 (31 December 2023: 1,100,494,000) ordinary shares of HK\$0.01 each	<u>1,418</u>	<u>1,418</u>

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

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Issued capital <i>US\$'000</i>
At 1 January 2023		1,097,523,000	10,975	1,414
Share options exercised	(a)	<u>2,971,000</u>	<u>30</u>	<u>4</u>
At 31 December 2023 and 1 January 2024		1,100,494,000	11,005	1,418
Share options exercised	(b)	<u>366,000</u>	<u>4</u>	<u>—</u>
Share repurchased and cancelled	(c)	<u>(256,000)</u>	<u>(3)</u>	<u>—</u>
At 30 June 2024		<u>1,100,604,000</u>	<u>11,006</u>	<u>1,418</u>

Notes:

- (a) 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.
- (b) The subscription rights attaching to 366,000 share options were exercised at the weighted average subscription prices of HK\$1.145 per share, respectively, resulting in the issue of 366,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$53,000. An amount of approximately US\$10,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

- (c) During the period, the Company repurchased a total of 256,000 shares of the Company on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate consideration of approximately US\$88,000. The shares repurchased were subsequently cancelled on 24 June 2024. Particulars of the shares repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid Per Share		Aggregate Consideration US\$'000
		Highest HK\$	Lowest HK\$	
April	256,000	2.72	2.64	88

14. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with its related parties:

	(unaudited)	
	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Lease payments paid to related companies	656	629

The lease payments were charged by related companies based on terms as agreed between the relevant parties. A Director and beneficial controlling shareholder of the Company is also a Director and beneficial shareholder of the related companies.

15. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme became effective on 21 June 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The following share options were outstanding under the Scheme during the reporting period:

	(unaudited)		(unaudited)	
	2024		2023	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 January	2.585	11,855,000	2.326	16,929,000
Granted	—	—	—	—
Forfeited	2.348	(953,000)	2.358	(1,228,000)
Expired	1.18	(36,000)	1.934	(2,239,000)
Exercised	1.145	(366,000)	1.554	(1,583,000)
At 30 June	2.661	10,500,000	2.500	11,879,000

The weighted average share price at the date of exercise for share options exercised during six months ended 30 June 2024 was HK\$2.433 per share (Six months ended 30 June 2023: HK\$2.667 per share).

The exercise prices and exercise periods of the share options outstanding as at the end of reporting period are as follows:

Exercise period	Exercise price HK\$ per share	(unaudited)	
		Number of options outstanding as at 30 June	
		2024	2023
14-9-2019 to 13-9-2023	1.02	—	287,000
14-9-2020 to 13-9-2023	1.02	—	389,000
14-9-2021 to 13-9-2023	1.02	—	371,000
14-9-2022 to 13-9-2023	1.02	—	432,000
10-5-2021 to 9-5-2024	1.18	—	223,000
10-5-2022 to 9-5-2024	1.18	—	182,000
10-5-2023 to 9-5-2024	1.18	—	438,000
31-12-2021 to 31-12-2024	1.12	50,000	50,000
31-12-2022 to 31-12-2024	1.12	25,000	53,000
31-12-2023 to 31-12-2024	1.12	25,000	100,000
14-12-2022 to 13-12-2025	0.922	50,000	54,000
14-12-2023 to 13-12-2025	0.922	25,000	200,000
14-12-2024 to 13-12-2025	0.922	125,000	200,000
9-11-2023 to 8-11-2026	2.97	1,050,000	1,200,000
9-11-2024 to 8-11-2026	2.97	525,000	600,000
9-11-2025 to 8-11-2026	2.97	525,000	600,000
17-6-2024 to 16-6-2027	2.988	2,650,000	3,250,000
17-6-2025 to 16-6-2027	2.988	1,325,000	1,625,000
17-6-2026 to 16-6-2027	2.988	1,325,000	1,625,000
11-12-2025 to 10-12-2028	1.99	1,400,000	—
11-12-2026 to 10-12-2028	1.99	700,000	—
11-12-2027 to 10-12-2028	1.99	700,000	—
		10,500,000	11,879,000

No share options were granted during the six months ended 30 June 2024. Share option expense of approximately US\$131,000 was recognised during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Revenue and segment information

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

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 beyond the capabilities of a typical SD-WAN router, such as our mobile antenna, network switches, accessories, access points, and so on.

Our revenue segments consist mainly of the following categories: (i) SD-WAN routers, which is further divided into Fixed First Connectivity, which denotes products connected primarily through fixed networks, and Mobile First Connectivity, which denotes products connected primarily through mobile networks; (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 and other software features.

Revenue highlights

During the period ended 30 June 2024, the Group's revenue increased to approximately US\$57,298,000, representing an approximately 28.4% year-over-year growth. The sales of Fixed First Connectivity slightly increased to approximately US\$8,752,000. Sales of Mobile First Connectivity increased to approximately US\$32,194,000, or an increase of about 48.3% year-over-year. Sales of warranty and support services increased about 6.8% to US\$12,575,000. Finally, the sales of software licences increased about 26.2% year-over-year to US\$3,777,000.

During the period, our sales increase can be attributed to the strong growth in a range of product lines, particularly our high-volume products, in multiple markets, and the positive impact of the Peplink Starlink program, which contributed to the sales growth of both connectivity segments.

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

	For the six months ended 30 June			
	2024		2023	
	Revenue	% of total	Revenue	% of total
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Fixed First Connectivity	8,752	15.3	8,151	18.3
Mobile First Connectivity	32,194	56.2	21,713	48.6
Warranty and support services	12,575	21.9	11,774	26.4
Software licences	3,777	6.6	2,994	6.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total	57,298	100.0	44,632	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 period, one-time sales increased approximately 35.5% and recurring sales increased approximately 12.8% year-over-year. The sales of Embedded Subscriptions generally follows the growth trend of Fixed First and Mobile First Connectivity segment sales in the past twelve months. Growth of Organic Subscriptions is generally influenced by our accumulated userbase, take up rate of subscriptions, and user stickiness. During the period, the number of devices under a subscription and take up rate of subscriptions both recorded healthy increases, indicating strong recurring revenue pipeline going forward.

The table below sets out the breakdown of revenue according to the timing of revenue recognition for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	Revenue	% of total	Revenue	% of total
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
One-time sales:	41,566	72.5	30,687	68.8
Recurring sales:	15,732	27.5	13,945	31.2
Total	<u>57,298</u>	<u>100.0</u>	<u>44,632</u>	<u>100.0</u>

Overview of sales in geographical regions

We divide our sales into the following geographical regions: North America, EMEA (including Europe, Middle East and Africa), Asia and other regions. During the reporting period, sales from North America increased approximately 37.9% year-over-year to approximately US\$36,761,000. Sales from EMEA grew approximately 21.4% year-over-year to approximately US\$14,725,000. Sales to Asia was approximately US\$4,061,000, which decreased about 14.2% year-on-year. Sales from Other regions was approximately US\$1,751,000, which increased about 58.9% year-on-year.

During the period, sales in North America was mainly driven by strong uptake of high-volume 4G and 5G products. Our collaboration with Starlink also contributed to the sales increase in the region.

In EMEA, we see both new and existing partners driving the growth and broadening our vertical exposure to a region otherwise highly concentrated in partners specialised in the maritime vertical.

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 successfully marketing campaign and sales activity by our key partner in the region.

The table below sets out the breakdown of revenue by geographical regions of customers in terms of absolute amount and as a percentage of total revenue for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June		2023	
	2024			
	Revenue	Weight	Revenue	Weight
	US\$'000	%	US\$'000	%
North America	36,761	64.2	26,667	59.7
EMEA	14,725	25.7	12,131	27.2
Asia	4,061	7.1	4,732	10.6
Others	1,751	3.0	1,102	2.5
	<u>57,298</u>	<u>100.0</u>	<u>44,632</u>	<u>100.0</u>

Gross profit and gross profit margin

For the six months ended 30 June 2024, our gross profit was approximately US\$31,745,000, while gross profit margin was approximately 55.4%, an increase of approximately 2.1 percentage points from last year's interim period.

The increase of gross profit margin is due to lower component cost for 5G modules during the period. In addition, our sales during the period were concentrated in several high-volume product series, which enabled us to derive a better economies of scale.

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

	For the six months ended 30 June		2023	
	2024			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	US\$'000	%	US\$'000	%
Fixed First Connectivity	4,193	47.9	3,333	40.9
Mobile First Connectivity	12,303	38.2	6,867	31.6
Warranty and support services	11,843	94.2	10,977	93.2
Software licences	3,406	90.2	2,622	87.6
	<u>31,745</u>	<u>55.4</u>	<u>23,799</u>	<u>53.3</u>

Other income and gains, net

For the six months ended 30 June 2024, other income and gains, net was approximately US\$873,000, compared to approximately US\$641,000 during the same period last year. During the period, other income and gains, net mainly comprised of approximately US\$866,000 bank interest income. In the comparable interim period, other income and gains, net mainly comprised of approximately US\$293,000 bank interest income and approximately US\$246,000 exchange gains.

Selling and distribution expenses

Selling and distribution expenses comprised mainly salaries and benefits of our sales and marketing staff and advertising and promotion expenses incurred to promote our products and other expenses relating to our sales and marketing activities.

Selling and distribution expenses for the six months ended 30 June 2024 increased by 22.0% to approximately US\$1,853,000. The increase was mainly due to increased 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 six months ended 30 June 2024 slightly increased by 6.8% to approximately US\$3,688,000.

Research and development, consultancy and other expenses

Research and development (“R&D”) expenses mainly represented salaries and benefits of our software development, hardware engineering, testing and supporting staff, product testing fee, certification costs, tooling, components and parts used for product research and development purposes. Consultancy and other expenses mainly represented payments to service providers for testing, technical support and system maintenance.

Research and development, consultancy and other expenses for the six months ended 30 June 2024 slightly decreased by 3.1% to approximately US\$4,204,000 as we are increasingly collaborating with our contract manufacturers to develop new products, which decreased the need for materials and tooling associated with in-house hardware development.

Equity-settled share-based payment expenses

Included in selling and distribution expenses, general and administrative expenses and research and development expenses were equity-settled share-based payment expenses, mainly represented equity-settled share-based payments to Directors and employees which are expensed on a straight-line basis over the vesting period since the grant date.

The Company grants share options to its directors, employees and consultants from time to time. Equity-settled share-based payment expenses for the six months ended 30 June 2024 was approximately US\$131,000. Details of share options granted by the Group are set out below under the heading “Share Option Scheme” of this interim report.

Total operating expenses

Total operating expenses, which includes selling and distribution expenses, general and administrative expenses and research and development, consultancy and other expenses for the six months ended 30 June 2024 amounted to approximately US\$9,745,000, a decrease of approximately 4.6% year-over-year.

Finance costs

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

Finance costs for the six months ended 30 June 2024 was approximately US\$163,000 compared to approximately US\$241,000 during the same period last year. The decrease is mainly due to decrease in bank borrowings.

Income tax expenses

We provided for Hong Kong profits tax at a rate of 16.5% on our estimated assessable profits arising in Hong Kong. The increase in income tax expenses corresponded to the increase of assessable profits during the six months ended 30 June 2024.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately US\$19,103,000, representing a year-over-year increase of approximately 55.0%.

Inventories

As at 30 June 2024, the Group's inventory balance was approximately US\$13,129,000 (At 31 December 2023: approximately US\$16,938,000). During the period, we benefited from the optimization of our product portfolio, which reduced the number of product lines and lowered the variety of components required. The Group will continue to optimize its inventory levels to ensure the right balance between meeting customer demand and inventory risk.

BUSINESS REVIEW AND OUTLOOK

In the past six months, our collaboration with Starlink has significantly enhanced Peplink's market standing whilst we supercharged Starlink's user experiences. Starlink connections can now be controlled and managed via Peplink's InControl2 platform. This allows customers to monitor and optimize their network performance with detailed usage statistics. This collaboration provides unparalleled connectivity in remote and challenging environments, increasing network reliability, higher bandwidth, and uninterrupted service.

During the period, no less than 50 resellers have signed up for the Peplink and Starlink Solution Provider program. These premier resellers have received specialized training and support on this unique business solutions from Peplink and Starlink.

Accelerated market recognition

Large service providers, telecom companies and large organizations are increasingly confident in deploying Peplink solutions within their enterprise customers' networks. We are confident that these developments will lead to more deployments with large scale customers in various industry verticals in the coming years.

Mission critical services, such as fire services vehicles, continue to benefit from Peplink's superior performance, reliability and feature sets. We also continue to see substantial growth in deployments at passenger buses and railways. Together with our go-to-market partners, we have won multiple projects for large transport deployments in several European countries and the US.

Fixed Wireless Access

On the Fixed Wireless Access (FWA) market, our differentiated approach is working well.

Traditionally, network equipment manufacturers compete fiercely to win high-volume FWA businesses from telecom companies. These operator-bundled devices are tied or locked to a single telecom operator with restricted capabilities.

Our approach is to launch an easy-to-use, feature-rich product equipped with a full range of SpeedFusion capabilities at a very affordable price and market it directly to the end customers with our go-to-market partners. This allows customers to use SpeedFusion to combine different FWA networks with Starlink, Cable, DSL, Fiber to 5G/LTE services from multiple fixed, mobile and LEO service providers.

Strong product growth and a growing subscription pipeline

During the period, we have witnessed a strong growth in our high-volume products coming from multiple regions and verticals, resulting in 35.5% year-on-year growth in non-recurring sales.

On the other hand, our recurring sales increased 12.8% year-on-year. While the strong growth in products eclipsed the growth of recurring revenues, the fundamentals of our recurring revenue remains very strong. Compared to the previous period, the number of devices under subscription increased 34.9% year-over-year, while our subscription take up rate as at June 2024 improved to 29.8% from 26.5% a year ago. Both indicate that our subscription pipeline continues to grow robustly.

New product developments

In the coming months, we will offer more integrations with Starlink and other growing services. We are also working on a number of developments including new products and next generation platforms that will continue our leadership in technology advancement and ecosystem cultivation in the upcoming years.

Over the past 12 months, our sales have finally passed the USD100 million mark. This is very exciting news for us and our go-to-market partners. Both the deployment scale and depth have increased in all market verticals. The company is at a stage akin to that of a young person with energy, excitement and ambition. We thank everyone for joining us in this exciting journey.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, our bank borrowings amounted to approximately US\$4,300,000 (At 31 December 2023: approximately US\$1,177,000). Gearing ratio (defined as total borrowings over total equity) as at 30 June 2024 was approximately 8.3% (At 31 December 2023: approximately 2.3%). The Directors confirm that the Group financed its operations principally from cash generated from its business operations and expect that this will continue to be the case in the foreseeable future. We did not experience any liquidity problem during the reporting period.

AGEING ANALYSIS OF TRADE RECEIVABLES

For details of our ageing analysis of trade receivables, please refer to note 11 to the condensed consolidated financial information.

FOREIGN CURRENCY EXPOSURE

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

EMPLOYEE AND SALARY POLICIES

The Directors consider the quality of employees as the most critical factor in maintaining the Group's business growth and enhancing our profitability. The Group offers remuneration packages including salary, bonuses and retirement benefits with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 30 June 2024, the Group had 177 full-time employees (At 31 December 2023: 177 full time employees).

The Company also adopted a share option scheme approved on 21 June 2016 for the purpose of, among other things, recognition of employees' contribution to the Group's continued growth. Details have been set out in the section headed "Share Option Scheme" elsewhere in this interim report.

The emoluments of the Directors are decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLAN FOR MATERIAL INVESTMENT

As at 30 June 2024, the Group has no significant investment held and material investment plan.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2024, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

PLEDGE OF ASSETS

The Group's bank facilities amounting to US\$14,950,000 (At 31 December 2023: US\$14,989,000), of which US\$4,300,000 (At 31 December 2023: US\$1,177,000) had been utilised as at the end of the interim period, are secured by the pledge of a time deposit of the Group's amounting to US\$2,158,000 (At 31 December 2023: US\$2,052,000).

DIVIDEND

The Board has resolved to declare an interim dividend of HK10.83 cents per share for the six months ended 30 June 2024. The interim dividend is expected to be paid on 20 August 2024 to the shareholders whose names appear in the Company's register of members of the Company at the close of business on 9 August 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 9 August 2024 for the purpose of determining the entitlement to the 2024 interim dividend. The record date for entitlement to receive the 2024 interim dividend is Friday, 9 August 2024. In order to be qualified for the 2024 interim dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2024. The cheques for dividend payment are expected to be sent on Tuesday, 20 August 2024.

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

At 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares

Name of Directors	Nature of interest	Number of ordinary shares of the Company interested	Number of underlying ordinary shares of the Company held under Share Option Scheme	Approximate percentage of shareholding %
Chan Wing Hong Alex	Through controlled corporation*	756,000,000	—	68.7
Chau Kit Wai	Beneficial owner	6,000,000	—	0.6
Chong Ming Pui	Beneficial owner	6,000,000	—	0.6
Yeung Yu	Beneficial owner	6,000,000	—	0.6

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

Save as disclosed above, as of the date of this interim report, so far as is known to any Director or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. Details of the Directors' interests in share options granted by the Company are set out below under the heading "Share Option Scheme".

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Option Scheme" below, at no time during the six months ended 30 June 2024 was the Group a party to any arrangements to enable the Directors, supervisors or chief executives of the Company, to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 21 June 2016, and became effective on the Listing Date (the “Share Option Scheme”). Details of movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2024 are as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	At 1 January 2024	Granted	Exercised	Forfeited	Lapsed/ cancelled	At 30 June 2024
Directors										
Chan Wing Hong Alex	20/7/2016	0.483	20/7/2017–19/7/2021	(1 & 2)	—	—	—	—	—	—
Chau Kit Wai	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	—
Chong Ming Pui	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	—
Yeung Yu	20/7/2016	0.483	20/7/2017–19/7/2021	(2)	—	—	—	—	—	—
Consultants										
	10/5/2019	1.18	10/5/2021–9/5/2024	(3)	4,000	—	—	—	(4,000)	—
	17/6/2022	2.988	17/6/2024–16/6/2027	(7)	700,000	—	—	—	—	700,000
Employees										
	10/5/2019	1.18	10/5/2021–9/5/2024	(3 & 9)	270,000	—	(238,000)	—	(32,000)	—
	31/12/2019	1.12	31/12/2021–30/12/2024	(4 & 9)	203,000	—	(103,000)	—	—	100,000
	14/12/2020	0.922	14/12/2022–13/12/2025	(5 & 9)	278,000	—	(25,000)	(53,000)	—	200,000
	9/11/2021	2.97	9/11/2023–8/11/2026	(6)	2,200,000	—	—	(100,000)	—	2,100,000
	17/6/2022	2.988	17/6/2024–16/6/2027	(7)	4,900,000	—	—	(300,000)	—	4,600,000
	11/12/2023	1.99	11/12/2025–10/12/2028	(8)	3,300,000	—	—	(500,000)	—	2,800,000
					<u>11,855,000</u>	<u>—</u>	<u>(366,000)</u>	<u>(953,000)</u>	<u>(36,000)</u>	<u>10,500,000</u>

Notes:

1. Mr. Chan Wing Hong Alex is also the controlling shareholder of the Company.
2. For all share options granted on 20 July 2016, the first 25% of the total options can be exercised 1 year after the date of grant, and each 25% of the total options will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$0.46.
3. For all the share options granted on 10 May 2019, the first 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.12.
4. For all the share options granted on 31 December 2019, the first 50% can be exercised 2 years after the date of grant, and 25% will become exercisable in each subsequent year. The closing price of the Share immediately before the date on which the options were granted was HK\$1.10.
5. 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.
6. 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.
7. 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.
8. 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.
9. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$2.25 per share.

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 30 June 2024, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2024 and up to the date of this interim report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in note 13 to the condensed consolidated financial information, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as its own code of corporate governance, and is committed to maintaining high standards of corporate governance as well as transparency. The Company has complied with all applicable code provisions of the CG Code during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors of securities in the Company and other matters covered by the Model Code. Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's interim results including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters as well as the condensed consolidated financial statements for the six months ended 30 June 2024 with the management.

APPRECIATION

I would like to take this opportunity to thank the Group's shareholders and business partners for their support and encouragement to the Group during the past six months. I would also like to thank our Directors and all staff members of the Group for their hard work and contribution to the Group.

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

Hong Kong, 25 July 2024