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## **Plover Bay Technologies Limited**

**玊灣科技有限公司**

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

**(Stock Code: 1523)**

### **ANNOUNCEMENT OF ANNUAL RESULTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **SUMMARY**

- Revenue for the year ended 31 December 2024 reached approximately US\$116,791,000, an increase of approximately 23.9% over the year ended 31 December 2023.
- Profit attributable to the owners of the Company for the year ended 31 December 2024 was approximately US\$38,046,000, representing an increase of approximately 35.4% over the year ended 31 December 2023.
- Diluted earnings per share for the year ended 31 December 2024 was approximately US3.45 cents, an increase of approximately 35.3% over the year ended 31 December 2023.
- The Board has resolved to declare a second interim dividend of HK13.37 cents per share and a special dividend of HK5.65 cents per share for the year ended 31 December 2024. The dividends are expected to be paid on 27 March 2025 to the shareholders whose names appear in the Company's register of members on 14 March 2025.

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 2024, together with the comparative figures for the corresponding year in 2023 as follows:

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

For the year ended 31 December 2024

	Notes	2024 US\$'000	2023 US\$'000
Revenue	4	116,791	94,259
Cost of sales and services		<u>(52,642)</u>	<u>(43,346)</u>
Gross profit		64,149	50,913
Other income and gains, net	4	2,054	1,362
Selling and distribution expenses		(4,348)	(3,544)
General and administrative expenses		(7,746)	(7,021)
Research and development, consultancy and other expenses		(8,495)	(8,411)
Finance costs	5	<u>(288)</u>	<u>(349)</u>
Profit before tax	6	45,326	32,950
Income tax expense	7	<u>(7,280)</u>	<u>(4,851)</u>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><b>38,046</b></u>	<u><b>28,099</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(84)</u>	<u>127</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><b>37,962</b></u>	<u><b>28,226</b></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
- Basic (US cents)		<u>3.46</u>	<u>2.56</u>
- Diluted (US cents)		<u><u>3.45</u></u>	<u><u>2.55</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 US\$'000	2023 US\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,366	4,518
Intangible assets		1,855	2,061
Prepayments and deposits	12	98	419
Deferred tax assets		127	108
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,446</b>	<b>7,106</b>
<b>CURRENT ASSETS</b>			
Inventories	10	16,160	16,938
Trade receivables	11	15,497	17,419
Prepayments, deposits and other receivables	12	4,685	4,966
Tax recoverable		147	49
Pledged deposit	13	2,243	2,052
Cash and cash equivalents	13	65,933	36,745
<b>TOTAL CURRENT ASSETS</b>		<b>104,665</b>	<b>78,169</b>
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	14	7,420	4,686
Lease liabilities		1,598	1,489
Contract liabilities		20,880	17,638
Interest-bearing bank borrowings		8,516	1,177
Tax payable		2,701	2,252
<b>TOTAL CURRENT LIABILITIES</b>		<b>41,115</b>	<b>27,242</b>
<b>NET CURRENT ASSETS</b>		<b>63,550</b>	<b>50,927</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>68,996</b>	<b>58,033</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		982	1,808
Contract liabilities		11,398	5,623
Deferred tax liabilities		317	378
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,697</b>	<b>7,809</b>
<b>NET ASSETS</b>		<b>56,299</b>	<b>50,224</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2024*

	Notes	2024 US\$'000	2023 US\$'000
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	15	1,420	1,418
Reserves		<u>54,879</u>	<u>48,806</u>
<b>TOTAL EQUITY</b>		<u><u>56,299</u></u>	<u><u>50,224</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

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 2023	1,414	23,586	514	(172)	17,949	43,291
Profit for the year	-	-	-	-	28,099	28,099
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	-	127	-	127
Total comprehensive income for the year	-	-	-	127	28,099	28,226
Issue of shares upon exercise of share options	4	605	(106)	-	-	503
Equity-settled share option arrangements	-	-	253	-	-	253
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	(146)	-	146	-
Second interim 2022 dividend	-	-	-	-	(12,190)	(12,190)
Interim 2023 dividend	-	-	-	-	(9,859)	(9,859)
At 31 December 2023	<u>1,418</u>	<u>24,191</u> *	<u>515</u> *	<u>(45)</u> *	<u>24,145</u> *	<u>50,224</u>
At 1 January 2024	<b>1,418</b>	<b>24,191</b>	<b>515</b>	<b>(45)</b>	<b>24,145</b>	<b>50,224</b>
Profit for the year	-	-	-	-	<b>38,046</b>	<b>38,046</b>
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	-	-	-	(84)	-	(84)
Total comprehensive income/(loss) for the year	-	-	-	(84)	<b>38,046</b>	<b>37,962</b>
Issue of shares upon exercise of share options	2	778	(149)	-	-	631
Equity-settled share option arrangements	-	-	278	-	-	278
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	(7)	-	7	-
Repurchase and cancellation of shares	-	(87)	-	-	-	(87)
Second interim 2023 dividend	-	-	-	-	(15,400)	(15,400)
2023 special dividend	-	-	-	-	(1,999)	(1,999)
Interim 2024 dividend	-	-	-	-	(15,310)	(15,310)
At 31 December 2024	<u><b>1,420</b></u>	<u><b>24,882</b></u> *	<u><b>637</b></u> *	<u><b>(129)</b></u> *	<u><b>29,489</b></u> *	<u><b>56,299</b></u>

\* These reserve accounts comprise the consolidated reserves of US\$54,879,000 (2023: US\$48,806,000) in the consolidated statement of financial position.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 US\$'000	2023 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	45,326	32,950
Adjustments for:		
Finance costs	288	349
Bank interest income	(2,021)	(946)
Write-down of inventories to net realisable value	1,161	498
Depreciation	2,160	2,156
Reversal of impairment of trade receivables	(1)	-
Amortisation of intangible assets	1,090	941
Equity-settled share option expense	278	253
	<u>48,281</u>	<u>36,201</u>
Decrease/(increase) in inventories	(383)	14,897
Decrease/(increase) in trade receivables	1,923	(5,365)
Decrease/(increase) in prepayments, deposits and other receivables	602	(2,485)
Increase/(decrease) in trade payables, other payables and accruals	2,734	(2,214)
Increase in contract liabilities	9,017	4,402
	<u>62,174</u>	<u>45,436</u>
Cash generated from operations	62,174	45,436
Hong Kong profits tax paid, net	(6,719)	(7,265)
Overseas profits tax paid, net	(293)	(449)
	<u>55,162</u>	<u>37,722</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,021	946
Purchase of items of property, plant and equipment	(195)	(691)
Additions to intangible assets	(882)	(1,188)
Proceeds from disposal of items of property, plant and equipment	1	-
Increase in a pledged deposit	(191)	(23)
	<u>754</u>	<u>(956)</u>
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the year ended 31 December 2024*

	2024	2023
	US\$'000	US\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	631	503
Repurchase and cancellation of shares	(88)	-
Dividends paid	(32,709)	(22,049)
New bank borrowings	14,418	13,437
Repayment of bank borrowings	(7,079)	(18,751)
Interest paid	(130)	(298)
Principal portion of lease payments	(1,531)	(1,620)
Interest portion of lease payments	(158)	(51)
	<u>(26,646)</u>	<u>(28,829)</u>
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
	<u>(26,646)</u>	<u>(28,829)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>29,270</b>	7,937
Cash and cash equivalents at beginning of year	36,745	28,658
Effect of foreign exchange rate changes, net	(82)	150
	<u>65,933</u>	<u>36,745</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<u>65,933</u>	<u>36,745</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>65,933</u>	<u>36,745</u>

## NOTES TO CONSOLIDATED FINANCIAL INFORMATION

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

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

### 2.1 BASIS OF PREPARATION

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

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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



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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### 3. OPERATING SEGMENT INFORMATION

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

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

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

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

#### Operating segments

	Sale of SD-WAN routers				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
<b>Segment revenue</b>								
Sales to external customers	<b>17,147</b>	14,589	<b>66,178</b>	49,393	<b>33,466</b>	30,277	<b>116,791</b>	94,259
<b>Segment results</b>	<b>6,451</b>	4,779	<b>19,366</b>	11,595	<b>28,753</b>	25,188	<b>54,570</b>	41,562
<i>Reconciliation:</i>								
Other income and gains, net							<b>2,054</b>	1,362
Selling and distribution expenses							<b>(4,348)</b>	(3,544)
Unallocated general and administrative expenses							<b>(6,662)</b>	(6,081)
Finance costs							<b>(288)</b>	(349)
Profit before tax							<b>45,326</b>	32,950

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

	<b>Sale of SD-WAN routers</b>				<b>Software licences and warranty and support services</b>		<b>Total</b>	
	<b>Fixed First Connectivity</b>		<b>Mobile First Connectivity</b>					
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Other segment information:</b>								
Amortisation of intangible assets	92	135	876	657	122	149	1,090	941
Write-down of inventories to net realisable value	232	114	929	384	-	-	1,161	498

### Geographical information

#### Revenue from external customers

	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
North America	74,760	54,386
EMEA (Europe, Middle East and Africa)	29,064	27,536
Asia	8,756	9,976
Others	4,211	2,361
	<b>116,791</b>	<b>94,259</b>

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

**Non-current assets**

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Hong Kong	<b>3,917</b>	5,840
Others	<b>1,308</b>	798
	<u><b>5,225</b></u>	<u>6,638</u>

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

**Information about a major customer**

For the year ended 31 December 2024, total revenue of approximately US\$25,954,000 (2023: US\$16,087,000) was derived from transactions with a single customer reporting in the sale of SD-WAN routers segment and software licences and warranty and support services segment.

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

An analysis of revenue is as follows:

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
<i>Revenue from contracts with customers</i>	<u><b>116,791</b></u>	<u>94,259</u>

## Revenue from contracts with customers

### (i) Disaggregated revenue information

Segments	Sale of SD-WAN routers		Software licences and warranty and support services		Total	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
<b>Type of goods or services</b>						
Sale of SD-WAN routers						
- Fixed First Connectivity	17,147	14,589	-	-	17,147	14,589
- Mobile First Connectivity	66,178	49,393	-	-	66,178	49,393
Provision of warranty and support services	-	-	25,282	23,765	25,282	23,765
Sale of software and licence fee income	-	-	8,184	6,512	8,184	6,512
Total revenue from contracts with customers	<u>83,325</u>	<u>63,982</u>	<u>33,466</u>	<u>30,277</u>	<u>116,791</u>	<u>94,259</u>
<b>Geographical markets</b>						
North America	54,085	35,995	20,675	18,391	74,760	54,386
EMEA	20,865	20,337	8,199	7,199	29,064	27,536
Asia	5,208	6,000	3,548	3,976	8,756	9,976
Others	3,167	1,650	1,044	711	4,211	2,361
Total revenue from contracts with customers	<u>83,325</u>	<u>63,982</u>	<u>33,466</u>	<u>30,277</u>	<u>116,791</u>	<u>94,259</u>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	83,325	63,982	1,229	1,597	84,554	65,579
Services transferred over time	-	-	32,237	28,680	32,237	28,680
Total revenue from contracts with customers	<u>83,325</u>	<u>63,982</u>	<u>33,466</u>	<u>30,277</u>	<u>116,791</u>	<u>94,259</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:

	2024 US\$'000	2023 US\$'000
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>		
Provision of warranty and support services	13,305	12,125
Sale of software and licence fee income	4,333	2,989
	<u>17,638</u>	<u>15,114</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 payment in advance is normally required.

*Licence services*

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

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

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Amounts expected to be recognised as revenue:		
Within one year	<b>20,880</b>	17,638
After one year	<b>11,398</b>	5,623
	<b>32,278</b>	23,261

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

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
<b>Other income and gains, net</b>		
Foreign exchange gains, net	-	306
Bank interest income	<b>2,021</b>	946
Government subsidy <sup>#</sup>	-	96
Others	<b>33</b>	14
	<b>2,054</b>	1,362

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

## 5. FINANCE COSTS

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Interest on bank borrowings	<b>130</b>	298
Interest on lease liabilities	<b>158</b>	51
	<b>288</b>	349

## 6. PROFIT BEFORE TAX

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

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Depreciation <sup>a&amp;b</sup>	<b>2,160</b>	2,156
Amortisation of intangible assets <sup>c</sup>	<b>1,090</b>	941
Employee benefit expense (excluding directors' remuneration) <sup>d</sup> :		
Wages, salaries and allowances	<b>9,025</b>	8,530
Equity-settled share-based payment expense	<b>253</b>	224
Retirement benefit scheme contributions (defined contribution schemes) <sup>e</sup>	<b>326</b>	343
Less: Government subsidies - Hong Kong Special Administrative Region STEM Internship Scheme <sup>f</sup>	-	(14)
Government subsidies - Lithuania <sup>g</sup>	<b>(380)</b>	(383)
	<b>9,224</b>	8,700
Reversal of impairment of financial assets:		
Reversal of impairment of trade receivables, net	<b>(1)</b>	-
Write-down of inventories to net realisable value	<b>1,161</b>	498

- a) Depreciation for the year of US\$318,000 (2023: US\$290,000) 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\$1,600,000 (2023: US\$1,592,000).
- c) Amortisation of intangible assets for the year of US\$1,090,000 (2023: US\$941,000) is included in "General and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- d) Employee benefit expense of US\$6,052,000 (2023: US\$5,547,000) is included in "Research and development, consultancy and other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- e) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2023: Nil).
- f) The subsidies were granted under the STEM Internship Scheme of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to the subsidies.
- g) During the year, the Company's subsidiary located in Lithuania received subsidies of approximately US\$410,000 (2023: US\$419,000) from the Government of Lithuania for several research and development projects. Subsidies of approximately US\$354,000 (2023: US\$366,000) were granted by the Government of Lithuania and are presented as a reduction in "Research and development, consultancy and other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. Subsidies of approximately US\$56,000 (2023: US\$53,000) are presented as a reduction in "General and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. There are no unfulfilled conditions or contingencies relating to the subsidies.



## 7. INCOME TAX

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

	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000
Current – Hong Kong		
Charge for the year	<b>6,870</b>	4,680
Under/(over)provision in prior years	<b>243</b>	(112)
Current – Elsewhere		
Charge for the year	<b>243</b>	240
Underprovision in prior years	<b>2</b>	11
Deferred	<b>(78)</b>	32
	<hr/>	<hr/>
Total tax charge for the year	<b>7,280</b>	4,851
	<hr/>	<hr/>

## 8. DIVIDENDS

	Notes	2024 US\$'000	2023 US\$'000
Interim – HK10.83 cents (2023: HK7.01 cents) per ordinary share		15,310	9,859
Second interim – HK13.37 cents (2023: HK10.94 cents) per ordinary share	(a)	18,935	15,450
Special dividend – HK5.65 cents (2023: HK1.42 cents) per ordinary share	(b)	8,002	2,006
		<u>42,247</u>	<u>27,315</u>

### Notes:

- (a) Subsequent to the end of the reporting period, a second interim dividend in respect of the year ended 31 December 2024 of HK13.37 cents (2023: HK10.94 cents) per ordinary share, in the aggregate amount of approximately US\$18,935,000 (2023: US\$15,450,000), has been declared by the Directors of the Company.
- (b) Subsequent to the end of the reporting period, the Directors of the Company declared a special dividend for the year ended 31 December 2024 of HK5.65 cents (2023: HK1.42 cents) per ordinary share, in the aggregate amount of approximately US\$8,002,000 (2023: US\$2,006,000).

## 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 1,100,968,011 (2023: 1,099,159,540) outstanding during the year.

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

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

### Earnings

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

### Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,100,968,011	1,099,159,540
Effect of dilution – weighted average number of ordinary shares: Share options	1,889,493	1,508,957
Number of shares used in the diluted earnings per share calculation	1,102,857,504	1,100,668,497

## 10. INVENTORIES

	2024	2023
	US\$'000	US\$'000
Raw materials and consumables	8,897	10,343
Finished goods	7,263	6,595
	16,160	16,938

## 11. TRADE RECEIVABLES

	2024 US\$'000	2023 US\$'000
Trade receivables	15,519	17,442
Impairment	(22)	(23)
	<u>15,497</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 on demand or in advance is normally required. The overall credit period for credit sales is generally within 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

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

	2024 US\$'000	2023 US\$'000
Within 1 month	11,199	11,108
1 to 2 months	3,251	4,736
2 to 3 months	808	848
Over 3 months	239	727
	<u>15,497</u>	<u>17,419</u>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 US\$'000	2023 US\$'000
Prepayments	536	3,632
Deposits and other receivables	4,247	1,753
	<u>4,783</u>	<u>5,385</u>
Less: Non-current portion	(98)	(419)
	<u>4,685</u>	<u>4,966</u>

The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default and past due amounts. The loss allowance was assessed by management to be minimal as at 31 December 2024 and 2023.

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

	2024 US\$'000	2023 US\$'000
Cash and bank balances	65,933	36,745
Time deposit	2,243	2,052
	<u>68,176</u>	<u>38,797</u>
Less: Pledged time deposit for bank facilities	<u>(2,243)</u>	<u>(2,052)</u>
Cash and cash equivalents	<u><u>65,933</u></u>	<u><u>36,745</u></u>

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

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

	2024 US\$'000	2023 US\$'000
Trade payables	4,321	2,300
Deposits received	582	501
Other payables	43	140
Accruals	2,474	1,745
	<u>7,420</u>	<u>4,686</u>

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

	2024 US\$'000	2023 US\$'000
Within 1 month	3,705	2,154
1 to 2 months	577	146
2 to 3 months	39	-
Over 3 months	-	-
	<u>4,321</u>	<u>2,300</u>

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

## 15. ISSUED CAPITAL

	2024 US\$'000	2023 US\$'000
Authorised: 4,000,000,000 (2023: 4,000,000,000) ordinary shares of HK\$0.01 each	<u>5,152</u>	<u>5,152</u>
Issued and fully paid: 1,102,233,000 (2023: 1,100,494,000) ordinary shares of HK\$0.01 each	<u>1,420</u>	<u>1,418</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 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)	1,995,000	20	2
Share repurchased and cancelled	(c)	<u>(256,000)</u>	<u>(3)</u>	<u>-</u>
At 31 December 2024		<u>1,102,233,000</u>	<u>11,022</u>	<u>1,420</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 1,995,000 share options were exercised at the weighted average subscription price of HK\$2.466 per share, resulting in the issue of 1,995,000 ordinary shares for a total cash consideration, before expenses, of approximately US\$631,000. An amount of approximately US\$149,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.
- (c) During the year, the Company repurchased a total of 256,000 ordinary 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	Purchase Consideration Per Share		Aggregate Consideration US\$'000
		Highest Price Paid HK\$	Lowest Price Paid HK\$	
April	256,000	2.72	2.64	88

## 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 software licences and warranty and support services.

As our product range continues 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 service and cloud & on-demand data services, which are based on data usage; and (iii) software licences, which includes add-on software licences and subscription of InControl2 service and other software features.

#### Revenue highlights

During the year ended 31 December 2024, the Group's revenue increased to approximately US\$116,791,000, representing an approximately 23.9% year-over-year growth. The sales of Fixed First Connectivity increased to approximately US\$17,147,000, an increase of about 17.5% year-over-year. The sales of Mobile First Connectivity increased to approximately US\$66,178,000, or an increase of about 34.0% year-over-year. The revenue from the provision of warranty and support services increased about 6.4% to US\$25,282,000. Finally, the sales of software licences increased about 25.7% year-over-year to US\$8,184,000.

During the year, 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 and service category for the years ended 31 December 2024 and 31 December 2023:

	For the year ended 31 December			
	2024		2023	
	Revenue US\$'000	% of total %	Revenue US\$'000	% of total %
Fixed First Connectivity	17,147	14.7	14,589	15.5
Mobile First Connectivity	66,178	56.7	49,393	52.4
Warranty and support services	25,282	21.6	23,765	25.2
Software licences	8,184	7.0	6,512	6.9
Total	116,791	100.0	94,259	100.0

## Overview of recurring sales

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

Recurring sales mainly include the following:

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

During the year, one-time sales increased approximately 28.9% while recurring sales increased approximately 12.4% year-over-year. The sales of Embedded Subscriptions generally follow 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 year, 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 years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	Revenue US\$'000	Weight %	Revenue US\$'000	Weight %
One-time sales:	84,554	72.4	65,579	69.6
Recurring sales:	32,237	27.6	28,680	30.4
Total	116,791	100.0	94,259	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 2024, sales to North America increased to approximately US\$74,760,000, representing year-on-year growth of approximately 37.5%. Sales to EMEA rose to approximately US\$29,064,000, representing a year-on-year growth of approximately 5.5%. Sales to Asia was approximately US\$8,756,000, which decreased about 12.2% year-on-year. Sales from other regions was approximately US\$4,211,000, which increased about 78.4% year-on-year.

During the year, our sales in North America, EMEA and Others regions were strongly driven by the sales increase of entry level and high-volume 4G and 5G products. Our collaboration with Starlink also contributed to the sales increase in these regions.

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



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 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	Revenue US\$'000	Weight %	Revenue US\$'000	Weight %
North America	74,760	64.0	54,386	57.7
EMEA	29,064	24.9	27,536	29.2
Asia	8,756	7.5	9,976	10.6
Others	4,211	3.6	2,361	2.5
<b>Total</b>	<b>116,791</b>	<b>100.0</b>	<b>94,259</b>	<b>100.0</b>

### Gross profit and gross profit margin

For the year ended 31 December 2024, our gross profit was approximately US\$64,149,000, a year-over-year increase of approximately 26.0%. Our gross profit margin for the year was approximately 54.9%, compared to approximately 54.0% for the year ended 31 December 2023.

The slight increase of gross profit margin is due to lower component cost for 5G modules during the year. 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 and service category for the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	Gross profit US\$'000	Gross margin %	Gross profit US\$'000	Gross margin %
Fixed First Connectivity	7,790	45.4	6,215	42.6
Mobile First Connectivity	25,050	37.9	16,659	33.7
Warranty and support services	23,830	94.3	22,302	93.8
Software licences	7,479	91.4	5,737	88.1
<b>Total</b>	<b>64,149</b>	<b>54.9</b>	<b>50,913</b>	<b>54.0</b>

### **Other income and gains, net**

Other income and gains, net for the year ended 31 December 2024 were approximately US\$2,054,000 (2023: approximately US\$1,362,000). During the year, other income and gains, net mainly comprised of approximately US\$2,021,000 bank interest income. In the previous year, other income and gains, net mainly comprised of approximately US\$946,000 bank interest income and approximately US\$306,000 exchange gains.

### **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 2024 were approximately US\$4,348,000, increasing about 22.7% year-on-year. The overall increase was mainly due to higher spending on advertising and promotion.

### **General and administrative expenses**

General and administrative expenses mainly represented salaries and benefits of our administrative, finance and other supporting staff, depreciation of property, plant and equipment, amortisation of intangible assets, lease expenses and other office expenses.

General and administrative expenses for the year ended 31 December 2024 were approximately US\$7,746,000, a year-on-year increase of approximately 10.3%. The increase was mainly due to foreign exchange losses, net of approximately US\$301,000 recorded in the current year, as compared to foreign exchange gains, net of approximately US\$306,000 being recorded in “Other income and gains, net” in the previous year. Excluding the effects of foreign exchange fluctuations, general and administrative expenses increased by approximately 6.0% year-on-year.

### **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 year ended 31 December 2024 slightly increased by 1.0% to approximately US\$8,495,000.

### **Government subsidies**

For the year ended 31 December 2024, government subsidies of nil (2023: approximately US\$96,000) were granted under the Dedicated Fund on Branding, Upgrading and Domestic Sales by the Government of the Hong Kong Special Administrative Region (the “HKSAR Government”), and approximately US\$410,000 (2023: approximately US\$419,000) were granted by the Government of the Republic of Lithuania for several R&D projects.

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

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

During the year, the Group granted 6,400,000 share options to 35 employees and 5 eligible consultants on 26 July 2024. Equity-settled share-based payment expense for the year ended 31 December 2024 was approximately US\$278,000 (2023: approximately US\$253,000). 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 2024, which includes selling and distribution expenses, general and administrative expenses, and research and development, consultancy and other expenses, amounted to approximately US\$20,589,000, representing a year-over-year increase of approximately 8.5%. Employee cost (including equity-settled share-based payment expense and directors’ remuneration) remained our largest cost component, which amounted to approximately US\$10,514,000 for the year (2023: approximately US\$9,861,000).

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

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

Finance costs for the year ended 31 December 2024 were approximately US\$288,000, representing a year-over-year decrease of approximately 17.5%. The decrease was mainly due to decrease in bank loans borrowed on average.

As at 31 December 2024, bank borrowings were approximately US\$8,516,000 (2023: approximately US\$1,177,000). The increase in bank borrowings was mainly because of more credit facilities being drawn down for working capital purposes.

### **Income tax expense**

During the year, the Group provided for Hong Kong profits tax at a rate of 16.5% on its estimated assessable profits arising in Hong Kong, except for one subsidiary which is a qualifying entity under the two-tiered profits tax rates regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates. The overall effective tax rate for the year was approximately 16.1%.

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

Profit attributable to owners of the parent for the year ended 31 December 2024 was approximately US\$38,046,000, representing an increase of approximately 35.4% year-on-year.

## **Inventories**

As at 31 December 2024, the Group's inventory balance was approximately US\$16,160,000 (2023: approximately US\$16,938,000). During the year, 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.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

Dear shareholders and partners,

### **A Year of Milestones and Growth**

In our 18 years' journey, we have just one single focus. That's to make connectivity more reliable, faster and usable in all kinds of use cases and locations. 2024 was a very exciting year for us, as we have achieved a couple of milestones.

#### **Exceeded USD100M mark for the first time**

Our sales rose 24% year-on-year to about US\$117 million. We believe the growth of sales can be attributed to several factors. Since our collaboration with Starlink began early last year, over 50 resellers have signed up for our Peplink-Starlink channel program. Throughout the year, our partners have also held numerous marketing and partner training events which, coupled with the Starlink program, have accelerated the growth of our channel.

Our partners continue to win much larger and sophisticated deployments. Many of these are multi-year deployments. These include connectivity products being installed in vehicles, trains, and vessels to provide reliable communications. Mining and construction sites, branch networks, content creators and movie makers, all benefit from our partners' connectivity solutions based on our products. Our products are also deployed in remote healthcare, fire fighting, ambulances to help save lives and protect assets.

Crossing the US\$100M mark may not be groundbreaking in our industry, but for our team, it's a powerful validation that we are on the right path. Plover Bay's approach may not be glamorous, but it is built on passion, dedication, and strong partnerships, which continue to drive our success. We are very confident that our approach will continue to drive growth with our ecosystem partners at an even faster pace in the coming years.

#### **Growing service revenues**

While recurring revenue grew 12% YoY to US\$32M, its percentage of total sales remained stable at 28%. At first glance, recurring revenue growth seems to have lagged our overall growth. However, strong leading indicators suggest accelerated growth ahead:

- Subscription revenue collected in 2024 increased by 36% YoY.
- Subscription take-up rate\* grew from 30.5% to 34.1% YoY.

This signals a healthy trajectory for our recurring revenue model in the coming years.

*\* Take up rate is calculated by number of active subscriptions / number of devices no longer covered by embedded warranty and sold within the past 5 years*

## **Expanding our ecosystems**

During the year, we continued to advance the Supercharged Connectivity ecosystem, which is now highly integrated with external technologies such as Starlink and edge computing; and SpeedFusion is even more optimized for all kinds of connectivity.

The kick-off of our collaboration with Starlink marked a huge advancement for the ecosystem. Our Starlink channel program attracted over 50 channel partners to build and market Peplink-Starlink solutions, creating many success stories and deployments, from providing affordable internet access to deeply remote communities, to helping keep firefighters connected during the recent Los Angeles fires.

Our collaboration with Starlink is more than just a product reselling opportunity. In the background, we improved our firmware to make it easier to deploy and operate Peplink-Starlink solutions, such as adding more Starlink management commands in our management platform. In terms of products, we launched the B One series router that delivers enterprise-grade performance at an accessible price. It seamlessly integrates Starlink LEO, 5G, and wired broadband, ensuring uninterrupted, high-speed connectivity for businesses, remote workers, and critical applications.

In 2025, our collaboration with Starlink will further expand with the addition of Starlink's small-business product to our channel program. In addition, we will develop even more new products to make deploying Peplink-Starlink solutions easier.

A very important part of the ecosystem is our partner ecosystem. Besides the aforementioned expanding collaborations, we are also working closely with different partners to encourage the pairing of Peplink products with different connectivity services. Last year, we initiated the "Better Together" program with T-Mobile to encourage buyers to bundle T-Mobile 5G plans with Peplink routers and subscriptions. Recently, the program has been expanded to Starlink products as well.

Our global partners also worked very hard to promote Peplink in the past year, organizing dozens of regional partner events, technical summits and use-case sharing sessions. These events fostered the exchange of ideas and helped attract new partners and customers to our ecosystem. In 2024, the number of attempts for Peplink Certified Engineers / Associates / Sales Specialists certifications has continued to grow at a decent pace.

## **Market trend and product roadmap**

In the coming years, with the advancements in computing power, edge routers will likely become local processing nodes to reduce the dependence on centralized cloud servers. This means as IoT devices multiply, connectivity solutions may integrate on-premises edge processing to reduce latency and enable instant insights. As you'll see in our upcoming product refresh, most of our product lines will become capable of edge computing.

Separately, 5G fixed wireless access (FWA) is becoming more common in homes and small offices. Connectivity costs have decreased significantly, making it very feasible to combine multiple carriers (such as 5G and wired broadband) for supercharged connectivity. As such, we will continue to design products and subscriptions that offer strong features and the convenience of multiple WAN support.

For instance, our “on-demand” connectivity will be refined to better accommodate temporary usages, such as added reliability for livestreaming or bandwidth usage spikes. We aim to make this added reliability as simple as toggling a switch to activate. We have also created a mobile app to guide less technical users from initial network setup to ongoing network management.

Lastly, we continue to build powerful, feature-rich, high-quality products and seek new supply chain partners to create values. Our goal is to build products that deliver great value to end customers and our ecosystem partners.

### **Navigating external risks challenges**

We have a track record of embracing changes and challenges, turning them into opportunities. One key factor that has remained constant from day one is our attitude in embracing changes.

We treat every failure as an opportunity to improve. We experiment, learn and fine tune what works and what doesn't. Since the inception of the company, we have had a very lean operating structure, bringing the result of our relentless streamlining and automation over many years.

We are grateful to have a team and go-to-market partners filled with energy, passion and knowledge. Our deployment scale and depth keeps growing in all market verticals. There will be challenges ahead, but we believe our collaborative energy and ambition will lead us to grow to the next level.

### **Appreciation to our shareholders**

Since our IPO in July 2016, we have spent the past eight years building a resilient, innovative, and fast-growing company. We deeply appreciate the conviction, confidence, and patience our shareholders have shown. As we move forward, we remain committed to delivering sustainable growth and value. As I mentioned a few months ago, the company is at a stage akin to a young person with energy, excitement and ambition. We see there are many exciting opportunities ahead despite the rapid changes around the world.

We would like to take this opportunity for a record special dividend to our shareholders to show our appreciation for joining us in this amazing journey.

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

As at 31 December 2024, our bank borrowings amounted to approximately US\$8,516,000 (2023: approximately US\$1,177,000) which are secured by the pledge of a time deposit amounting to approximately US\$2,243,000 (2023: approximately US\$2,052,000).

As at 31 December 2024, the gearing ratio (which is defined as total borrowings over total equity) of our Group was approximately 15.1% (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 coming year. We did not experience any liquidity problem during the year ended 31 December 2024.

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

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

## **FOREIGN CURRENCY EXPOSURE**

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

## **EMPLOYEE AND SALARY POLICIES**

The Directors consider the quality of employees as the most critical factor in maintaining the Group's business growth and enhancing our profitability. The Group offers remuneration packages including salaries, bonuses and retirement benefits with reference to the performance and working experience of individual employees, and the prevailing market rates. As at 31 December 2024, the Group had 180 (2023: 177) full-time employees. The total amount of employee costs of the Group (including equity-settled share-based payment expense and directors' remuneration) for the year was approximately US\$10,514,000 (2023: approximately US\$9,861,000).

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 26 July 2024. Details have been set out in the section headed "Share Option Scheme" elsewhere in this announcement.

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



## **RETIREMENT BENEFIT PLANS**

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualified employees in Hong Kong. Contributions from employers and employees are 5% each of the employee’s relevant income. The maximum mandatory contribution per employee is HK\$1,500 per month. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The expense arising from contributions to the MPF Scheme of the Group for the year ended 31 December 2024 was approximately US\$204,000 (2023: approximately US\$235,000).

The employees of the Group’s subsidiary in Malaysia are members of the state-managed retirement benefit scheme, the Employees Provident Fund (the “EPF Scheme”) operated by the Malaysian government. The subsidiary is required to contribute a certain percentage of payroll costs to the EPF Scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. The retirement benefit scheme contributions arising from the EPF Scheme charged to profit or loss for the year ended 31 December 2024 were approximately US\$55,000 (2023: approximately US\$51,000).

The employees of the Group’s subsidiary in Taiwan chose to participate in a defined contribution scheme governed by the Labour Pension Act of Taiwan. This subsidiary contributes 6% of the total salaries of participating employees who have chosen to participate in the defined contribution scheme, which are deposited into individual pension accounts at the Bureau of Labour Insurance of Taiwan. The expense arising from the defined contribution scheme for the year ended 31 December 2024 was approximately US\$54,000 (2023: approximately US\$54,000).

The employee of the Group’s subsidiary in Singapore participates in the Central Provident Fund scheme (the “CPF”) organised by the government of Singapore. This subsidiary and its employee are required to contribute a certain percentage of the employee’s payroll to the CPF. The contributions are charged to profit or loss as they become payable in accordance with the rules of the CPF. The subsidiary has no further obligations for the actual pension payments or post-retirement benefits beyond its contributions. The expense arising from contributions to the CPF for the year ended 31 December 2024 was approximately US\$13,000 (2023: approximately US\$12,000).

The employees of the Group’s subsidiary in Canada participates in the Canada Pension Plan (the “CPP”) organised by the government of Canada. This subsidiary and its employees are required to contribute a certain percentage of the employees’ payroll to the CPP. The subsidiary has no further obligations for the actual pension payments or post-retirement benefits beyond its contributions. The expense arising from contributions to the CPP for the year ended 31 December 2024 was approximately US\$10,000 (2023: Nil).

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

As at 31 December 2024, the Group had no significant investment held and no material future investment plan.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 December 2024, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

## **COMMITMENTS**

As at 31 December 2024, the Group had no capital commitment including commitment in respect of acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements (2023: Nil).

## **PLEDGE OF ASSETS**

The Group's bank facilities amounting to approximately US\$15,007,000 (2023: approximately US\$14,989,000), of which approximately US\$8,516,000 (2023: approximately US\$1,177,000) had been utilised as at the end of the reporting period, which are secured by the pledge of a time deposit of the Group amounting to approximately US\$2,243,000 (2023: approximately US\$2,052,000).

## **DIVIDEND POLICY**

The Board of Directors of the Company has approved and adopted a dividend policy (the "Dividend Policy") effective from 28 February 2019. The Company endeavours to maintain sufficient working capital to develop and operate the business of the Group and to provide stable and sustainable returns to the shareholders of the Company ("Shareholders"). During the year ended 31 December 2024, there has been no change to the Dividend Policy.

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

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

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

The Board has resolved to declare a second interim dividend of HK13.37 cents per share and a special dividend of HK5.65 cents per share (together, the "Dividends") for the year ended 31 December 2024. For the purpose of determining the entitlement to the Dividends, the register of members of the Company will be closed on Friday, 14 March 2025. The record date for entitlement to receive the Dividends is Friday, 14 March 2025. In order to be qualified for the Dividends, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 March 2025. The cheques for payment of the Dividends are expected to be sent on Thursday, 27 March 2025.

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

At 31 December 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long positions in shares and underlying shares

Name of Director	Nature of interest	Number of ordinary shares of the Company interested	Number of underlying ordinary shares of the Company held under the Share Option Scheme	Approximate percentage of shareholding %
Chan Wing Hong Alex	Through controlled corporation (note)	756,000,000	-	68.6
Chau Kit Wai	Beneficial owner	6,000,000	-	0.5
Chong Ming Pui	Beneficial owner	6,000,000	-	0.5
Yeung Yu	Beneficial owner	6,000,000	-	0.5
Chiu Chi Ying	Beneficial owner	-	600,000	0.1
		774,000,000	600,000	70.2

#### Note:

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

Save as disclosed above, as of the date of this annual results announcement, so far as is known to any Directors 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 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 the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

## SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 21 June 2016, and became effective on 13 July 2016 (the “Listing Date”) (the “Share Option Scheme”). Details of movements of the share options granted under the Share Option Scheme for the year ended 31 December 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 31 December 2024
<b>Directors</b>										
Chan Wing Hong Alex	20/7/2016	0.483	20/7/2017-19/7/2021	(1 & 2)	-	-	-	-	-	-
Chau Kit Wai	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Chong Ming Pui	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Yeung Yu	20/7/2016	0.483	20/7/2017-19/7/2021	(2)	-	-	-	-	-	-
Chiu Chi Ying	11/12/2023	1.99	11/12/2025-10/12/2028	(8 & 12)	100,000	-	-	-	-	100,000
	26/7/2024	4.34	26/7/2026-25/7/2029	(9 & 12)	-	500,000	-	-	-	500,000
<b>Consultants</b>										
	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 & 10)	700,000	-	(140,000)	-	-	560,000
	26/7/2024	4.34	26/7/2026-25/7/2029	(9)	-	1,500,000	-	(1,000,000)	-	500,000
<b>Employees</b>										
	10/5/2019	1.18	10/5/2021-9/5/2024	(3 & 11)	270,000	-	(238,000)	-	(32,000)	-
	31/12/2019	1.12	31/12/2021-30/12/2024	(4 & 11)	203,000	-	(103,000)	-	(100,000)	-
	14/12/2020	0.922	14/12/2022-13/12/2025	(5 & 11)	278,000	-	(197,000)	(53,000)	-	28,000
	9/11/2021	2.97	9/11/2023-8/11/2026	(6 & 11)	2,200,000	-	(665,000)	(100,000)	-	1,435,000
	17/6/2022	2.988	17/6/2024-16/6/2027	(7 & 11)	4,900,000	-	(652,000)	(350,000)	-	3,898,000
	11/12/2023	1.99	11/12/2025-10/12/2028	(8)	3,200,000	-	-	(1,000,000)	-	2,200,000
	26/7/2024	4.34	26/7/2026-25/7/2029	(9)	-	4,400,000	-	(300,000)	-	4,100,000
					<b>11,855,000</b>	<b>6,400,000</b>	<b>(1,995,000)</b>	<b>(2,803,000)</b>	<b>(136,000)</b>	<b>13,321,000</b>

Notes:

1. Mr. Chan Wing Hong Alex is also the beneficial controlling shareholder of the Company.
2. For all share options granted on 20 July 2016, the first 25% of the total options can be exercised 1 year after the date of grant, and each 25% of the total options will become exercisable in each subsequent year. The closing price of the share immediately before the date on which the options were granted was HK\$0.46 per share.
3. For all share options granted on 10 May 2019, the first 50% of the total options can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the share immediately before the date on which the options were granted was HK\$1.12 per share.
4. For all share options granted on 31 December 2019, the first 50% of the total options can be exercised 2 years after the date of grant, and a further 25% of the total options will become exercisable in each subsequent year. The closing price of the share immediately before the date on which the options were granted was HK\$1.10 per share.
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 per share.
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 per share.
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 per share.
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. For all share options granted on 26 July 2024, 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\$4.02 per share.
10. The weighted average closing share price immediately before the dates on which the options were exercised by consultants was HK\$4.82 per share.
11. The weighted average closing share price immediately before the dates on which the options were exercised by employees was HK\$3.95 per share.
12. Ms. Chiu Chi Ying was appointed as an executive director of the Company on 2 October 2024.

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

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

## **NON-COMPETITION UNDERTAKINGS**

Mr. Chan Wing Hong Alex (the “Covenator”) has confirmed to the Company of his compliance with the terms of the Deed of Non-Competition during the year ended 31 December 2024.

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 2024.

As at 31 December 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 31 December 2024 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**

Save as disclosed in note 15 to the consolidated financial information, 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 2024.

## **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 2024.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquiries with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the year ended 31 December 2024.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company’s auditors to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company’s auditors on the preliminary announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company reviewed the Group’s consolidated annual results for the year ended 31 December 2024, 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 2024 with the management.

## **THE ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.ploverbay.com>) in due course.

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

Hong Kong, 27 February 2025

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