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## **Pangaea Connectivity Technology Limited**

**環 聯 連 訊 科 技 有 限 公 司**

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

**(Stock Code: 1473)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025**

Total revenue for the Year increased by approximately 53.8% year-to-year to HK\$2,128.2 million, as compared with total revenue of HK\$1,384.0 million for the year ended 31 March 2024.

Net profit attributable to owners of the Company for the Year was approximately HK\$30.5 million, as compared with net loss of HK\$29.3 million for the year ended 31 March 2024.

Basic earnings per share for the Year was HK3.09 cents as compared with basic losses per share of HK2.93 cent for the year ended 31 March 2024.

The Board recommends payment of a final dividend of HK1.0 cent per share for the Year (2024: Nil). The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of Pangaea Connectivity Technology Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Year**”), together with the comparative figures for the year ended 31 March 2024.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*Year ended 31 March 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
REVENUE	5	<b>2,128,233</b>	1,384,011
Cost of sales		<u><b>(1,907,122)</b></u>	<u>(1,266,936)</u>
Gross profit		<b>221,111</b>	117,075
Other income and gains, net	5	<b>8,082</b>	7,062
Selling and distribution costs		<b>(49,624)</b>	(38,535)
Administrative expenses		<b>(110,769)</b>	(89,985)
Finance costs	6	<u><b>(30,983)</b></u>	<u>(28,586)</u>
PROFIT/(LOSS) BEFORE TAX	7	<b>37,817</b>	(32,969)
Income tax credit/(expenses)	8	<u><b>(7,297)</b></u>	<u>3,708</u>
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><b>30,520</b></u>	<u>(29,261)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents)	10	<u><b>3.09</b></u>	<u>(2.93)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
PROFIT/(LOSS) FOR THE YEAR	<u>30,520</u>	<u>(29,261)</u>
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation	(245)	(1,090)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Net gain/(loss) on equity investment at fair value through other comprehensive income	<u>1,498</u>	<u>(1,401)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>1,253</u>	<u>(2,491)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><u>31,773</u></u>	<u><u>(31,752)</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>49,284</b>	43,110
Intangible asset		<b>7,221</b>	6,497
Financial assets at fair value through profit or loss		<b>19,236</b>	19,165
Equity investment at fair value through other comprehensive income		<b>12,161</b>	10,663
Prepayments and deposits		<b>2,152</b>	244
Deferred tax assets		<b>1,571</b>	8,194
		<hr/>	<hr/>
Total non-current assets		<b>91,625</b>	87,873
<b>CURRENT ASSETS</b>			
Inventories		<b>135,918</b>	226,997
Trade and bills receivables	<i>11</i>	<b>398,237</b>	336,187
Prepayments, deposits, other receivables and other assets		<b>30,602</b>	25,640
Pledged bank deposits		<b>116,248</b>	107,081
Cash and cash equivalents		<b>64,144</b>	64,101
		<hr/>	<hr/>
Total current assets		<b>745,149</b>	760,006
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>200,388</b>	272,178
Other payables, accruals and contract liabilities		<b>81,895</b>	65,846
Interest-bearing bank borrowings		<b>37,007</b>	22,491
Trust receipt loans		<b>259,501</b>	258,258
Lease liabilities		<b>6,085</b>	3,978
Tax payable		<b>2,817</b>	2,295
		<hr/>	<hr/>
Total current liabilities		<b>587,693</b>	625,046
<b>NET CURRENT ASSETS</b>		<b>157,456</b>	134,960
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>249,081</b>	222,833

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,231</b>	3,979
Deferred tax liabilities		<b>807</b>	672
		<hr/>	<hr/>
Total non-current liabilities		<b>5,038</b>	4,651
		<hr/>	<hr/>
Net assets		<b>244,043</b>	218,182
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>9,950</b>	10,000
Reserves		<b>234,093</b>	208,182
		<hr/>	<hr/>
Total equity		<b>244,043</b>	218,182
		<hr/>	<hr/>

# NOTES

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 5 July 2018. The registered office of the Company is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is located at Room 902–906, 9/F Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the import and export of electronic components including commercial lasers and connectivity products which are used in telecom and datacom connectivity industry for different end applications such as telecom infrastructure, data centres, high performance computing, internet of things (“**IoT**”) and network connectivity products.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Generous Horizon Limited (formerly known as Generous Team Limited), which is a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Fung Yui Kong (“**Mr. Fung**”), the Chairman and one of the executive directors of the Company.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain investments and financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards 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> <i>(the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards 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 April 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.

#### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the import and export of electronic components including commercial lasers and connectivity products which are used in telecom and datacom connectivity industry for different end applications such as telecom infrastructure, data centres, high performance computing, IoT and network connectivity products.

Almost all of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single reportable operating segment.

##### Geographical information

###### (a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	475,582	217,961
Mainland China	1,492,982	1,032,207
Other countries/regions	159,669	133,843
Total revenue	<u>2,128,233</u>	<u>1,384,011</u>

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

###### (b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	36,297	34,806
Mainland China	22,337	15,045
Other countries/regions	23	–
Total non-current assets	<u>58,657</u>	<u>49,851</u>

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



### Information about major customers

Revenue derived from sales to individual customers which contributed over 10% of the total revenue of the Group during the year is as follows:

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Customer A	<b>305,553</b>	246,670
Customer B	<b>255,634</b>	218,656
Customer C*	<b>213,624</b>	N/A*
Total	<b>774,811</b>	465,326

\* Revenue from sales to Customer C accounted for less than 10% of the total revenue of the Group for the year ended 31 March 2024.

The above amounts include sales to a group of entities which are known to be under common control with these customers.

### 5. REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of goods	<b>2,120,330</b>	1,379,466
Rendering of services	<b>7,903</b>	4,545
Total	<b>2,128,233</b>	1,384,011

An analysis of other income and gains, net is as follows:

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Bank interest income	<b>5,089</b>	5,141
Other interest income from financial assets at fair value through profit or loss	–	312
Exchange differences, net	–	97
Fair value gains on financial assets at fair value through profit or loss	<b>71</b>	361
Government subsidies*	–	25
Gain on disposal of items of property, plant and equipment	<b>142</b>	1
Write-off of trade deposits received	<b>2,104</b>	–
Sundry income, net	<b>676</b>	721
Gain on disposal of a convertible bond	–	404
	<hr/>	<hr/>
Total other income and gains, net	<b>8,082</b>	7,062
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\* During the year ended 31 March 2024, government grants of HK\$25,000 for employment stabilisation, which represented subsidies received from the government authorities in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

## 6. FINANCE COSTS

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Interest on bank borrowings	<b>30,478</b>	28,217
Interest on lease liabilities	<b>505</b>	369
	<hr/>	<hr/>
Total	<b>30,983</b>	28,586
	<hr/> <hr/>	<hr/> <hr/>

## 7. PROFIT/(LOSS) BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold	1,904,740	1,266,574
Cost of services provided	385	16
Depreciation	11,179	10,365
Amortisation of intangible assets	1,351	–
Research and development costs#	9,347	9,630
Gain on disposal of items of property, plant and equipment	(142)	(1)
Impairment/(reversal of impairment) of trade receivables^	(1,250)	1,747
Provision for inventories^^	1,997	346
Staff costs (excluding directors' remuneration):		
Wages and salaries	36,924	38,882
Equity-settled share option expense	83	1,017
Pension scheme contributions*	6,279	5,864
Total	43,286	45,763
Lease payments not included in the measurement of lease liabilities	542	416
Foreign exchange differences, net	606	(97)
Fair value gain on financial assets at fair value through profit or loss	(71)	(765)

# Research and development costs include HK\$9,347,000 (2024: HK\$9,396,000) relating to staff costs for research and development activities, which are also included in the total amounts disclosed above for staff costs for the year.

^ Impairment/(reversal of impairment) of trade receivables is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

^^ Provision for inventories is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 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 regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). The Company's subsidiary operating in Mainland China is subject to the prevailing PRC income tax rate of 25%.

	2025 HK\$'000	2024 HK\$'000
Current — PRC		
Charge for the year	535	447
Current — Taiwan		
Charge for the year	11	—
Deferred tax	<u>6,751</u>	<u>(4,155)</u>
Total tax charge/(credit) for the year	<u><u>7,297</u></u>	<u><u>(3,708)</u></u>

## 9. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Proposed final — HK1.0 cent (2024: Nil) per ordinary share	<u><u>9,730</u></u>	<u><u>—</u></u>

The proposed final dividend of the Company for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share attributable to ordinary equity holders of the parent is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$30,520,000 (2024: loss of HK\$29,261,000) and the weighted average number of ordinary shares of 988,406,000 (2024: 1,000,000,000) outstanding during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 2025 and 2024 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2025 and 2024.

## 11. TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	387,453	338,769
Less: Impairment of trade receivables	<u>(638)</u>	<u>(3,340)</u>
Net carrying amount	386,815	335,429
Bills receivable	<u>11,422</u>	<u>758</u>
Total	<u><u>398,237</u></u>	<u><u>336,187</u></u>

The Group's trading terms with its customers are mainly on credit with terms of one month, extending up to three months for major customers. Overdue balances are reviewed regularly by senior management. As at 31 March 2025, the Group has certain concentration of credit risk that may arise from the exposure to its five largest customers and the largest customer which accounted for approximately 54.3% (2024: 63.5%) and 21.4% (2024: 19.9%) of the Group's total trade receivables, respectively. 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 and bills receivables based on the invoice date and net of loss allowance, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	378,315	275,841
1 to 3 months	15,109	36,119
3 to 6 months	1,639	23,442
Over 6 months	<u>3,174</u>	<u>785</u>
Total	<u><u>398,237</u></u>	<u><u>336,187</u></u>

## 12. TRADE PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	190,360	131,465
31 to 90 days	713	121,154
Over 120 days	<u>9,315</u>	<u>19,559</u>
Total	<u><u>200,388</u></u>	<u><u>272,178</u></u>

The trade payables are non-interest-bearing and are normally settled on terms of one to two months.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Market Review**

The global Artificial Intelligence (AI) revolution is driving transformative growth across multiple technology sectors. In optical communications, Linear-drive Pluggable Optics (LPO) is emerging as a game-changer for AI data centres and High-Performance Computing (HPC) applications, offering significant power savings reduction versus traditional solutions and ultra-low latency critical for next-generation AI workloads. The data centre optical market is projected to grow at 15% Compound Annual Growth Rate (CAGR) (Source: LightCounting), with our optical product division well-positioned in 800G/1.6T solutions. Renewable energy technologies are advancing rapidly, particularly in solar Back Contact (BC) battery manufacturing, where our high-power laser systems deliver unparalleled processing efficiency and precision, working alongside the existing generation of TOPCon (Tunnel Oxide Passivated Contact) and N-type technologies. The same high-power laser innovations are also revolutionizing Printed Circuit Board (PCB) and semiconductor manufacturing through faster, and more energy-efficient processing. The wireless sector is transitioning to WiFi8, which promises multi-gigabit speeds and AI-optimized connectivity for Internet of Things (IoT) and Augmented Reality/Virtual Reality (AR/VR) applications. Southeast Asia represents a key growth market, with Singapore, Malaysia and Vietnam investing heavily in 5G/AI infrastructure. Our product technology portfolio — spanning energy-efficient LPO solutions, advanced high-power laser processing, and next-gen wireless — uniquely positions us to capitalize on these converging megatrends while addressing critical power efficiency challenges across industries.

## **Business Review**

Over the past year, our Group has delivered strong growth across three key technology segments: AI-enabled optical networking, industrial laser processing, and next-gen wireless solutions. In AI connectivity, our LPO products for 800G/1.6T data centres are gaining traction, offering high power savings and ultra-low latency critical for Artificial Intelligence/Machine Learning (AI/ML) workloads and HPC applications. This positions us at the forefront of the profound revenue data centre optical market projected to grow at an exponential rate. Our high-power lasers, which have recently become the replacement technology, are transforming the solar BC battery manufacturing process through precision patterning/annealing, delivering exceptional efficiency gains while reducing energy consumption. With solar BC technology expected to dominate the photovoltaic market within the next five years, we are well-positioned to capitalize on this transition. The same high-power laser innovations are also accelerating PCB/semiconductor processing with higher throughput and lower power requirements. This presents attractive opportunities for market expansion. The wireless division is advancing WiFi8 solutions featuring AI-integrated network optimization for smart homes, enterprises, and data centres. Early engagements with hyperscale providers underscore our leadership in next generation connectivity. Our Group will continue investing in these high-growth areas while expanding our AI-integrated communication solutions for automotive and medical applications. The unique combination of energy-efficient optical technology, advanced high-power laser processing, and cutting-edge wireless ensures that we equip ourselves with a comprehensive range of product portfolios covering various applications in the connectivity segment, allowing us to always remain at the forefront of the industry.

## **Prospect**

We are strategically positioned at the convergence of AI and green energy technologies. Our LPO products will revolutionize AI data centres and HPC applications, delivering exponential power savings and ultra-low latency for next-gen AI workloads. In renewable energy, our high-power lasers are transforming solar battery production and semiconductor processing, enabling performance and efficiency gains while reducing energy consumption. The transition to WiFi8 presents significant opportunities, with our AI-integrated wireless solutions meeting the demand for ultra-low latency connectivity in smart homes, enterprises, and hyperscale applications. Southeast Asia's 5G expansion remains a key growth area, where we are partnering with infrastructure developers. By 2026, we aim to solidify our position as a leader to trigger replacement to new technology in AI-optimized optical/wireless communication and precision industrial laser processing, while navigating geopolitical challenges through supply chain resilience. Our technological expertise in these high-growth sectors — LPO for AI infrastructure, advanced high-power laser applications, and next-gen wireless — positions us for sustainable long-term growth in the evolving tech landscape.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue is comprised of sales of goods and rendering of services.

Revenue from sales of goods accounted for approximately 99.6% of our total revenue for the Year. Revenue from rendering of services mainly represented income derived from providing administrative and support services to customers. During the Year, the Company generated a substantial portion of the revenue from customers in the PRC.

Revenue from sales of goods increased from approximately HK\$1,379.5 million in the year ended 31 March 2024 to approximately HK\$2,120.3 million for the Year mainly due to the increase in sale of products in relation to artificial intelligence (AI) and green technology. Revenue from rendering of services increased from approximately HK\$4.5 million for the year ended 31 March 2024 to approximately HK\$7.9 million for the Year mainly due to the increase in services provided to the customers.

### **Cost of sales**

Cost of sales comprises (i) cost of goods which represents the cost of products purchased from suppliers; and (ii) cost of service which represents staff costs associated with the provision of services.

### **Gross profit margin**

#### *Sales of goods*

Gross profit margin derived from sales of goods increased from approximately 8.5% for the year ended 31 March 2024 to approximately 10.1% for the Year, mainly due to the increase in market demand for artificial intelligence and green technology products which increased market price.

#### *Rendering of services*

Gross profit margin derived from rendering of services was approximately 95.1% for the Year, representing a decrease of approximately 4.5% from approximately 99.6% for the year ended 31 March 2024. As our services were provided to customers on a project basis, the gross profit margin of this segment varied depending on the scope and nature of the services provided.



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

Other income and gains, net of approximately HK\$8.1 million (2024: approximately HK\$7.1 million) mainly represents bank interest income, exchange differences, net, fair value gains on financial assets at fair value through profit or loss, write-off of trade deposits received and sundry income. The increase in other income and gains, net, of approximately HK\$1.0 million is mainly due to write-off of trade deposits received of HK\$2.1 million (2024: nil), which was partially offset by (i) a decrease in interest income of approximately HK\$0.4 million for the Year; (ii) a decrease in gain of financial assets at fair value of approximately HK\$0.3 million; and (iii) a decrease in gain on disposal of financial assets of approximately HK\$0.4 million for the Year.

### **Selling and distribution costs**

The selling and distribution costs of approximately HK\$49.6 million (2024: approximately HK\$38.5 million) mainly include staff salaries, transportation, freight charges, declaration, consultancy expenses and research and development (R&D) expenses. The selling and distribution costs increased by approximately HK\$11.1 million or 28.8% from last year, mainly as a result of (i) an increase in salary and staff benefits in aggregate of approximately HK\$3.2 million mainly due to the increase in salary, bonus and number of staff; (ii) an increase in transportation, freight, declaration and customs of HK\$3.5 million and an increase in consultancy fee of HK\$4.7 million resulting from the increase in sales and business activities.

### **Administrative expenses**

Administrative expenses of approximately HK\$110.8 million (2024: approximately HK\$90.0 million) primarily consist of salaries and staff benefits (including directors' emoluments), share-based expenses for share options, insurance, operating lease and other premise fee, bank charges, entertainment, professional fee, office supplies and depreciation expenses. The administrative expenses increased by approximately HK\$20.8 million or 23.1% for the Year mainly as a result of (i) an increase in salaries and staff benefits (including directors' remuneration) in aggregate of approximately HK\$16.2 million mainly due to the increase in salary, bonus and number of staff and (ii) an increase in travelling and entertainment of HK\$1.1 million and an increase in office utilities and supplies insurance and bank charge of HK\$1.9 million resulting from the increase in sales and business activities.

## **Finance costs**

The Group's finance costs of approximately HK\$31.0 million (2024: approximately HK\$28.6 million) mainly represented interest expenses on its bank borrowings during the Year. The Group incurred interest on bank borrowings of approximately HK\$30.5 million for the Year as compared to approximately HK\$28.2 million for the year ended 31 March 2024. The increase in interest on bank borrowings was mainly due to the increase in utilization of borrowing facilities during the Year resulting from increase in sales.

## **Taxation**

Taxation of the Group for the Year mainly comprised income tax expense of approximately HK\$7.3 million (2024: income tax credit of approximately HK\$3.7 million) which included deferred tax expense of approximately HK\$6.8 million (2024: deferred tax credit of HK\$4.2 million) recognized for the provision for inventories and impairment loss of trade receivable as well as tax losses for the prior years.

## **Net profit for the year**

Net profit for the Year amounted to approximately HK\$30.5 million (2024: net loss of HK\$29.3 million). The net profit was principally attributable to the net effect of the factors mentioned above, including (a) an increase in sales; (b) an increase in gross profit margin; and (c) an increase in other income and gains, net, which was partially offset by (d) an increase in selling and distribution expenses; (e) an increase in administrative expenses; and (f) an increase in tax expense due to net assessable profit for the Year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Year, the Group met its liquidity requirements principally through a combination of internal resources and bank borrowings. The Group's cash resources as at 31 March 2025 were approximately HK\$64.1 million (2024: HK\$64.1 million). The Group's cash and bank balances including pledged bank deposits were approximately HK\$180.4 million (2024: HK\$171.2 million). They were mainly denominated in US dollar and Renminbi.

As at 31 March 2025, the Group's total outstanding bank borrowings amounted to HK\$296.5 million (2024: HK\$280.7 million) which comprised mainly bank factoring loans, trust receipts loans and revolving loans. Certain bank borrowings of the Group were secured by the pledge of the Group's bank deposits and investments in insurance policies. The Group's bank borrowings which were unrestricted with a clause of repayment on demand are classified as current liability. The bank borrowings were denominated in Hong Kong dollar and US dollar and were subject to interest at floating commercial lending rates.

The Group's gearing ratio (defined as the total interest-bearing borrowings net of cash and cash equivalents and pledged bank deposits divided by total equity and multiplied by 100%) decreased from approximately 50.2% as at 31 March 2024 to approximately 47.6% as at 31 March 2025 mainly due to the increase in total equity resulting from net profit for the Year.

The Group had no significant contingent liabilities as at the end of the Year. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2025, the Group employed 122 employees (2024: 114 employees). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from basic salary and statutory provident fund scheme, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other forms of benefits such as on-the-job and external training to staff are also provided. The Group maintains a good relationship with its employees.

## USE OF PROCEEDS FROM LISTING

The net proceeds received by the Company from the initial public offering in 2021 (the “**Listing**”) in the amount of approximately HK\$88.1 million were intended to be used in the manner consistent with that mentioned in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The net proceeds received were applied by the Group from 19 February 2021 (the “**Listing Date**”) up to 31 March 2025 as follows:

	Application of net proceeds as stated in the Prospectus HK\$'million	Actual use of net proceeds HK\$'million	Unused net proceeds HK\$'million	Unused net proceeds %
Strengthening design and technical capabilities	57.8	15.9	41.9	72.5
Broadening customer base by expanding the geographic reach of sales and technical support coverage	14.4	14.4	–	–
Strengthening back office operational supports by enhancing information technology management system and recruiting IT staff	7.2	7.2	–	–
General working capital	8.7	8.7	–	–
	<u>88.1</u>	<u>46.2</u>	<u>41.9</u>	<u>47.6</u>

As at 31 March 2025, the amount of unused net proceeds amounted to approximately HK\$41.9 million. The unused net proceeds from the Listing are expected to be used in accordance with the Company’s plan as disclosed in the Prospectus except that the original timeline for utilizing the remaining net proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being affected by the trade tension between United States and China during the Year and the worldwide semiconductor shortage and the impacts of COVID-19, together with the restrictions and rules on border controls, lockdowns and quarantine measures in the prior years. However, 5G adoption is expected to trigger the surge of development and application of correlated communication infrastructure in the coming years, which may present a good opportunity for the Group to utilise the unused net proceeds as intended. Therefore, the Group shall regularly evaluate the market conditions for the fulfillment of the Group’s future plan.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2025, the Group had no significant investment with a value of 5% or more of the Group's total assets.

## **CAPITAL EXPENDITURE**

As at 31 March 2025, the Group invested approximately HK\$11.0 million (2024: approximately HK\$1.1 million) in capital expenditure mainly for office equipment, furniture and fixtures, motor vehicles, leasehold improvements and intangible assets.

The Group did not have any material capital commitments as at 31 March 2025 (2024: Nil).

## **TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE**

The Group's financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollar, Renminbi, and US dollar. As the Hong Kong dollar is pegged to the US dollar, there was no material exchange risk in this respect. As the portion of Renminbi revenue is insignificant, there was no material exchange risk in this respect. The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging interest rate risk should the need arise. Credit risk was hedged mainly through credit policy and factored to external financial institutions.

## **CONTINGENT LIABILITIES**

As at 31 March 2025, the Group did not have any material contingent liabilities (2024: Nil).

## **PLEDGE OF ASSETS**

Certain bank borrowings of the Group are secured by:

- (i) the pledge of the Group's bank deposits amounting to HK\$116,248,000 (2024: HK\$107,081,000) at the end of the reporting period;

- (ii) the pledge of investments in life insurance policies of Mr. Fung, amounting to HK\$19,236,000 (2024: HK\$19,165,000) at the end of the reporting period; and
- (iii) corporate guarantees from the Company of up to HK\$1,236,480,400 (2024: HK\$1,563,690,000).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

The Company repurchased a total of 27,000,000 Shares on the Stock Exchange during the Year, details of which are as follows:

<b>Month of repurchases</b>	<b>Total number</b>	<b>Repurchase price per Share</b>		<b>Total amount paid for the repurchased Shares</b>
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>	
April 2024	5,000,000	0.229	0.22	1,104,540
August 2024	17,000,000	0.238	0.193	3,626,572
September 2024	5,000,000	0.249	0.244	1,229,980

Among the above repurchased Shares, 5,000,000 Shares were cancelled in May 2024 and the remaining 22,000,000 Shares are held as treasury shares as at 31 March 2025.

The purchase of the Company's shares during the Year was effected by the Directors, pursuant to the repurchase mandate granted by the shareholders of the Company at the annual general meeting held on 25 August 2023 (for the repurchases made in April 2024) and 16 August 2024 (for the repurchases made in August 2024 and September 2024). The Board considered that the then prevailing trading price of the Shares did not reflect their intrinsic value and believed that the share repurchases demonstrated the Company's confidence in the long-term business strategy, growth and prospects of the Group, which would ultimately benefit the Company and create value for the Shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 March 2025, the Company did not hold any treasury shares.

## **POSSIBLE RISKS**

The Group has set up a risk management committee to coordinate, respond to and to tackle the possible risks. The risk management committee has developed strategies, policies and guidelines on risk control which enable the Group to monitor and respond to risk effectively and promptly.

## EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event affecting the Group subsequent to 31 March 2025 and up to the date of this announcement.

## PROSPECTS

The rise of artificial intelligence (AI) has created tremendous opportunities, especially in the newest connectivity technology and demand for data center which can collaborate with AI technology to operate in the most efficient manner. To optimise the Group's experience and strength in these areas, the Group will strive to look for investment opportunities in these potential areas to strive for the best potential in the newest technological arena.

## DIVIDEND

The Board has recommended the payment of a final dividend for the year ended 31 March 2025 of HK1.0 cent per Share to those shareholders whose names appeared on the Company's register of members on 29 August 2025. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM"), the final dividend is expected to be paid in cash on or about 22 September 2025.

Based on the 973,000,000 Shares in issue (excluding treasury shares) as at the date of this announcement, it is expected that the total amount of final dividend payable to the Shareholders would be HK\$9.73 million in aggregate for the Year, subject to the approval of the Shareholders at the AGM.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct governing securities transactions by the Directors. All Directors, after specific enquiries by the Company, had confirmed to the Company their compliance with the required standards set out in the Model Code during the Year.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The Company has applied the principles and complied with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules for the Year, with the exception of Code Provision C.2.1, which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

## **C.2.1**

Mr. Fung Yui Kong is currently performing the roles of chairman and chief executive officer. With extensive experience in the industry and being the founder of the Group, Mr. Fung is responsible for the overall strategic planning and general management of our Group and is instrumental to our growth and business expansion since the founding of our Group. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprise experienced and high-calibre individuals. Our Board currently comprises three executive Directors (including Mr. Fung) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

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

The figures set out in the preliminary announcement in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

### **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors namely Mr. Kam Eddie Shing Cheuk (Chairman), who possesses the appropriate professional qualifications or accounting or related financial management expertise, Mr. Chan Hiu Fung Nicholas and Mr. Ling Kwok Fai Joseph. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and risk management systems of the Group, and financial reporting matters including a review of the Group's annual results for the Year.

### **ANNUAL GENERAL MEETING ("AGM")**

The AGM will be held on Friday, 22 August 2025. The notice of the AGM will be published and despatched to the shareholders in due course.



## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 19 August 2025 to Friday, 22 August 2025 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM to be held on Friday, 22 August 2025, during such period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 18 August 2025.

The register of members of the Company will be closed from Thursday, 28 August 2025 to Friday, 29 August 2025 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to receive the proposed final dividend, during such period no transfer of shares of the Company will be registered. In order to be entitled to receive the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 27 August 2025.

## **PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT**

The final results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.pangaea.com.hk](http://www.pangaea.com.hk)). The 2025 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board  
**Pangaea Connectivity Technology Limited**  
**Mr. Fung Yui Kong**  
*Chairman*

Hong Kong, 27 June 2025

*As at the date of this announcement, the Board comprises Mr. Fung Yui Kong, Ms. Leung Kwan Sin Rita and Dr. Wong Wai Kong as executive Directors; Mr. Chan Hiu Fung Nicholas, Mr. Ling Kwok Fai Joseph, and Mr. Kam, Eddie Shing Cheuk as independent non-executive Directors.*