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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 2026

Total revenue for the Year increased by approximately 4.8% year-to-year to HK\$2,229.8 million, as compared with total revenue of HK\$2,128.2 million for the year ended 31 March 2025.

Net profit attributable to owners of the Company for the Year was approximately HK\$41.6 million, as compared with HK\$30.5 million for the year ended 31 March 2025.

Basic earnings per share for the Year was HK3.74 cents as compared with HK3.09 cents for the year ended 31 March 2025.

The Board recommends payment of a final dividend of HK1.5 cents per share for the Year (2025: HK1.0 cent). 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 2026 (the “**Year**”), together with the comparative figures for the year ended 31 March 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2026

	Notes	2026 HK\$'000	2025 HK\$'000
REVENUE	5	2,229,825	2,128,233
Cost of sales		<u>(1,986,897)</u>	<u>(1,907,122)</u>
Gross profit		242,928	221,111
Other income and gains, net	5	5,797	8,082
Selling and distribution costs		(60,835)	(49,624)
Administrative expenses		(117,512)	(110,769)
Finance costs	6	<u>(21,086)</u>	<u>(30,983)</u>
PROFIT BEFORE TAX	7	49,292	37,817
Income tax expenses	8	<u>(7,740)</u>	<u>(7,297)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>41,552</u>	<u>30,520</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents)	10	<u>3.74</u>	<u>3.09</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>41,552</u>	<u>30,520</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	1,420	(245)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Net gain/(loss) on an equity investment at fair value through other comprehensive income	<u>(667)</u>	<u>1,498</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>753</u>	<u>1,253</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><u>42,305</u></u>	<u><u>31,773</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		41,671	49,284
Intangible asset		5,769	7,221
Financial assets at fair value through profit or loss		20,039	19,236
Equity investment at fair value through other comprehensive income		11,494	12,161
Prepayments and deposits		1,078	2,152
Deferred tax assets		533	1,571
		<hr/>	<hr/>
Total non-current assets		80,584	91,625
CURRENT ASSETS			
Inventories		187,299	135,918
Trade and bills receivables	<i>11</i>	477,400	398,237
Prepayments, deposits, other receivables and other assets		51,564	30,602
Pledged bank deposits		114,537	116,248
Cash and bank balances		97,424	64,144
		<hr/>	<hr/>
Total current assets		928,224	745,149
CURRENT LIABILITIES			
Trade payables	<i>12</i>	296,085	200,388
Other payables, accruals and contract liabilities		57,530	81,895
Interest-bearing bank borrowings		26,958	37,007
Trust receipt loans		306,213	259,501
Lease liabilities		3,751	6,085
Tax payable		4,658	2,817
		<hr/>	<hr/>
Total current liabilities		695,195	587,693
		<hr/>	<hr/>
NET CURRENT ASSETS		233,029	157,456
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		313,613	249,081
		<hr/>	<hr/>

	2026	2025
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	2,948	4,231
Deferred tax liabilities	687	807
	<hr/>	<hr/>
Total non-current liabilities	3,635	5,038
	<hr/>	<hr/>
Net assets	309,978	244,043
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	11,940	9,950
Reserves	298,038	234,093
	<hr/>	<hr/>
Total equity	309,978	244,043
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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, whose registered address is 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.

They 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 amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. 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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Hong Kong	175,085	475,582
Chinese mainland	1,814,879	1,492,982
Other countries/regions	<u>239,861</u>	<u>159,669</u>
Total revenue	<u><u>2,229,825</u></u>	<u><u>2,128,233</u></u>

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

(b) *Non-current assets*

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Hong Kong	29,605	36,297
Chinese mainland	18,896	22,337
Other countries/regions	17	23
	<u>48,518</u>	<u>58,657</u>
Total non-current assets	<u>48,518</u>	<u>58,657</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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Customer A	335,599	213,624
Customer B	328,413	N/A [#]
Customer C*	N/A*	305,553
Customer D*	N/A*	255,634
	<u>664,012</u>	<u>774,811</u>
Total	<u>664,012</u>	<u>774,811</u>

* Revenue from sales to Customer C and Customer D accounted for less than 10% of the total revenue of the Group for the year ended 31 March 2026.

Revenue from sales to Customer B accounted for less than 10% of the total revenue of the Group for the year ended 31 March 2025.

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of goods	2,211,039	2,120,330
Rendering of services	<u>18,786</u>	<u>7,903</u>
Total	<u><u>2,229,825</u></u>	<u><u>2,128,233</u></u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Bank interest income	4,342	5,089
Fair value gains on financial assets at fair value through profit or loss	803	71
Gain on disposal of items of property, plant and equipment	–	142
Sundry income, net	<u>652</u>	<u>2,780</u>
Total other income and gains, net	<u><u>5,797</u></u>	<u><u>8,082</u></u>

6. FINANCE COSTS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interest on bank borrowings	20,678	30,478
Interest on lease liabilities	<u>408</u>	<u>505</u>
Total	<u><u>21,086</u></u>	<u><u>30,983</u></u>

7. PROFIT BEFORE TAX

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Cost of inventories sold	1,983,343	1,904,740
Cost of services provided	157	385
Depreciation	12,697	11,179
Amortisation of intangible assets	1,860	1,351
Research and development costs [#]	10,682	9,347
Gain on disposal of items of property, plant and equipment	–	(142)
Auditor's remuneration		
— annual audit	1,610	1,760
Reversal of impairment of trade receivables [^]	(253)	(1,250)
Provision for inventories ^{^^}	3,397	1,997
Staff costs (excluding directors' remuneration):		
Wages and salaries	48,388	36,924
Equity-settled share option expense	–	83
Pension scheme contributions [*]	6,881	6,279
	<u>55,269</u>	<u>43,286</u>
Total		
Lease payments not included in the measurement of lease liabilities	862	542
Foreign exchange differences, net	(410)	606
Fair value gain on financial assets at fair value through profit or loss	<u>(803)</u>	<u>(71)</u>

[#] Research and development costs include HK\$10,682,000 (2025: HK\$9,347,000) relating to staff costs for research and development activities, which are also included in the total amount disclosed above for staff costs for the year.

[^] 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% (2025: 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 (2025: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%). The Company's subsidiary operating in Chinese mainland is subject to the prevailing PRC income tax rate of 25%.

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Current — Hong Kong Charge for the year	6,416	–
Current — PRC Charge for the year	408	535
Current — Taiwan Charge for the year	28	11
Deferred tax	<u>888</u>	<u>6,751</u>
Total tax charge for the year	<u><u>7,740</u></u>	<u><u>7,297</u></u>

9. DIVIDENDS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Final 2025 dividend declared and paid — HK1.0 cent (2025: nil) per ordinary share [#]	11,720	–
Proposed final — HK1.5 cents (2025: HK1.0 cent) per ordinary share	<u>17,580</u>	<u>9,730</u>

The proposed final dividend for the year is based on the number of shares of the Company in issue as at the reporting date, and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (“AGM”). These financial statements do not reflect the final dividend payable.

[#] As the placing shares (“Placing Shares”) were allotted and issued on 13 August 2025, holders of the Placing Shares whose names appeared on the Company's register of members on 29 August 2025 were entitled to the final dividend following approval by the shareholders at the annual general meeting of the Company held in 2025. Details of which are set out in the Company's announcement dated 13 August 2025.

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

The calculation of basic earnings 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\$41,552,000 (2025: profit of HK\$30,520,000) and the weighted average number of ordinary shares of 1,110,950,000 (2025: 988,406,000) outstanding during the year, as adjusted to reflect the placing of shares during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2026 and 2025 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2026 and 2025.

11. TRADE AND BILLS RECEIVABLES

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	471,392	387,453
Less: Impairment of trade receivables	(411)	(638)
	<hr/>	<hr/>
Net carrying amount	470,981	386,815
Bills receivables	6,419	11,422
	<hr/>	<hr/>
Total	477,400	398,237
	<hr/> <hr/>	<hr/> <hr/>

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

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	444,441	378,315
1 to 3 months	4,258	15,109
3 to 6 months	28,467	1,639
Over 6 months	234	3,174
	<hr/>	<hr/>
Total	477,400	398,237
	<hr/> <hr/>	<hr/> <hr/>

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:

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	171,581	190,360
31 to 90 days	122,247	713
Over 120 days	2,257	9,315
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Total	296,085	200,388
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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

FY2025–2026 revealed a sharp and growing divergence in technology spending patterns. According to Technavio, the global High Performance Computing (HPC) market for AI is projected to grow at 27.6% CAGR from 2025 to 2030, while Gartner (2025) estimated AIoT growth at 31.7% CAGR. These are not just forecasts — they are proof of an unstoppable upward trend. Nowhere is this momentum more visible than in the GPU market — the very engine powering AI’s explosive growth. According to MarketsandMarkets, the global AI data center GPU market surged to USD87.32 billion in 2024 and is projected to reach USD228.04 billion by 2030, reflecting a 13.7% CAGR. Yole Group reports that GPUs became the largest processor segment in 2024, capturing 39% of total processor revenues on the back of an unprecedented 126% annual surge, and projects the market will more than double to USD239 billion by 2030. Meanwhile, TrendForce forecasts AI server shipments will grow over 28% in 2026, with double-digit momentum extending into 2027. These numbers are not abstract — they translate directly into surging demand for the optical connectivity that we deliver. Non-AI infrastructure segments are being deprioritized, and that is precisely where our competitors remain entrenched. Telecom operators have delayed 5G refreshes to preserve capex for AI data centers — a clear signal of where the real momentum lies.

Within industrial lasers, Asia Pacific dominates solar cell output, with China alone operating 400 GW of solar-cell capacity and backing laser tool purchases with subsidies. However, the most significant growth is in semiconductor-related applications. Semiconductor and PCB laser processing tied directly to AI chip production is seeing accelerating, relentless demand. WiFi 8 remains a future catalyst, but its commercial window opens in late 2026, and we will be ready. The market is no longer rising evenly; it is aggressively rewarding AI-adjacent segments, and we are already there.

Business Review

Our FY2025–2026 performance — 4.8% revenue growth, following a huge surge in FY2024–2025 — perfectly illustrates this divergence. But make no mistake: AI optical components continue to grow, as hyperscale buyers remain on track to maintain capacity expansions and the next procurement wave is imminent. We expect more orders to follow. Our PD products are already powering GPUs — the critical engine driving every major AI application — and as AI adoption accelerates across every industry, demand for our solutions is positioned for explosive growth.

Our industrial laser portfolio is undergoing a structural shift — and we are leading the charge as the technological leader in both PCB and semiconductor processing applications — delivering 1.6T and 3.2T capabilities, which represent a clear and undeniable competitiveness over everyone else. Solar BC battery processing faced temporarily flattened demand. Our early pivot to semiconductor and PCB laser processing is not a complement; it is a powerful repositioning at the heart of the AI chip supply chain, where precision laser tools are essential for advanced packaging and high-density interconnect manufacturing. 5G's performance was not an operational failure — it was strategic alignment with market priorities. Operators chose AI over connectivity upgrades. We acknowledged this and reallocated resources accordingly. WiFi 8 remains a call option for the future — revenue is still not in full position today, but pilot engagements have confirmed technical readiness and a clear path to scale.

Prospect

The coming year demands a vigorous, unapologetic posture. We are no longer hedging across many segments. We are anticipating a breakthrough in FY2026–2027 by doubling down on AI-adjacent positions — optical components for AI data infrastructure, semiconductor laser processing, and early WiFi 8 deployments. We see substantial opportunities across the entire AI ecosystem: from major global AI chip designers and leading AI data center module suppliers to component partners and to ourselves. Our strategic role within the supply chain gives us a direct line of sight into demand cycles that we believe will overtake competitors. The market trend is unquestionably upward. We have already begun allocating more resources to logistics, sales support, and finance — not defensively, but as an aggressive, offensive preparation for the anticipated rapid growth ahead. We are confident in our ability to capture this opportunity.

FINANCIAL REVIEW

Revenue

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

Revenue from sales of goods accounted for approximately 99.2% 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\$2,120.3 million in the year ended 31 March 2025 to approximately HK\$2,211.0 million for the Year mainly due to the increase in sale of products in relation to artificial intelligence (AI). Revenue from rendering of services increased from approximately HK\$7.9 million for the year ended 31 March 2025 to approximately HK\$18.8 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 for the Year was 10.2%, which is similar to 10.1% for the year ended 31 March 2025.

Rendering of services

Gross profit margin derived from rendering of services for the Year was approximately 95.6%, which is similar to 95.1% for the year ended 31 March 2025. 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\$5.8 million (2025: approximately HK\$8.1 million) mainly represents bank interest income, exchange differences, net, fair value gains on financial assets at fair value through profit or loss and sundry income. The other income and gains, net, decreased by approximately HK\$2.3 million, mainly as a result of (i) a decrease in bank interest income of HK\$0.7 million due to decrease in bank interest rate; (ii) a decrease in sundry income of HK\$2.1 million due to forfeiture of customer deposit for the year ended 31 March 2025 and no similar income for the Year; (iii) a gain of disposal of fixed assets of HK\$0.2 million for the year ended 31 March 2025 and no similar income for the Year, which was partially offset by an increase in fair value gain on financial assets of HK\$0.7 million.

Selling and distribution costs

The selling and distribution costs of approximately HK\$60.8 million (2025: approximately HK\$49.6 million) mainly include staff salaries, transportation, freight charges, declaration expenses, consultancy expenses and research and development (R&D) expenses. The selling and distribution costs increased by approximately HK\$11.2 million or 22.6% from last year, mainly as a result of (i) an increase in salary and staff benefits in aggregate of approximately HK\$8.5 million mainly due to the increase in salary, bonus and number of staff; (ii) an increase in transportation, freight, declaration and customs charges of HK\$1.4 million due to increased delivery of goods to the PRC; (iii) an increase in R&D expenses of HK\$1.3 million due to an increase in staff salaries; and (iv) an increase in declaration and customs expenses of HK\$0.9 million due to increased delivery of goods to the PRC, which was partially offset by a decrease in consultancy fee of HK\$0.9 million resulting from the decrease in sales and business activities.

Administrative expenses

Administrative expenses of approximately HK\$117.5 million (2025: approximately HK\$110.8 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\$6.7 million or 6.1% for the Year mainly as a result of (i) an increase in salaries and staff benefits (including directors' remuneration) in aggregate of approximately HK\$1.4 million mainly due to the increase in salary, bonus and number of staff; (ii) an increase in travelling and entertainment expenses of HK\$1.7 million resulting from the increase in sales and business activities; (iii) an increase in office utilities and supplies, insurance and bank charge of HK\$2.1 million resulting from the increase in sales and business activities; and (iv) an increase in depreciation of fixed assets and amortization of business development costs of HK\$2.0 million.

Finance costs

The Group's finance costs of approximately HK\$21.1 million (2025: approximately HK\$31.0 million) mainly represented interest expenses on its bank borrowings during the Year. The Group incurred interest on bank borrowings of approximately HK\$20.7 million for the Year as compared to approximately HK\$30.5 million for the year ended 31 March 2025. The decrease in interest on bank borrowings was mainly due to a decrease in interest rate and a decrease in utilization of borrowing facilities during the Year.

Taxation

Taxation of the Group for the Year mainly comprised income tax expense of approximately HK\$7.7 million (2025: HK\$7.3 million) which included deferred tax expense of approximately HK\$0.9 million (2025: HK\$6.8 million) recognized for the provision for inventories and impairment loss of trade receivable as well as utilisation of tax losses for the prior years.

Net profit for the year

Net profit for the Year amounted to approximately HK\$41.6 million (2025: HK\$30.5 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, which was partially offset by (c) a decrease in other income and gains, net; (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 2026 were approximately HK\$97.4 million (2025: HK\$64.1 million). The Group's cash on hand, including pledged bank deposits, was approximately HK\$212.0 million (2025: HK\$180.4 million). They were mainly denominated in US dollar and Renminbi.

As at 31 March 2026, the Group's total outstanding bank borrowings amounted to HK\$333.2 million (2025: HK\$296.5 million) which comprised mainly collateralised bank advances, trust receipts loans and revolving loans. Certain bank borrowings of the Group were secured by the pledge of the Group's bank deposits, bill receivables and investments in insurance policies. The Group's bank borrowings which were unrestricted with a clause of repayment on demand are classified as current liabilities. 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 47.6% as at 31 March 2025 to approximately 39.1% as at 31 March 2026 mainly due to the increase in total equity of approximately HK\$65.9 million resulting from net profit for the Year and an increase in share capital and reserve due to issue of new shares during the Year, which was partially offset by final 2025 dividend declared and paid.

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 2026, the Group employed 130 employees (2025: 122 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 2026 as follows:

	Application of net proceeds as stated in the Prospectus <i>HK\$'million</i>	Actual use of net proceeds <i>HK\$'million</i>	Unused net proceeds <i>HK\$'million</i>	Unused net proceeds %
Strengthening design and technical capabilities	57.8	19.0	38.8	67.1
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>49.3</u>	<u>38.8</u>	<u>67.1</u>

As at 31 March 2026, the amount of unused net proceeds amounted to approximately HK\$38.8 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 utilising 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.

The Company hopes to utilise the net proceeds by the end of 2027, however, if market conditions are unfavorable or such timing of deployment does not align with the Group’s commercial interests, the Company will defer the allocation until a more opportune time and provide an updated timeline accordingly.

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.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event affecting the Group and requiring disclosure that has taken place subsequent to 31 March 2026 and up to the date of this announcement.

CAPITAL EXPENDITURE

As at 31 March 2026, the Group invested approximately HK\$1.6 million (2025: approximately HK\$11.0 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 2026 (2025: 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 2026, the Group did not have any material contingent liabilities (2025: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the prospectus of the Company dated 30 January 2021 (the "Prospectus"), the Group did not have other plans for material investments in capital assets as at 31 March 2026.

PLEDGE OF ASSETS

Certain bank borrowings of the Group are secured by:

- (i) the pledge of the Group's bank deposits amounting to HK\$114,537,000 (2025: HK\$116,248,000) at the end of the reporting period;
- (ii) the pledge of investments in life insurance policies of Mr. Fung, amounting to HK\$20,039,000 (2025: HK\$19,236,000) at the end of the reporting period; and
- (iii) corporate guarantees from the Company of up to HK\$1,111,250,000 (2025: HK\$1,236,480,400).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Year. As at 31 March 2026, there were 22,000,000 treasury shares held by the Company.

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.

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 2026 of HK1.5 cents per Share to those shareholders whose names appeared on the Company's register of members on 28 August 2026. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the final dividend is expected to be paid in cash on or about 21 September 2026.

Based on the 1,172,000,000 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\$17.6 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 Group recognises the importance of good corporate governance and the vital role it plays to the Group's success and sustainable development. The Board is committed to maintaining high standards of corporate governance to ensure better transparency and protection of the overall interests of the Company and its shareholders as a whole and to enhance corporate value and accountability.

The Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules sets out principles of good corporate governance. It has been applicable to the Company with effect from the Listing Date. The Board has implemented corporate governance code appropriate to the conduct and growth of the Group's business. The Company has complied with all applicable Code Provisions as set out in the CG Code for the Year, with the exception of Code Provision C.2.1 of the CG Code, 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.

The Directors believe that the Board is appropriately structured to provide sufficient checks to protect the interests of the Group and the Shareholders. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

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. Fok Wai Shun Wilson (Chairman), who possesses the appropriate professional qualifications or accounting or related financial management expertise, Mr. Ng Sing Yip and Mr. Ling Kwok Fai Joseph, and Mr. Kam Eddie Shing Cheuk, the non-executive Director. 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

The AGM is expected to be held on 21 August 2026. 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, 18 August 2026 to Friday, 21 August 2026 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM to be held on Friday, 21 August 2026, during such period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2026 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, 17 August 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM is Friday, 21 August 2026.

The register of members of the Company will be closed from Thursday, 27 August 2026 to Friday, 28 August 2026 (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, 26 August 2026. The record date for the purpose of determining the eligibility of the Shareholders to receive the proposed final dividend is Friday, 28 August 2026.

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) and the Company (www.pangaea.com.hk). The 2026 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, 24 June 2026

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. Kam, Eddie Shing Cheuk as non-executive Director; and Mr. Ling Kwok Fai Joseph, Mr. Ng Sing Yip and Mr. Fok Wai Shun Wilson as independent non-executive Directors.