LEADWAY TECH
高維科技

Leadway Technology Investment Group Limited
高維科技投資集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2086)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2025 decreased by 9% to HK$91.5 million (2024: HK$100.3 million).
- Gross profit of the Group for the year ended 31 December 2025 increased by 3% to HK$54.0 million (2024: HK$52.4 million).
- The Group recorded a loss for the year of HK$5.1 million (2024: profit of HK$3.7 million) for the year ended 31 December 2025.
- The Board did not recommend payment of the final dividend for the year ended 31 December 2025.

RESULTS

The board of directors (the "Board") of Leadway Technology Investment Group Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025 together with the comparative figures for the corresponding period in 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	4(a)	**91,496**	100,287
Cost of sales and services rendered		**(37,504)**	(47,863)
Gross profit		**53,992**	52,424
Other income	5	**604**	675
Reversal of impairment loss/(impairment loss) on trade receivables		**2,726**	(125)
Impairment loss on intangible assets		**(422)**	–
Selling and distribution expenses		**(11,004)**	(8,981)
Research and development expenses		**(16,817)**	(12,881)
Administrative expenses		**(33,877)**	(27,011)
(Loss)/profit from operations		**(4,798)**	4,101
Finance cost	6(a)	**(270)**	(369)
(Loss)/profit before tax	6	**(5,068)**	3,732
Income tax expenses	7	**(17)**	–
(Loss)/profit for the year		**(5,085)**	3,732
(Loss)/earnings per share	8		
Basic		**(1.591 HK cents)**	1.168 HK cents
Diluted		**(1.591 HK cents)**	1.168 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	2025	2024
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(5,085)**	3,732
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**1,369**	(191)
Total comprehensive (loss)/income for the year	**(3,716)**	3,541

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	**2025**	2024
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**4,840**	8,837
Intangible assets		**8,091**	8,170
		12,931	17,007
Current assets			
Inventories		**21,852**	25,047
Trade and other receivables	9	**23,252**	25,596
Other financial assets		**93**	93
Current tax recoverable		**473**	477
Cash and cash equivalents		**19,542**	25,712
		65,212	76,925
Current liabilities			
Trade and other payables	10	**16,986**	25,063
Income tax payable		**7**	–
Lease liabilities		**2,571**	4,003
		19,564	29,066
Net current assets		**45,648**	47,859
Total assets less current liabilities		**58,579**	64,866

	2025	2024
	HK$'000	*HK$'000*
Non-current liability		
Lease liabilities	**524**	3,095
NET ASSETS	**58,055**	61,771
CAPITAL AND RESERVES		
Share capital	**31,956**	31,956
Reserves	**26,099**	29,815
TOTAL EQUITY	**58,055**	61,771

NOTES

(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 April 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Its registered office is located at 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands and its principal place of business is at Units 4108–4110, 41st Floor, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

The principal activities of the Group are the development, sales and distribution of smart card products, software and hardware and provision of smart card related services.

At 31 December 2025, the directors of the Company considered the immediate parent of the Company to be Leadway Development Limited, which is incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards and Ints that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The application of the above amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements of the Group.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of the consolidated financial statements of the Group, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been adopted in the consolidated financial statements of the Group. The Group has not early applied the followings which may be relevant to the Group:

	Effective for accounting periods beginning
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standard, amendments to standards and Int are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the new HKFRS Accounting Standard mentioned below:

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose consolidated financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.

- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.

- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The application of the amendments is not expected to have significant impact on the consolidated financial position and performance of the Group.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the development, sales and distribution of smart card products, software and hardware and provision of smart card related services.

(i) Disaggregation of revenue

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Development, sales and distribution of smart card products	**90,848**	100,076
Provision of smart card related services	**648**	211
	91,496	100,287
Disaggregated by timing of revenue recognition		
– At a point in time	**91,496**	100,287

Disaggregation of revenue from contracts with customers by geographic market is disclosed in note 4(b).

(ii) Information about major customers

Revenue from customers of the corresponding year ended contributing over 10% (2024: 10%) of the total revenue of the Group are as follows:

	2025	2024
	HK$'000	*HK$'000*
Customer A	**N/A***	15,285

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the end of the reporting period

At 31 December 2025 and 2024, there are no transaction prices allocated to the remaining performance obligations under the Group's existing contracts.

(b) Segment reporting

The Group's chief operating decision maker (i.e the executive directors of the Company) (the "CODM") assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily the development, sales and distribution of smart card products, software and hardware and the provision of smart card related services. The management considers there is only one operating segment and, accordingly, no segment information is presented.

The following table sets out information about the geographic area of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and intangible assets (the "specified non-current assets"). The geographic area of customers is based on the location at which the services were rendered or the control over the goods are transferred to customers. The geographic area of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and the location of the operation to which they are allocated, in the case of intangible assets.

	Revenue from external customers		**Specified non-current assets**	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**37,527**	57,891	**–**	–
Asia Pacific	**43,727**	29,398	**12,931**	17,007
The Americas	**7,836**	11,418	**–**	–
Middle East and Africa	**2,406**	1,580	**–**	–
	91,496	100,287	**12,931**	17,007

5. OTHER INCOME

		2025	2024
	Notes	***HK$'000***	*HK$'000*
Interest income		**96**	598
Government subsidies	(a)	**49**	4
Design fee income	(b)	**302**	–
Sundry income		**157**	73
		604	675

Notes:

(a) Government subsidies for the years ended 31 December 2025 and 2024 represented the amount of approximately HK$49,000 (2024: Nil) and Nil (2024: HK$4,000), which were received from local authorities in Hong Kong and the People's Republic of China (the "PRC") to support small and medium sized enterprises and to stabilise employment, respectively.

(b) Design fee income represented revenue from contracts with customers within the scope of HKFRS 15 which recognised at a point in time.

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting):

	2025 *HK$'000*	2024 *HK$'000*
(a) Finance cost		
Interest on lease liabilities	**270**	369
(b) Staff costs		
Contributions to defined contribution retirement plans	**2,057**	2,206
Salaries, wages and other benefits	**33,564**	29,822
	35,621	32,028
Less: Amount capitalised into development costs	**(2,069)**	(2,233)
	33,552	29,795
(c) Other items		
Amortisation of intangible assets	**1,816**	1,816
Depreciation of		
– property, plant and equipment	**970**	1,039
– right-of-use assets	**3,845**	4,362
Impairment loss on intangible assets	**422**	–
(Reversal of)/allowance for expected credit losses ("ECLs") on trade receivables	**(2,726)**	125
Auditor's remuneration		
– Audit services	**650**	650
– Non-audit service	**10**	10
Loss on disposal of property, plant and equipment	**8**	–
Gain on lease termination	**–**	(4)
Foreign exchange losses/(gains), net	**1,404**	(792)
Cost of inventories sold	**36,858**	47,459
Write-down/(reversal of write-down) of inventories (included in cost of sales and services rendered)	**64**	(80)

7. INCOME TAX EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Japan Corporate Tax		
– current year	**4**	–
PRC Enterprise Income Tax ("EIT")		
– current year	**13**	–
	17	–

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss (2024: earnings) per share is based on loss attributable to owners of the Company of approximately HK$5,085,000 (2024: profit of approximately HK$3,732,000) and the weighted average of 319,565,000 (2024: 319,565,000) ordinary shares in issue for the year ended 31 December 2025.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 31 December 2025 and 2024 are the same with the basic (loss)/earnings per share as the Company did not have any outstanding dilutive potential ordinary shares during both years.

9. TRADE AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables, gross	**14,063**	19,286
Bills receivables	**187**	–
Less: Allowance for ECLs	**(1,427)**	(4,153)
Trade receivables, net *(Note)*	**12,823**	15,133
Prepayments	**3,437**	3,811
Deposits	**3,177**	4,343
Other receivables	**3,815**	2,309
	23,252	25,596

Note: At the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, which approximately the respective revenue recognition dates, and net of loss allowance for ECLs, is as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**10,069**	13,662
1 to 2 months	**2,325**	1,119
2 to 3 months	**92**	47
3 to 12 months	**337**	305
	12,823	15,133

Trade and bills receivables are generally due within 7 days to 3 months (2024: 7 days to 3 months) from the date of billing.

10. TRADE AND OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade payables *(Note)*	**10,016**	15,043
Accruals and other payables	**4,170**	3,046
Accrued salaries	**1,153**	177
Contract liabilities	**1,647**	6,797
	16,986	25,063

All of the trade and other payables are expected to be settled within one year.

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

	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**6,436**	13,390
1 to 3 months	**3,195**	1,537
3 months to 1 year	**385**	116
	10,016	15,043

DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders who are entitled to attend, speak and vote at the annual general meeting to be held on Wednesday, 27 May 2026 (or any adjournment thereof), the register of members of the Company will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the right to attend, speak and vote at the annual general meeting (or any adjournment thereof), all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 20 May 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2025, the Group's revenue decreased by 9% to HK$91.5 million (2024: HK$100.3 million); gross profit was HK$54.0 million (2024: HK$52.4 million) with a gross profit margin of 59% (2024: 52%). The year ended with a net loss of HK$5.1 million (2024: profit of HK$3.7 million). Earnings before interest, tax, depreciation, and amortisation (EBITDA) recorded a profit of HK$1.8 million (2024: profit of HK$11.2 million). Basic loss per share for the year was HK1.591 cents (2024: earnings per share of HK1.168 cents).

Revenue

The Group's revenue experienced a decrement of 9%, decreasing from HK$100.3 million in 2024 to HK$91.5 million in 2025. The reduction of HK$8.8 million was primarily attributable to softened demand across the Europe and Americas regions, driven by broader global economic deceleration and the increasingly uncertain trading environment stemming from the ongoing evolution of United States tariff policies. These external factors weighed on overall market sentiment and contributed to delays in the progression and scale-up of certain customer projects during the year.

Gross Profit Margin

The Group's gross profit margin was 59% during the year (2024: 52%) with no material fluctuation noted for both years.

Operating Expenses

Total operating expenses for the Group increased by 21% to HK$59.4 million from HK$49.0 million in 2024. The increase is mainly attributable to the following factors:

(i) staff costs increased by HK$3.8 million as number of staff had increased during the year compared with previous year and introduction of sales incentive program;

(ii) research and development expenses increased by HK$3.9 million during the year ended 31 December 2025, reflecting the Group's deliberate and sustained commitment to advancing its product development capabilities. This incremental investment was directed towards the research and development of new and next-generation product offerings, underpinning the Group's strategic objective of maintaining technological leadership within its core market; and

(iii) net exchange different increased by HK$2.0 million due to more pronounced inflation of the Renminbi against the Hong Kong Dollar during the year ended 31 December 2025 compared to the prior year.

Statement of Financial Position

As of 31 December 2025, the Group's net assets stood at HK$58.1 million, compared to HK$61.8 million the previous year. The decrement of HK$3.7 million primarily stemmed from the net loss of HK$5.1 million and movement in exchange reserve of HK$1.4 million during the year.

DIVIDEND POLICY

The Company adopted a dividend policy on 19 December 2018. According to the dividend policy, in considering any dividend payout, the Board shall take into account, inter alia, the following factors:

- the Group's actual and expected financial performance;

- retained earnings and distributable reserves of the Company and each of the members of the Group;

- the level of the Group's debts to equity ratio, return on equity, and the relevant financial covenants;

- any restrictions on the payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- general economic conditions, business cycle of the Group's business, and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deems appropriate.

Declaration, recommendation, and/or payment of dividends of the Company shall be determined at the absolute discretion of the Board and would be in the best interests of the Group and shareholders of the Company and in compliance with all applicable laws and regulations. The Board endeavors to maintain a balance between meeting the shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continually review the dividend policy and reserves the right in its absolute discretion to update, amend, modify and/or cancel the dividend policy at any time.

BUSINESS REVIEW

In 2025, the Group continued to advance its position as a trusted provider of innovative contactless readers, smart cards, and associated devices within the financial technology and smart living sectors. The year presented a complex and challenging operating environment, characterised by a global economic slowdown, an unstable trading landscape arising from the ongoing evolution of United States tariff policies, and persistent geopolitical headwinds stemming. These external factors weighed on overall market demand, particularly across the Europe and Americas regions, contributing to a moderation in revenue during the year. Notwithstanding these challenges, the Group maintained a firm focus on product innovation, talent development, and long-term strategic investment, and took deliberate steps to fortify its competitive position for the years ahead.

The year 2025 also marked a landmark milestone in the Group's history, as its principal operating subsidiary, Advanced Card Systems Limited ("ACS"), celebrated its 30th anniversary. This occasion was commemorated at the IOTE Expo 2025 Shenzhen, where ACS headlined the event under the banner of "30 Years of Excellence", reflecting the enduring strength and heritage of the ACS brand. In recognition of its continued innovation, the Group's AIR60U ePassport Reader was honoured with the prestigious IOTE 2025 Gold Award for "Innovative Product", reaffirming ACS's standing as a technology leader within the industry.

The Group's product portfolio was further enriched through the successful launch of a series of new and differentiated solutions during the year, including the AquaGuard NFC Reader for rugged environments, the WalletMate II Series NFC readers certified for mobile wallet applications, the PocketKey+ FIDO-certified security key for passwordless authentication, the ACR1555U portable Bluetooth NFC reader, and the AIR60U ePassport reader. Market reception to these launches was positive, with customers expressing strong interest and anticipation for forthcoming product releases. The Group also launched the Web APDU Tool and APDU Bridge, further demonstrating its commitment to supporting the broader developer community and accelerating web-based smart card development.

The Group's global market presence was actively reinforced through participation in a series of premier international exhibitions and industry events across multiple regions throughout the year, including Japan IT Week Spring 2025 in Tokyo, Smart IoT Indonesia 2025, Identiverse 2025 in Las Vegas, IOTE 2025 in both Shanghai and Shenzhen, DigiTech ASEAN Thailand 2025, and TRUSTECH 2025 in Paris. Feedback from these events was encouraging, with customers consistently recognising ACS as a strong and reliable supplier and expressing enthusiasm for the Group's upcoming product pipeline. In response to the continued impact of economic downturn and associated EUR currency volatility on European customer purchasing sentiment, the Group has strategically directed additional focus towards Southeast Asia, Japan, and other emerging markets to broaden its revenue base and mitigate geographic concentration risk.

The Group's headcount increased from 93 employees as at 31 December 2024 to 98 employees as at 31 December 2025, reflecting the Group's deliberate investment in human capital to support its expanding operations and product development activities. Total staff costs recognised for the year amounted to HK$33.6 million. The Japan regional office continued to progress through its development phase, with management allocating additional resources to support market cultivation and business development activities in the region. The Board is encouraged by the prospects for the Japan market and anticipates meaningful contribution from this office in the period ahead.

PROSPECTS

Looking ahead, the Group remains cautiously optimistic about its growth trajectory. The substantial investments made during 2025 in research and development – most notably the significant scale-up of new product development expenditure – are expected to bear fruit through the introduction of compelling new solutions in 2026 and beyond. The Group's near-term product development pipeline includes the PocketKey+ Bio, a FIDO USB security key with biometric capability, the ACOSJ-ID open platform smart card, and the ACR360 bus validator, all of which are expected to expand the Group's addressable market and stimulate new customer demand.

The Group's marketing strategy will continue to centre on active participation in key international tradeshows and industry events across multiple regions, with planned appearances at Japan IT Week Spring 2026 in Tokyo, IOTE 2026 in Shenzhen, and TRUSTECH 2026 in Paris, among others. These platforms remain critical to the Group's efforts to maintain brand visibility, nurture customer relationships, and showcase its expanding portfolio of innovative products. The Group will further complement these initiatives with enhanced digital marketing activities to broaden its reach and engagement across global markets.

With no immediate plans for acquisitions, mergers, restructuring, or new debt financing, the Group's strategic focus remains firmly directed towards product innovation, operational excellence, and disciplined market expansion. The Board is confident that the Group's robust product roadmap, diversified geographic strategy, and strengthened organisational capabilities position it well to navigate the prevailing macroeconomic uncertainties and deliver sustainable value to shareholders in the coming year.

RISK FACTORS

The Group's operations and financial performance are subject to various risks and uncertainties, potentially impacting our results of operations, financial condition, and growth prospects. These risks, while not exhaustive, represent factors that could cause our actual results to differ from expected outcomes materially.

Operation Risk

Reliance on a limited number of large customers

Sales to the top five customers accounted for 29% of the Group's revenue for the year ended 31 December 2025 (2024: 35%). The risk of relying on limited number of customers is not high. We keep maintaining a pool of customers to minimise the risks of over-reliance on few key customers. However, there is no assurance that the demand for the products of the Group from these customers can be maintained in the future. In the event that the demand from them decreases significantly and the Group is unable to find replacement customers on terms acceptable to the Group, performance of the Group may be adversely affected.

Reliance on manufacturers

The Group does not own any production facilities. We subcontract substantially all of our production activities to external manufacturers. During the year ended 31 December 2025, the Group engaged three (2024: three) manufacturers for manufacturing smart card, all of them were engaged by the Group for at least over 5 years. The Group also engaged five (2024: five) manufacturers for manufacturing smart card reader. The Group will continue sourcing suitable partners to secure the manufacturing of smart card and smart card reader.

While we have built stable relationships with the manufacturers for smart card production and expanded our base for smart card readers, any difficulties these partners face could disrupt our product delivery schedules, adversely affecting our business operations.

Ability to attract and retain talent

Our success heavily relies on our ability to attract and retain skilled professionals across all levels of the organization, not just engineers. Human capital has been identified as a critical operational risk for the Group, with middle management expressing specific concerns regarding talent management challenges. The rapid advancement of AI and automation technologies could render certain skills obsolete, requiring significant reskilling and upskilling of employees.

Shortage of integrated circuits ("IC") chips

The global shortage of IC chips presented significant challenges to our production capabilities. In 2024, we adapted by spot-buying materials in the open market and diversifying our IC chips suppliers to enhance future supply flexibility. Although the situation has stabilised, any future fluctuations could impact our ability to maintain continuous production.

Business Risk

Rapid technological changes

Operating in a market characterised by swift technological evolution, our performance hinges on our ability to adapt to new industry standards, customer preferences, and enhancements in smart card technology. Our growth prospects may be jeopardised if we fail to navigate these changes successfully.

Relatively high capital expenditure on new products and services

The introduction of new products and services in response to rapid changes in technology, industry standards and customer preferences require substantial capital expenditure. During the year ended 31 December 2025, the Group recorded HK$1.8 million (2024: HK$2.6 million) on development costs of new products and services in capitalisation. The relative high level of capital expenditure may have an adverse impact on the financial resources of the Group. In the event that the new products and services do not achieve market acceptance or there is substantial delay in the process, the performance and growth prospects of the Group may be adversely affected.

Financial Risk

Maintain financial stability

Managing the balance between investing in new product development and maintaining financial stability is crucial, especially in light of the IC chips shortage and the need to ensure a reliable supply chain. Our strategic responses to these challenges, including increased capital outlay for spot-buying IC chips and expanding our manufacturing base, are essential for sustaining growth but carry inherent financial risks.

The outlined risks underscore the complex environment in which the Group operates. Our proactive strategies aim to mitigate these risks, ensuring resilience and the pursuit of growth opportunities despite potential adversities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has consistently maintained a robust liquidity position. As of 31 December 2025, our cash and cash equivalents experienced a decrease to HK$19.5 million from HK$25.7 million in previous year, reflecting increased operational expenditure associated with the Group's accelerated investment in research and development activities and the expansion of its headcount to support strategic growth initiatives. The Group's net assets stood at HK$58.1 million as at 31 December 2025 from HK$61.8 million as at 31 December 2024, primarily attributable to the net loss recorded for the year.

Throughout the year, the Group effectively utilised its equity capital alongside the cash generated from operating activities to support working capital requirements and other operational necessities. Despite facing challenging market conditions, we managed a disciplined approach to our financial management practices.

GEARING RATIO

The Group's gearing ratio, calculated by reference to the ratio of total borrowings to total equity attributable to the owners of the Company as of 31 December 2025, was 0% (2024: 0%).

DISPOSALS AND ACQUISITIONS

During the year ended 31 December 2025, the Group did not have any material disposals or investments of subsidiaries and affiliated companies.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

As of 31 December 2025, the Group did not have any capital commitment related to the acquisition of property, plant, and equipment, nor any plan authorised by the Board for other substantial investment or additions of capital assets.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group's exposure to exchange rate fluctuations remains managed through regular reviews of the Group's net foreign exchange positions. Given that the assets, liabilities, and transactions are primarily denominated in Hong Kong dollars, United States dollars, and Renminbi, and considering the Hong Kong dollar's peg to the United States dollar, exchange risk from the United States dollars continues to have a minimal financial impact on the Group. This approach ensures that the Group effectively mitigates potential adverse effects from exchange rate fluctuations.

PLEDGE OF ASSETS

As of 31 December 2025, the Group did not pledge any of its material assets (2024: nil).

CONTINGENT LIABILITIES

As of 31 December 2025, the Company had no significant contingent liabilities (2024: nil).

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2025, the Group had 98 (2024: 93) full-time employees. Staff costs for the year amounted to HK$33.6 million (2024: HK$29.8 million). The Group's remuneration policies and packages continue to be tailored to the individual qualifications, performance, experience, and prevailing industry conditions. Additionally, the Group remains committed to enhancing employee capabilities and market knowledge through various training sessions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2025, the Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") (version up to 30 June 2025) contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. On 1 July 2025, the amendments to the CG code came into effect and the requirements under the new CG Code will apply to corporate governance reports for financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments. The directors of the Company are of the opinion that the Company has compiled with the code provisions set out in the CG Code for the year ended 31 December 2025, except the following:

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the appointment of Mr. Zhang Xueqin as the co-chairman and the chief executive officer of the Company on 26 February 2022, the Company has deviated from Code Provision C.2.1 of the CG Code as set out in Appendix C1 of the Listing Rules. However, the Board believes that vesting the roles of both co-chairman and chief executive officer in Mr. Zhang Xueqin has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies and will enable the Board to function more effectively. It is expected that Mr. Zhang Xueqin will perform the other functions and responsibilities of the chairman under the CG Code. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the Board, with not less than one third of them being independent non-executive directors.

Details of the Company's corporate governance principles and processes will be available in the 2025 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions by the directors adopted by the Company for the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "Audit Committee") comprises all four INEDs, namely Dr. Lin Tat Pang, Mr. Lai Chi Leung, Mr. Zhang Dingfang and Mr. Gu Tianlong. The primary duties of the Audit Committee are, to supervise the internal control policies, the financial reporting systems and procedures of the Company, to review the financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditor. The consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on the preliminary announcement.

ANNUAL REPORT AND FURTHER INFORMATION

This announcement can be found on the Company's website (www.leadwayinv.com) and the Stock Exchange's website (www.hkexnews.hk). The 2025 annual report will be despatched to all shareholders and made available on the respective websites of the Company and the Stock Exchange in due course.

By order of the Board of
Leadway Technology Investment Group Limited
Zhang Xueqin **Mai Qiqi**
Co-chairmen

Hong Kong, 26 March 2026

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Zhang Xueqin, Ms. Mai Qiqi, Mr. Chan Chun Leung and Ms. Xu Tingting, one non-executive director, namely Mr. Mai Ziye and four independent non-executive directors, namely Dr. Lin Tat Pang, Mr. Lai Chi Leung, Mr. Zhang Dingfang and Mr. Gu Tianlong.