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**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)**

### **CONTINUING CONNECTED TRANSACTION COOPERATION AGREEMENT**

#### **COOPERATION AGREEMENT**

On 20 August 2024, the Company (through its indirect wholly-owned subsidiary, ACS Guangdong) and Zhong Zhao entered into a Cooperation Agreement pursuant to which the parties agreed to collaborate to jointly develop a smart technology project on the Premises to promote contactless reader, financial technology and smart living solutions eco-system.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhong Zhao is owned as to 90% by Mr. Zhang, one of the ultimate controlling shareholders of the Company and the executive Director. Mr. Zhang is a connected person of the Company under Rule 14A.07(1) of the Listing Rules, As such, Zhong Zhao is an associate of a connected person. Accordingly, the transaction contemplated under the Cooperation Agreement constitutes a continuing connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Cooperation Agreement is more than 5% but less than 25% and the total consideration (in respect of the Annual Cap) is less than HK\$10,000,000, the Cooperation Agreement is subject to reporting, annual review and announcement requirements, but is exempted from independent Shareholders' approval and circular requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

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## **COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are set out below:

**Date:** 20 August 2024

**Parties:** (1) ACS Guangdong; and  
(2) Zhong Zhao

**Term:** 1 September 2024 to 31 August 2027 (both dates inclusive)

**Scope of cooperation:** (1) Zhong Zhao shall provide office spaces and venues at the Premises for free as requested from time to time by ACS Guangdong for its production and operation.  
(2) Zhong Zhao shall provide support to ACS Guangdong on its production operation and business development, including but not limited to, talent recruitment, government preferential policy support, peripheral supporting activities, resource integration.

**Service Fee:** ACS Guangdong shall pay a Service Fee to Zhong Zhao on a revenue sharing basis in an amount representing 10% of the operating revenue of ACS Guangdong. The Service Fee shall be payable every three months.

The Service Fee (on an aggregate basis within 12 months) shall be less than HK\$10,000,000. In the event the accumulated Service Fee reaches the threshold as set out above, ACS Guangdong shall not pay such excessive amount to Zhong Zhao unless the Company has obtained the independent shareholders' approval in accordance with the Listing Rules.

**Prepayment:** ACS Guangdong shall pay a Prepayment in the amount of RMB3,000,000 to Zhong Zhao within five business days after signing of the Cooperation Agreement.

The Prepayment shall be applied for deduction of the Service Fees payable by ACS Guangdong during the term of the Cooperation Agreement. After the depletion of the Prepayment, ACS Guangdong will pay the Service Fee to Zhong Zhao. In the event there is any remaining amount of the Prepayment after the deduction of the Service Fee, Zhong Zhao shall refund the remaining amount to ACS Guangdong within ten business days upon expiry or termination of the Cooperation Agreement.

**Right of first refusal:** Upon the expiry of the term of Cooperation Agreement, in the event that ACS Guangdong intends to continue using the Premises, ACS Guangdong shall apply to Zhong Zhao 30 days before the expiry of the Cooperation Agreement.

Subject to the approval by Zhong Zhao, ACS Guangdong shall have the right of first refusal to renew the Cooperation Agreement on the same terms.

**Early termination:** Subject to the approval by Zhong Zhao, ACS Guangdong may apply for terminating the Cooperation Agreement with three months' notice to Zhong Zhao. In the event of early termination, the Prepayment (after deduction of the accumulated Service Fee) shall be returned to ACS Guangdong.

## **INFORMATION OF THE PARTIES**

ACS Guangdong, an indirect wholly-owned subsidiary of the Company, is principally engaged in research, development and sale of Internet of Things (IoT) products, providing advanced public transportation and small amount payment solutions, and comprehensive smart living solutions.

Zhong Zhao is principally engaged in business services, investment and investment management and, through its wholly-owned subsidiary, is the ultimate beneficial owner of the Premises.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTION**

The Group is principally engaged in financial technology and smart living business. The Group has been maintaining its focus on providing cutting-edge contactless readers, smart cards and associated devices and it has launched new products such as PocketKey and USB NFC Reader IV.

It has recently become the governmental policy in Hong Kong and the PRC to develop the Guangdong-Hong Kong-Macao Greater Bay Area as the international innovation and technology hub for connecting global innovation resources, integration of industries, research and development, and the national platform for integration of the IT development.

Zhong Zhao, through its wholly-owned subsidiary, is the ultimate beneficial owner of the Premises. The Premises are located in the vicinity of Dongguan Harbour (東莞港) in the Greater Bay Area, the PRC. There are two 17-storey office buildings with a total gross floor area of approximately 53,000 square meters and 499 car parking spaces on the Premises. The Premises provide an excellent location for ACS Guangdong to further establish its presence in this national IT platform and the Company and Zhong Zhao consider that through this cooperation they can fully utilise the Premises to develop it into an industrial park focusing on contactless and smart solutions and Internet of Things (IoT) technology.

龍傑科技(深圳)有限公司 (ACS Technologies (Shenzhen) Limited\*) a wholly-owned subsidiary of the Company and the immediate holding company of ACS Guangdong, is a vice chairman member (副會長單位) of Shenzhen Internet of Things Industry Association (深圳物聯網產業協會) and a member (理事單位) of Shenzhen Sensors and Intelligent Instruments Manufacturers Association (深圳市感測器與智慧化儀器儀錶行業協會). The established connections with these industry organisations will assist the Group seeking for business partners and business development opportunities on a long-term basis.

The Group over the years has accumulated experience on research, production, sales and marketing of contactless and smart solutions devices. It is both parties' intention to jointly develop smart technology project serving as an incubating hub to attract more talents, start-ups and small and medium sized tech companies in the similar sectors that would eventually bring synergy and future development opportunities to the Group. In addition, the Group intends to establish workshops and laboratories in the Premises for design, processing, product proofing, production of its electronic contactless devices. Zhong Zhao shall provide support to ACS Guangdong on its production operation and business development, including but not limited to, talent recruitment, government preferential policy support, peripheral supporting activities, resource integration.

As opposed to the renting the Premises from Zhong Zhao by way of a tenancy or a license agreement and paying fixed costs for the rental, ACS Guangdong entered into the Cooperation Agreement with Zhong Zhao where it only shares a small portion of its revenue generated from the use of the Premises. The Company considers that this cooperation would be beneficial to the Group as a whole so that the Group would proceed with such valuable business development opportunities without the fixed-term rental commitments while having access to the use of the Premises.

Having considered the above factors, the Directors (including all the independent non-executive Directors) are of the view that the above continuing connected transaction (together with the Annual Caps) is conducted in the ordinary and usual course of business of the Group as the development of the said smart technology project is an extension of the Group's existing business, and that it is on normal commercial terms, fair and reasonable, and in the interest of the Group and its Shareholders as a whole.

## **ANNUAL CAPS**

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the Service Fee payable by ACS Guangdong to Zhong Zhao under the Cooperation Agreement.

The proposed Annual Cap on the aggregate Service Fee of the Cooperation Agreement for each of the three years ending 31 August 2027 during the term of the Cooperation Agreement shall not exceed RMB5,000,000, RMB7,000,000 and RMB9,000,000, respectively.

The proposed Annual Cap of the Service Fee is determined based on (i) the estimation of the potential revenue of ACS Guangdong arising from the sales of the smart and contactless devices; (ii) the estimation of potential revenue of ACS Guangdong arising from the Internet of Things (IoT) solutions and the related products; (iii) the expected revenue generated from providing smart solutions services to upstream and downstream companies gathered in the industrial park on the Premises; (iv) additional buffer covering the inflation and expected year-on-year growth of the business arising from the cooperation under the Cooperation Agreement in the industrial park on the Premises. This is a new project co-developed by ACS Guangdong and Zhong Zhao and there is no historical transaction amount available in connection with this Cooperation Agreement.

If further revisions are proposed to the Annual Caps, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhong Zhao is owned as to 90% by Mr. Zhang, one of the ultimate controlling shareholders of the Company and the executive Director. Mr. Zhang is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As such, Zhong Zhao is an associate of a connected person. Accordingly, the transaction contemplated under the Cooperation Agreement constitutes a continuing connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Cooperation Agreement is more than 5% but less than 25% and the total consideration (in respect of the Annual Cap) is less than HK\$10,000,000, the Cooperation Agreement is subject to reporting, annual review and announcement requirements, but is exempted from independent Shareholders' approval and circular requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

## **GENERAL**

The executive Director, namely, Mr. Zhang is regarded as having material interests in the Cooperation Agreement and the transaction contemplated thereunder. As part of good corporate governance, Mr. Zhang had abstained from voting at the meeting of the Board on the resolutions of the Company approving the Cooperation Agreement and the Annual Caps contemplated thereunder.

## DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“ACS Guangdong”	龍傑智慧科技（廣東）有限公司 (ACS Intelligence Technologies (Guangdong) Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Annual Caps”	the maximum amount of Service Fee payable by ACS Guangdong to Zhong Zhao for each of the three years ending 31 August 2027.
“Board”	the board of Directors
“Company”	Leadway Technology Investment Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2086)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 20 August 2024 entered into between ACS Guangdong and Zhong Zhao
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Mr. Zhang”	Mr. Zhang Xueqin, one of the ultimate controlling shareholders of the Company and the executive Director of the Company
“PRC”	The People’s Republic of China

“Premises”	the land located at No. 2 Haining Road, Shatianzhen, Dongguan, Guangdong Province, the PRC, together with two office buildings thereon
“Prepayment”	The prepayment payable by ACS Guangdong to Zhong Zhao under the Cooperation Agreement, in the amount of RMB3,000,000
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fee”	The service fee payable by ACS Guangdong to Zhong Zhao under the Cooperation Agreement, in an amount representing 10% of the revenue of ACS Guangdong
“Shares”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Zhao”	廣東中兆實業集團有限公司 (Guangdong Zhong Zhao Industrial Group Company Limited*), a company established in the PRC and is 90% controlled by Mr. Zhang
“%”	per cent

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

Hong Kong, 20 August 2024

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Mai Zhaoping, Mr. Zhang Xueqin, Ms. Mai Qiqi, Mr. Chan Chun Leung and Ms. Xu Tingting, two non-executive directors, namely Mr. Mai Ziyue and Mr. Lam Chi Wai, and four independent non-executive directors, namely Dr. Lin Tat Pang, Mr. Lai Chi Leung, Mr. Zhang Dingfang and Mr. Gu Tianlong.*

\* for identification purpose only