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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **HIGHLIGHTS**

- Revenue of the Group for the year ended 31 December 2024 increased by 27% to HK\$100.3 million (2023: HK\$79.2 million).
- Gross profit of the Group for the year ended 31 December 2024 increased by 24% to HK\$52.4 million (2023: HK\$42.3 million).
- The Group recorded a profit for the year of HK\$3.7 million (2023: loss of HK\$19.2 million) for the year ended 31 December 2024.
- The Board did not recommend payment of the final dividend for the year ended 31 December 2024.

#### **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 2024 together with the comparative figures for the corresponding period in 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*for the year ended 31 December 2024 (Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 <b>HK\$'000</b>
<b>Revenue</b>	4(a)	<b>100,287</b>	79,207
Cost of sales and services rendered		<u>(47,863)</u>	<u>(36,953)</u>
<b>Gross profit</b>		<b>52,424</b>	42,254
Other income	5	<b>675</b>	1,515
Allowance for expected credit losses on trade receivables		<b>(125)</b>	(3,701)
Selling and distribution expenses		<b>(8,981)</b>	(9,154)
Research and development expenses		<b>(12,881)</b>	(17,532)
Administrative expenses		<u>(27,011)</u>	<u>(32,301)</u>
<b>Profit/(loss) from operations</b>		<b>4,101</b>	(18,919)
Finance costs	6(a)	<u>(369)</u>	<u>(292)</u>
<b>Profit/(loss) before tax</b>	6	<b>3,732</b>	(19,211)
Income tax	7	<u>–</u>	<u>–</u>
<b>Profit/(loss) for the year attributable to owners of the Company</b>		<u><b>3,732</b></u>	<u>(19,211)</u>
<b>Earnings/(losses) per share</b>	8		
Basic		<b>1.168 HK cents</b>	<b>(6.012) HK cents</b>
Diluted		<u><b>1.168 HK cents</b></u>	<u><b>(6.012) HK cents</b></u>

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

for the year ended 31 December 2024 (Expressed in Hong Kong dollars)

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<b>3,732</b>	(19,211)
<b>Other comprehensive income</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit obligations	–	43
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>(191)</u>	<u>(533)</u>
<b>Total comprehensive income/(expense) for the year attributable to the owners of the Company</b>	<b><u>3,541</u></b>	<b><u>(19,701)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 31 December 2024 (Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>8,837</b>	10,373
Intangible assets		<b>8,170</b>	7,383
Defined benefits assets		–	228
		<u><b>17,007</b></u>	<u>17,984</u>
<b>Current assets</b>			
Inventories		<b>25,047</b>	26,811
Trade and other receivables	9	<b>25,596</b>	11,880
Other financial assets		<b>93</b>	212
Current tax recoverable		<b>477</b>	503
Cash and cash equivalents		<b>25,712</b>	20,227
		<u><b>76,925</b></u>	<u>59,633</u>
<b>Current liabilities</b>			
Trade and other payables	10	<b>25,063</b>	11,029
Lease liabilities		<b>4,003</b>	4,107
		<u><b>29,066</b></u>	<u>15,136</u>
<b>Net current assets</b>		<u><b>47,859</b></u>	<u>44,497</u>
<b>Total assets less current liabilities</b>		<u><b>64,866</b></u>	<u>62,481</u>

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liability</b>		
Lease liabilities	<u>3,095</u>	<u>4,251</u>
<b>NET ASSETS</b>	<u><b>61,771</b></u>	<u>58,230</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>31,956</b>	31,956
Reserves	<u>29,815</u>	<u>26,274</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>	<u><b>61,771</b></u>	<u>58,230</u>

## **NOTES**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### **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 Company is an investment holding company. The principal activities of the subsidiaries of the Group are development, sales and distribution of smart card products, software, hardware and the provision of smart card related service.

At 31 December 2024, the directors of the Company considered the immediate parent of the Company to be Leadway Development Limited, which is incorporated in the Cayman Islands, and the ultimate controlling parties to be Mr. Mai Zhaoping and Mr. Zhang Xueqin, the executive directors of the Company.

### **2. BASIS OF PREPARATION**

These consolidated financial statements 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”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These consolidated financial statements 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 Int 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 these consolidated financial statements.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

The Group has applied the following amendments to HKFRS Accounting Standards and Int issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Int 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the above amendments to HKFRS Accounting Standards and Int 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 these consolidated financial statements.

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

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standard and amendments to standards, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
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
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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 Standards 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 financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss; (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures); and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

#### 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 related services.

##### (i) Disaggregation of revenue

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Development, sales and distribution of smart card products	100,076	78,955
Provision of related services	211	252
	<u>100,287</u>	<u>79,207</u>
Disaggregated by timing of revenue recognition		
– At a point in time	100,287	79,123
– Over time	–	84
	<u>100,287</u>	<u>79,207</u>

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

##### (ii) Information about major customers

Revenue from customers of the corresponding year contributing over 10% (2023: 10%) of the total revenue of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	<u>15,285</u>	<u>N/A*</u>

\* 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 reporting date*

At 31 December 2024 and 2023, there are no transaction prices allocated to the remaining performance obligations under the Group's existing contracts.

(b) **Segment reporting**

The Group's chief operation 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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Europe	57,891	35,812	–	–
Asia Pacific	29,398	29,943	17,007	17,756
The Americas	11,418	11,687	–	–
Middle East and Africa	1,580	1,765	–	–
	<u>100,287</u>	<u>79,207</u>	<u>17,007</u>	<u>17,756</u>

5. **OTHER INCOME**

	2024 HK\$'000	2023 HK\$'000
Interest income	598	800
Government subsidies*	4	116
Sundry income	73	599
	<u>675</u>	<u>1,515</u>

\* The government subsidies granted to the Group mainly comprised the subsidies for research and development. The Group successfully applied for research and development subsidy from government in Shenzhen, the People's Republic of China, of approximately HK\$4,000 (2023: approximately HK\$116,000). The purpose of the subsidy is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria. There was no unfulfilled conditions nor other contingencies attached to the government grants and therefore such grants were recognised as other income during the years ended 31 December 2024 and 2023.

## 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u>369</u>	<u>292</u>
<b>(b) Staff costs</b>		
Contributions to defined contribution retirement plans	2,206	2,286
Income recognised in respect of a defined benefit retirement plan	<u>–</u>	<u>(4)</u>
Total retirement costs	2,206	2,282
Salaries, wages and other benefits	<u>29,822</u>	<u>40,671</u>
	32,028	42,953
Less: Amount capitalised into development costs	<u>(2,233)</u>	<u>(2,799)</u>
	<u>29,795</u>	<u>40,154</u>
<b>(c) Other items</b>		
Amortisation of intangible assets	1,816	2,158
Depreciation of		
– property, plant and equipment	1,039	1,984
– right-of-use assets	4,362	4,399
Impairment losses on intangible assets (including in research and development expenses)	–	695
Allowance for expected credit losses (“ECL”) on trade receivables	125	3,701
Auditors’ remuneration		
– Audit services	650	1,003
Loss on disposal of property, plant and equipment	–	19
Gain on lease termination	(4)	–
Foreign exchange gains	(792)	(612)
Cost of inventories sold, net	47,523	36,451
Write-down of inventories (including in cost of sales and services rendered)	4	1,511
Reversal of write-down of inventories (including in cost of sales and services rendered)	<u>(84)</u>	<u>(1,196)</u>

## 7. INCOME TAX

- (i) No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit for year ended 31 December 2024 (2023: Group has sustained losses for taxation purpose).
- (ii) No provision for Philippines Income Tax has been made in the consolidated financial statements for years ended 31 December 2024 and 2023 as the Group has sustained losses for taxation purpose.
- (iii) No provision for Chinese Mainland Corporate Income Tax has been made in the consolidated financial statements for years ended 31 December 2024 and 2023 as the Group has sustained losses for taxation purpose.
- (iv) The Group is not subject to tax under other jurisdictions.

## 8. EARNINGS/(LOSSES) PER SHARE

### (a) Basic earnings/(losses) per share

The calculation of basic earnings (2023: losses) per share is based on profit attributable to owners of the Company of approximately HK\$3,732,000 (2023: loss of approximately HK\$19,211,000) and the weighted average number of 319,565,000 (2023: 319,565,000) ordinary shares in issue for the year ended 31 December 2024.

### (b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share for the years ended 31 December 2024 and 2023 are the same as the basic earnings/(losses) per share as the Company did not have any outstanding dilutive potential ordinary shares during the years.

## 9. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, net of loss allowance ( <i>note</i> )	19,286	10,690
Less: Allowance for ECLs	<u>(4,153)</u>	<u>(4,028)</u>
	15,133	6,662
Prepayments	3,811	536
Deposits	4,343	3,819
Other receivables	<u>2,309</u>	<u>863</u>
	<u><u>25,596</u></u>	<u><u>11,880</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	13,662	6,076
1 to 2 months	1,119	584
2 to 3 months	47	2
3 to 12 months	305	–
	<u>15,133</u>	<u>6,662</u>

Trade receivables are generally due within 7 days to 3 months (2023: 7 days to 3 months) from the date of billing.

#### 10. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables ( <i>note</i> )	15,043	6,338
Accruals and other payables	3,223	4,145
Contract liabilities	6,797	546
	<u>25,063</u>	<u>11,029</u>

All of the trade and other payables are expected to be settled within one year (2023: one year).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	13,390	2,613
1 to 3 months	1,537	3,361
3 months to 1 year	116	364
	<u>15,043</u>	<u>6,338</u>

## **DIVIDEND**

The Board did not recommend payment of the final dividend, for the year ended 31 December 2024 (2023: Nil).

The declaration, payment and amount of future dividend will be decided by the Board and will depend upon, among other things, the Group's results of operations, capital requirements, cash flows, general financial condition and such other factors as the Board may consider important.

## **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, 28 May 2025 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, 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 Thursday, 22 May 2025.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the year ended 31 December 2024, the Group's revenue increased by 27% to HK\$100.3 million (2023: HK\$79.2 million); gross profit was HK\$52.4 million (2023: HK\$42.3 million) with a gross profit margin of 52% (2023: 53%). The year ended with a net profit of HK\$3.7 million (2023: loss of HK\$19.2 million). Earnings before interest, tax, depreciation, and amortisation (EBITDA) recorded a profit of HK\$11.3 million (2023: loss of HK\$10.4 million). Basic earnings per share for the year was HK1.168 cents (2023: losses per share of HK6.012 cents).

#### **Revenue**

The Group's revenue experienced an increment of 27%, increasing from HK\$79.2 million in 2023 to HK\$100.3 million in 2024. This increment of HK\$21.1 million was primarily attributed to the impact of the market development in the Europe region, where revenue increased from HK\$35.8 million in 2023 to HK\$57.9 million in 2024. The favourable market development in the Europe region and market expansion has been instrumental in driving our revenue growth during the reporting period.

## **Gross Profit Margin**

The Group's gross profit margin was 52% during the year (2023: 53%) with no material fluctuation noted for both years.

## **Operating Expenses**

Total operating expenses for the Group dropped by 22% to HK\$49.0 million from HK\$62.7 million in 2023. The decrease is mainly attributable to the following factors:

- (i) staff costs decreased by HK\$10.4 million as more staff were resigned during the year as a result of the implementation of comprehensive cost-saving measures. Besides, there is decrease in capitalisation of staff salaries as development costs since more new products of the Group are in research stage during the year; and
- (ii) expected credit loss on trade receivables decreased by HK\$3.6 million from HK\$3.7 million to HK\$0.1 million due to effective debt collection mechanisms and strengthened credit evaluation processes for new and existing customers.

## **Statement of Financial Position**

As of 31 December 2024, the Group's net assets stood at HK\$61.8 million, compared to HK\$58.2 million the previous year. The increment of HK\$3.6 million primarily stemmed from the net profit of HK\$3.7 million and movement in exchange reserve of HK\$0.1 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 2024, the Group continued to strengthen its position in the financial technology and smart living sectors, maintaining its commitment to delivering innovative contactless readers, smart cards, and associated devices. Throughout the year, we navigated a complex global landscape influenced by ongoing geopolitical tensions, particularly the war between Russia and Ukraine, and trade conflicts between the PRC and the US. Despite these challenges, the Group demonstrated remarkable resilience, successfully transitioning from a net loss to a net profit position, a testament to management’s effective cost control measures and strategic market initiatives.

Our product portfolio expanded with the introduction of several cutting-edge solutions, including the ACR1555U Secure Bluetooth NFC Reader, WalletMate II Mini Mobile Wallet NFC Module, and ACM1323U NFC Reader Module, all of which received positive market feedback.

In response to the challenging global environment, particularly the European market’s hesitancy due to the Russia-Ukraine conflict and EUR currency fluctuations, the Group strategically diversified its focus toward promising regions such as America, Japan, China, and Southeast Asia. This geographic rebalancing, coupled with price list revisions, product cost reductions, and new product introductions, has enabled us to mitigate adverse impacts while capturing emerging market opportunities.

## **PROSPECTS**

As we move forward, the Group remains steadfastly focused on innovation and market expansion in the financial technology and smart living sectors. Our product development pipeline is robust, with several groundbreaking solutions slated for launch in 2025. These innovations align perfectly with our strategy to enhance existing core products, expand our product range, and develop business in new market segments and regions.

The year 2024 marked a significant milestone in industry recognition, with our WalletMate Mobile Wallet NFC Reader receiving the prestigious IOTE 2024 Gold Award for “Innovative Product”. This accolade, alongside our strategic presence at premier industry events such as Japan IT Week Spring 2024, IOTE 2024 Shenzhen, Global Security Exchange, Wireless IoT, and Trustech 2024, has reinforced our reputation as a strong and reliable supplier in the industry.

Our marketing strategy continues to evolve, with planned participation in key tradeshows across different regions in 2025, we are strengthening our promotional activities through social media channels to enhance brand visibility and customer engagement.

The Group’s cost optimization initiatives, including the streamlining of manpower for better efficiency and the ongoing deregistration of our Manila branch initiated in March 2024, have already yielded positive results, contributing to our improved financial performance. We anticipate further operational efficiencies and cost savings once the deregistration process is successfully completed.

With no immediate plans for acquisitions or restructuring, our focus remains steadfast on product innovation, market expansion, and operational excellence. The measures we have implemented to address the challenges posed by adverse global issues highlight our proactive stance on navigating the complexities of the current economic environment.

Looking ahead, we remain optimistic about our growth trajectory, driven by our innovative product lineup, strategic market positioning, and operational excellence. The positive response to our new products and the growing success of our Japan office operations present promising opportunities for sustained development.

## **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 35% of the Group's revenue for the year ended 31 December 2024 (2023: 23%). 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 2024, the Group engaged three (2023: 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 (2023: three) 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 2024, the Group recorded HK\$2.6 million (2023: HK\$2.9 million) on development costs of new products and services. 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 2024, our cash and cash equivalents experienced a increase to HK\$25.7 million from HK\$20.2 million the previous year, reflecting a cost saving strategic allocation towards operational enhancements. The Group's net assets saw a increment to HK\$61.8 million from HK\$58.2 million as of 31 December 2023, primarily due to our focused investment in innovation and market expansion efforts.

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 2024, was 0% (2023: 0%).

## **DISPOSALS AND ACQUISITIONS**

During the year ended 31 December 2024, 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 2024, 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 2024, the Group did not pledge any of its material assets (2023: nil).

## **CONTINGENT LIABILITIES**

As of 31 December 2024, the Company had no significant contingent liabilities (2023: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As of 31 December 2024, the Group had 93 (2023: 113) full-time employees. Staff costs for the year amounted to HK\$29.8 million (2023: HK\$40.2 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 2024, the Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The directors the Company are of the opinion that the Company has complied with the code provisions set out in the CG Code for the year ended 31 December 2024.

Details of the Company's corporate governance principles and processes will be available in the 2024 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 2024.

## **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 auditors. The audited financial statements of the Group for the year ended 31 December 2024 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 and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company’s auditor, McMillan Woods (Hong Kong) CPA Limited (“McMillan Woods”), to the amounts set out in the Group’s preliminary 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](http://www.leadwayinv.com)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2024 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**  
**Mai Zhaoping                      Zhang Xueqin**  
*Co-chairmen*

Hong Kong, 26 March 2025

*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 Ziye 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.*