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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- For the six months ended 30 June 2026, revenue of the Group increased by 9% to HK$44.4 million (six months ended 30 June 2025: HK$40.8 million).
- For the six months ended 30 June 2026, loss for the period of the Group was HK$2.7 million (six months ended 30 June 2025: loss of HK$5.2 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

RESULTS

The board of directors (the "Board") of Leadway Technology Investment Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 together with the comparative unaudited figures for the corresponding period in 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 – unaudited

(Expressed in Hong Kong dollars)

		Unaudited six months ended 30 June	
	Note	**2026**	2025
		$'000	*$'000*
Revenue	3	**44,364**	40,829
Cost of sales		**(19,601)**	(18,646)
Gross profit		**24,763**	22,183
Other income		**269**	499
Selling and distribution costs		**(5,918)**	(5,535)
Research and development expenses		**(6,128)**	(6,169)
Administrative expenses		**(15,611)**	(16,017)
Loss from operations		**(2,625)**	(5,039)
Finance costs	4(a)	**(71)**	(159)
Loss before tax	4	**(2,696)**	(5,198)
Income tax	5	**(30)**	–
Loss for the period attributable to the equity owners of the Company		**(2,726)**	(5,198)
Loss per share	6		
Basic		**(0.853) cents**	(1.627) cents
Diluted		**(0.853) cents**	(1.627) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Unaudited six months ended 30 June	
	2026	2025
	$'000	*$'000*
Loss for the period	**(2,726)**	(5,198)
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**2,123**	491
Total comprehensive expense for the period	**(603)**	(4,707)
Attributable to:		
Equity owners of the Company	**(603)**	(4,707)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited

(Expressed in Hong Kong dollars)

	Note	**Unaudited 30 June 2026** *$'000*	Audited 31 December 2025 *$'000*
Non-current assets			
Property, plant and equipment		**3,560**	4,840
Intangible assets		**7,810**	8,091
		11,370	12,931
Current assets			
Inventories		**24,887**	21,852
Trade and other receivables	7	**30,197**	23,252
Other financial assets		**89**	93
Current tax recoverable		**456**	473
Cash and cash equivalents		**10,445**	19,542
		66,074	65,212
Current liabilities			
Trade and other payables	8	**18,091**	16,986
Income tax payable		**3**	7
Lease liabilities		**1,440**	2,571
		19,534	19,564
Net current assets		**46,540**	45,648
Total assets less current liabilities		**57,910**	58,579
Non-current liabilities			
Lease liabilities		**458**	524
		458	524
NET ASSETS		**57,452**	58,055
CAPITAL AND RESERVES			
Share capital		**31,956**	31,956
Reserves		**25,496**	26,099
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**57,452**	58,055

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial announcement has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This interim financial announcement is unaudited but has been reviewed by the audit committee of the Company and it was authorised for issue on 21 August 2026.

The interim financial announcement has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial announcement in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards and Interpretations that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new and amendments to HKFRS Accounting Standards and interpretations that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	Unaudited Six months ended 30 June	
	2026	2025
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by timing of revenue recognition		
– Point in time	**44,364**	40,829

(b) Segment reporting

The Group's management 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 operating segment information is presented.

The following table sets out information about the geographic area of the Group's revenue from external customers. 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.

	Unaudited Six months ended 30 June	
	2026	2025
	$'000	*$'000*
Revenue from external customers		
Disaggregated by geographical location of customers		
– Europe	**23,898**	20,239
– Asia Pacific	**16,080**	15,175
– The Americas	**3,257**	3,701
– Middle East and Africa	**1,129**	1,714
	44,364	40,829

4 LOSS BEFORE TAX

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

(a) Finance costs

	Unaudited Six months ended 30 June **2026** ***$'000***	 2025 *$'000*
Interest on lease liabilities	**71**	159

(b) Other items

	Unaudited Six months ended 30 June **2026** ***$'000***	 2025 *$'000*
Amortisation of intangible assets	**908**	908
Depreciation		
– owned property, plant and equipment	**488**	489
– right-of-use assets	**1,961**	1,995
Government subsidies income*	**35**	49
Reversal of impairment losses on trade receivables	**–**	(1,547)
Write down of inventories	**14**	9
Written off of property, plant and equipment	**21**	–
Interest income	**1**	89

* Government subsidies of HK$35,000 for the six months ended 30 June 2026 represent amounts received from the Hong Kong government as reimbursement for maternity leave pay.

Government subsidies of HK$49,000 for the six months ended 30 June 2025 represent amounts received from the Hong Kong government to help small and medium-sized enterprises develop markets outside Hong Kong.

5 INCOME TAX

	Unaudited Six months ended 30 June	
	2026	2025
	$'000	*$'000*
Current tax		
Provision for the year	**30**	–
Deferred taxation	**–**	–
Income tax expense	**30**	–

Notes:

(i) No provision for Hong Kong Profits Tax has been made in the financial statements for the six months ended 30 June 2026 and 2025 as the Group has sustained losses for taxation purpose.

(ii) No provision for Philippines Income Tax has been made in the financial statements for the six months ended 30 June 2026 and 2025 as the Group has sustained losses for taxation purpose.

(iii) The provision for the People's Republic of China (the "**PRC**") Enterprise Income Tax ("**EIT**") is calculated at 25% of the estimated taxable income for the six months ended 30 June 2026. No provision for PRC EIT has been made in the consolidated financial statements for the six months ended 30 June 2025 as the Group has sustained losses for taxation purpose.

(iv) Taxation for other entities is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to ordinary equity shareholders of the Company of approximately HK$2,726,000 (six months ended 30 June 2025: loss approximately HK$5,198,000) and the weighted average of 319,565,000 (six months ended 30 June 2025: 319,565,000) ordinary shares in issue for the six months ended 30 June 2026.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2026 and 2025 are the same as the basic loss per share as the Company did not have any dilutive potential ordinary shares.

7 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2026 *$'000*	Audited 31 December 2025 *$'000*
Trade and bills receivables, net of loss allowance	**18,316**	12,823
Other receivables	**11,881**	10,429
	30,197	23,252

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

	Unaudited 30 June 2026 *$'000*	Audited 31 December 2025 *$'000*
Within 1 month	**10,725**	10,069
1 to 2 months	**3,903**	2,325
2 to 3 months	**1,366**	92
3 to 12 months	**1,889**	337
Over 1 year	**433**	–
	18,316	12,823

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

8 TRADE AND OTHER PAYABLES

	Unaudited **30 June** **2026** ***$'000***	Audited 31 December 2025 *$'000*
Trade payables	**12,868**	10,016
Accruals	**3,522**	5,323
Receipt in advance from customers	**1,701**	1,647
	18,091	16,986

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

	Unaudited **30 June** **2026** ***$'000***	Audited 31 December 2025 *$'000*
Within 1 month	**8,445**	6,436
1 to 3 months	**3,837**	3,195
3 months to 1 year	**586**	385
	12,868	10,016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue for the Interim Period was HK$44.4 million, representing a 9% increase compared to HK$40.8 million for the corresponding period in 2025. The increase was primarily attributable to the resumption of certain projects which had been temporarily paused or slowed down in 2025. In addition, adjustments to tariff arrangements in the United States helped stimulate purchasing activities in certain regions, while new business sectors and product lines also began to contribute to the Group's revenue during the first half of 2026.

Gross Profit Margin

Gross profit margin for the Interim Period was 56% compared to 54% for the corresponding period in 2025. This improvement reflects the company's ability to enhance efficiency and exercise stronger production cost control despite a challenging sales environment. Moreover, the overall gross profit amount increased to HK$24.8 million for the Interim Period, compared to HK$22.2 million in the corresponding period of 2025. The increment in gross profit amount was primarily attributable to higher sales revenue and the positive impact of the higher margin.

Operating Expenses

Total operating expenses remained stable at HK$27.7 million for the Interim Period, as compared with HK$27.7 million for the corresponding period in 2025. This was mainly attributable to the Group's continued cost control measures and disciplined expense management.

Statement of Financial Position

As of 30 June 2026, the Group's net assets amounted to HK$57.5 million (31 December 2025: HK$58.1 million). The decrease of HK$0.6 million was due to the net loss of HK$2.7 million offset by the movement of exchange reserve of HK$2.1 million during the Interim Period.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the Interim Period.

BUSINESS REVIEW

As part of our commitment to ongoing innovation and collaboration, the first half of 2026 was marked by the launch of new products, including the PocketKey+ II FIDO Certified USB Security Key with NFC and the PocketKey+ Bio FIDO Certified USB Security Key with Fingerprint. These products further strengthen the Group's offerings in secure authentication, passwordless access and digital identity solutions. Looking ahead to the second half of 2026 and beyond, the Group plans to introduce additional innovative products, including the ACOSJ-ID Open Platform Smart Card and the ACR360 Bus Validator, with a view to broadening our product portfolio and capturing opportunities in the digital identity, authentication and payment-related markets. Customers' feedback on these new offerings has been positive, with customers expressing interest in and anticipation for the Group's upcoming product releases.

Turning to our participatory events, the Group maintained an active presence at major exhibitions during the first half of 2026, including Japan IT Week Spring 2026 in Tokyo, ID4Africa 2026 in Abidjan, and Identity Week Europe 2026 in Amsterdam. In the second half of 2026, the Group is scheduled to participate in IOTE 2026 in Shenzhen and Trustech 2026 in Paris.

Feedback from these exhibitions has been encouraging, with customers recognizing Advanced Card Systems Limited ("ACS"), a wholly-owned subsidiary of the Group, as a strong and reliable supplier in the industry. Such recognition reinforces market confidence in ACS's capabilities and further supports the reception of the Group's upcoming product launches.

In the face of intense competition within the industry, the Group continues to strengthen its market position by expanding its product range, enhancing its existing core products, and developing business opportunities in new markets. These measures are intended to ensure that the Group remains agile and responsive to evolving customer needs and industry dynamics.

Confronting the impact of adverse global issues, the Group has continued to implement targeted strategies. As certain European customers have shown a tendency to defer purchase plans due to the ongoing conflict and fluctuations in the Euro, ACS plans to place greater focus on other regions, including the Americas and Southeast Asia, in order to minimise the impact of these external uncertainties and sustain business development momentum.

PROSPECTS

For the second half of 2026 and beyond, the Group's marketing and advertising strategy will continue to focus on participating in tradeshows in different regions. Through active participation in industry exhibitions and events, the Group aims to enhance brand visibility, reinforce its industry presence, and maintain close communication with existing and potential customers. These activities are expected to support the promotion of the Group's expanding product portfolio and upcoming product launches.

Although uncertainties remain in the global economic environment, the Group maintains a cautiously positive outlook for the second half of 2026 and the future. The Group expects that its newly launched and upcoming products, including secure authentication, smart card and validation solutions, will help stimulate customer demand and generate new sales revenue.

In terms of business development, the Group will continue to expand its product range, enhance existing core products and develop business opportunities in new markets. In particular, the Group intends to place greater focus on regions such as the Americas and Southeast Asia in order to minimise the impact of external uncertainties.

The Group has no current plan to acquire, merge, de-merge or restructure any businesses, nor to obtain financing in the future. No major changes in management are expected, and the Group does not expect to arrange new facility lines or loan financing. The Group will continue to maintain a stable management structure while pursuing prudent business development and operational efficiency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At all times, the Group maintains a healthy liquidity position. As of 30 June 2026, the Group's cash and cash equivalents amounted to HK$10.4 million (31 December 2025: HK$19.5 million). The Group's net assets as at 30 June 2026 were HK$57.5 million (31 December 2025: HK$58.1 million).

The Group's equity capital and the cash generated from operating activities have been applied to fund its working capital and other operational needs. The Group recorded a net cash outflow in operating activities of HK$6.1 million (2025: HK$8.7 million) for the Interim Period, attributed to better cash management and increased efficiency in daily operation. The Group recorded a net cash outflow in investing activities of HK$0.9 million (2025: HK$1.7 million) for the Interim Period due to less purchase of property, plant and equipment during the Interim Period. The Group recorded a net cash outflow in financing activities of HK$2.2 million (2025: HK$2.2 million) for the Interim Period, which was due to the capital and interest elements of lease rentals paid.

GEARING RATIO

The Group's gearing ratio, calculated by reference to the ratio of total borrowings to total equity attributable to owners of the Company as of 30 June 2026, was 0% (31 December 2025: 0%).

DISPOSALS AND ACQUISITIONS

During the Interim Period, 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 at 30 June 2026, the Group neither has 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 assets, liabilities, and transactions of the Group are primarily denominated in Hong Kong dollars, United States dollars, and Renminbi. As Hong Kong dollars are pegged to United States dollars, the exchange risk arising from United States dollars does not have a significant financial impact on the Group. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

PLEDGE OF ASSETS

As of 30 June 2026, the Group did not pledge any of its material assets.

CONTINGENT LIABILITIES

As of 30 June 2026, the Company had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group comprised 97 dedicated full-time employees. Staff costs for the Interim Period amounted to HK$16.7 million. We remain committed to ensuring that our remuneration policies and packages align with each employee's qualifications, performance, and experience, as well as the current industry standards. Furthermore, we continue to invest in the growth of our team, offering various training sessions to bolster their understanding of our products and the market landscape.

CONTINUING CONNECTED TRANSACTION

On 20 August 2024, 龍傑智慧科技(廣東)有限公司 ("ACS Guangdong") (an indirect wholly-owned subsidiary of the Company) and 廣東中兆實業集團有限公司 ("Zhong Zhao") entered into a cooperation agreement (the "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 for a term of three years from 1 September 2024 to 31 August 2027 (both dates inclusive). Pursuant to the Cooperation Agreement, 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. Zhong Zhao shall also 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, and resource integration. In return, 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, payable every three months. ACS Guangdong shall also pay a prepayment in the amount of RMB3,000,000 to Zhong Zhao within five business days after signing of 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 shall not exceed RMB5,000,000, RMB7,000,000 and RMB9,000,000, respectively. The service fee (on an aggregate basis within 12 months) shall be less than HK$10,000,000.

As at the date of this interim announcement, Zhong Zhao is owned as to 90% by Mr. Zhang Xueqin, one of the ultimate controlling shareholders of the Company and the executive Director. Mr. Zhang Xueqin 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.

CONTINUING CONNECTED TRANSACTION (CONTINUED)

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party balances and continuing connected transaction:

		Unaudited	Audited
		30 June	31 December
		2026	2025
		HK$'000	*HK$'000*
Relationship	**Nature of balance/transaction**		
Associate of a connected person	Prepayment of service fee to Zhong Zhao	**3,258**	3,114

		Unaudited	
		Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
	Subcontracting fee paid	**86**	67

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

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

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules and periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, except the following:

CORPORATE GOVERNANCE (CONTINUED)

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted dealings rules regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Companies set out in Appendix C3 of the Listing Rules (the "Model Code").

Having made specific enquiry of all directors of the Company, all directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the Interim Period regarding directors' securities transactions.

AUDIT COMMITTEE

The audit committee of the Company is primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and dealing with any questions of its resignation or dismissal; reviewing the Company's financial controls, internal controls and risk management systems; and reviewing the financial statements of the Company. The audit committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 2026 and discussed the financial related matters with the management of the Group.

AUDIT COMMITTEE (CONTINUED)

The audit committee currently comprises 4 members, namely Dr. Lin Tat Pang (being the chairman of the audit committee), Mr. Lai Chi Leung, Mr. Zhang Dingfang and Mr. Gu Tianlong.

By Order of the Board of
Leadway Technology Investment Group Limited
Zhang Xueqin   Mai Qiqi
Co-Chairmen

Hong Kong, 21 August 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, a 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.