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Leeport
LEEPORT (HOLDINGS) LIMITED
力 豐 (集 團) 有 限 公 司 *
(Incorporated in Bermuda with limited liability)
(Stock code: 387)

DISCLOSEABLE TRANSACTION
INVESTMENT IN TARGET COMPANY

Reference is made to the announcement of the Company dated 18 August 2022 in relation to the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, World Leader, which is a wholly-owned subsidiary of the Company and the vendor in the Disposal, has conditionally agreed to invest a maximum of EUR5,000,000 (equivalent to approximately HK\$40,551,500) into the Target Company for the acquisition of a maximum of 2.5% equity interest in the Target Company. The SHA Term Sheet, which forms part of the Sale and Purchase Agreement, has also been agreed by World Leader and Femto Technologies (the purchaser in the Disposal) to regulate the rights and obligations of the shareholders of the Target Company.

Upon completion of the Investment, World Leader will hold a maximum of 2.5% of the equity interest in the Target Company and will indirectly hold a maximum of 2.5% of the entire issued Prima Shares through the Target Company (assuming that Femto Technologies will hold the entire issued Prima Shares upon completion of the MTO).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements but are exempted from the Shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 18 August 2022 in relation to the Sale and Purchase Agreement (the “**Disposal Announcement**”).

* For identification purpose only

INVESTMENT IN TARGET COMPANY

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Payment of the Consideration

Pursuant to the Sale and Purchase Agreement, the Investment will be in two tranches:

- (a) on the Closing Date, World Leader shall transfer and contribute, either against subscription of a further capital increase of the Target Company, or through a contribution to the equity of the Target Company, without issuance of new shares, an amount equal to EUR2,871,729 (equivalent to approximately HK\$23,290,584) to the Target Company, against subscription and full payment of a portion of a capital increase to be resolved by the Target Company in accordance with applicable laws (“**First Capital Increase**”), as a result of which World Leader will hold 2.5% equity interest in the Target Company; and
- (b) on the MTO Completion Date, subject to the successful acquisition of all the issued Prima Shares by Femto Technologies upon completion of the MTO, World Leader shall transfer and contribute an amount not exceeding EUR2,128,271 (equivalent to approximately HK\$17,260,916), which, taking into account the equity contributions made by the existing shareholder in the Target Company, namely Atto, to finance the MTO during the period between the Closing Date and the MTO Completion Date, will allow World Leader to continue to hold 2.5% equity interest in the Target Company (the “**Completion Equity Injection**”).

It was agreed that the First Capital Increase and the Completion Equity Injection shall be offered to World Leader *pari passu* with Atto.

The Consideration will be settled by the deferred payment of EUR5,000,000 out of the purchase price under the Sale and Purchase Agreement. If, upon completion of the above actions, and in any event by the 5th (fifth) Business Day following the MTO Completion Date, the entire amount of the Consideration has not been transferred and contributed to the Target Company in full, then Femto Technologies shall promptly pay to World Leader the outstanding amount of the purchase price.

Basis of determining the Consideration

The Consideration was determined after arm's length negotiations between World Leader and Femto Technologies with reference to the respective shareholding proportion of all the shareholders in the Target Company and the funding needs of the Target Company of approximately EUR196.1 million to be contributed by its shareholders to finance the launch of the MTO.

The Consideration will be funded by the proceeds to be received by the Group from the Disposal.

Completion of the Investment

Completion of the Investment shall be subject to (i) completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement prior to the Long Stop Date and (ii) completion of the MTO.

Upon completion of the Investment, World Leader will hold a maximum of 2.5% of the equity interest in the Target Company and will indirectly hold a maximum of 2.5% of the entire issued Prima Shares through the Target Company (assuming that Femto Technologies will hold the entire issued Prima Shares upon completion of the MTO).

THE SHAREHOLDERS' AGREEMENT

The rights and obligations of the shareholders of the Target Company will be regulated by a shareholders' agreement to be entered by World Leader, Atto, the Target Company and other minority shareholders on the Closing Date pursuant to the terms and conditions of the SHA Term Sheet. The SHA Term Sheet, which is attached to the Sale and Purchase Agreement as schedule and forms part of the Sale and Purchase Agreement, is legally binding on the parties.

The principal terms of the SHA Term Sheet are set out below.

Share capital of the Target Company

On the Closing Date, subject to consummation of Closing, the share capital of the Target Company will be owned to 93.7% by Atto, 2.5% by World Leader and 3.8% by two other shareholders whose ultimate beneficial owners are private investors, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all other shareholders of the Target Company and their ultimate beneficial owners are Independent Third Parties.

Purpose of the Target Company

The Target Company is, and will remain for the entire duration of the SHA Term Sheet, a pure holding company whose only corporate purpose is holding and management of the direct or indirect investment in Prima.

Shareholders' meeting

All shareholders' decisions of the Target Company will be approved by simple majority, except for the resolutions on (i) change of the corporate purpose and (ii) amendments to the articles of association, which will require the favourable vote of all of the shareholders.

Board of the Target Company

The board of managers will be composed of two managers designated by Atto. The board of managers' decisions will be approved with the majorities provided under applicable laws.

Board of directors of Prima

As of the Closing Date, the board of directors of Prima will consist of 11 members, of which 6 incumbent directors (including Ms. Lisa Marie Tan) will remain in office and 5 directors will be designated by Atto. Upon delisting of Prima or as soon as practicable thereafter, the shareholders' meeting of Prima will appoint a board of directors composed of 9 members, all designated by Atto (including Mr. Lee or Ms. Lisa Marie Tan).

If, for any reason, Mr. Lee or Ms. Lisa Marie Tan will not be reappointed as directors of Prima, then World Leader shall have the right to appoint one member in the board.

Transfer of shares of the Target Company

The shareholders (except Atto) shall not transfer their shares in the Target Company for a eight-year term, except in case of exercise of the tag along right or of the drag along right.

Tag along right: If (i) Atto intends to accept an offer from an independent third party transferor for the transfer of shares of the Target Company, then other shareholders will have the right to transfer to the third party transferor a pro rata portion of their respective shares, at the same terms and conditions applicable to Atto, or (ii) the shareholders of Atto transfer to a third party transferor the control of Atto, then other shareholders of the Target Company will have the right to sell to Atto all their respective shares of the Target Company, at a price equal to the consideration attributed to the shares of each of such shareholders.

Drag along right: If (i) Atto intends to accept an offer from a third party transferor for the transfer of 100% of the share capital of the Target Company, or (ii) the shareholders of Atto transfer to a third party transferor 100% of the share capital of Atto, then Atto (or its shareholders, as applicable) will have the right to oblige the other shareholders of the Target Company to transfer, and such shareholders shall thereby be obliged to transfer, all the shares then held by them in the Target Company to the third party transferor, at the same terms and conditions applicable to Atto (or its shareholders).

Duration of the SHA Term Sheet

The SHA Term Sheet shall be effective between the parties for ten years from the signing date (except for the provisions concerning Prima which shall have a five-year duration), provided that should the delisting of Prima not be achieved then the term will be reduced to three years (in order to comply with the relevant laws of Italy which stipulates that an agreement of such nature concerning a listed company may not have a duration greater than three years). In case the delisting of Prima is achieved, then upon expiry of the first ten years term, and save as otherwise agreed, the term shall be automatically renewed for a further term of ten years (or five years for the provisions concerning Prima). The shareholders' agreement, once entered into among the parties, will have a term equal to the above and will supersede and replace the SHA Term Sheet.

INFORMATION ON THE TARGET COMPANY AND ITS SUBSIDIARIES

The Target Company

The Target Company a limited liability company incorporated under the laws of Luxembourg for the purpose of holding and management of direct or indirect investment in Prima, through its wholly-owned subsidiaries Pico and Femto Technologies.

Prior to the Closing Date, the Target Company is wholly owned by Atto, which is in turn jointly controlled by Alpha 7 and Peninsula Investments, each of which holds, directly or indirectly, 50% of the equity interests and voting rights in Atto.

Alpha 7 is established under the laws of Luxembourg. It is a private equity fund managed by Alpha Private Equity Funds Management Company S.à r.l., a limited liability company incorporated under the laws of Luxembourg. As advised by Femto Technologies and based on publicly available information, the Alpha group is a private equity group with EUR2 billion under management, specialising in mid-cap operations in continental Europe. Its investment portfolio includes companies within the sectors of industrial manufacturing, consumer and leisure, fashion and design and service and distribution. Alpha 7's investors include institutional investors such as pension funds, insurance companies, banks, endowments and funds of funds as well as family offices and entrepreneurs.

Peninsula Investments is established under the laws of Luxembourg. It is not a registered investment fund but it has a typical fund structure and functions similar to a fund. It is a private equity investment vehicle managed by its general partner, Peninsula Capital S.à r.l., a limited liability company incorporated under the laws of Luxembourg. As advised by the Femto Technologies, Peninsula Capital is a pan-European private equity firm, mainly focused on Southern European markets (Italy, Spain and France) with EUR1.6 billion under management on behalf of top tier institutional investors. Peninsula Investments' investors include institutional investors, as well as family offices and general offices. It is not a single-purpose vehicle and invests mainly in the retail, industrial, transportation, technology and financial sectors.

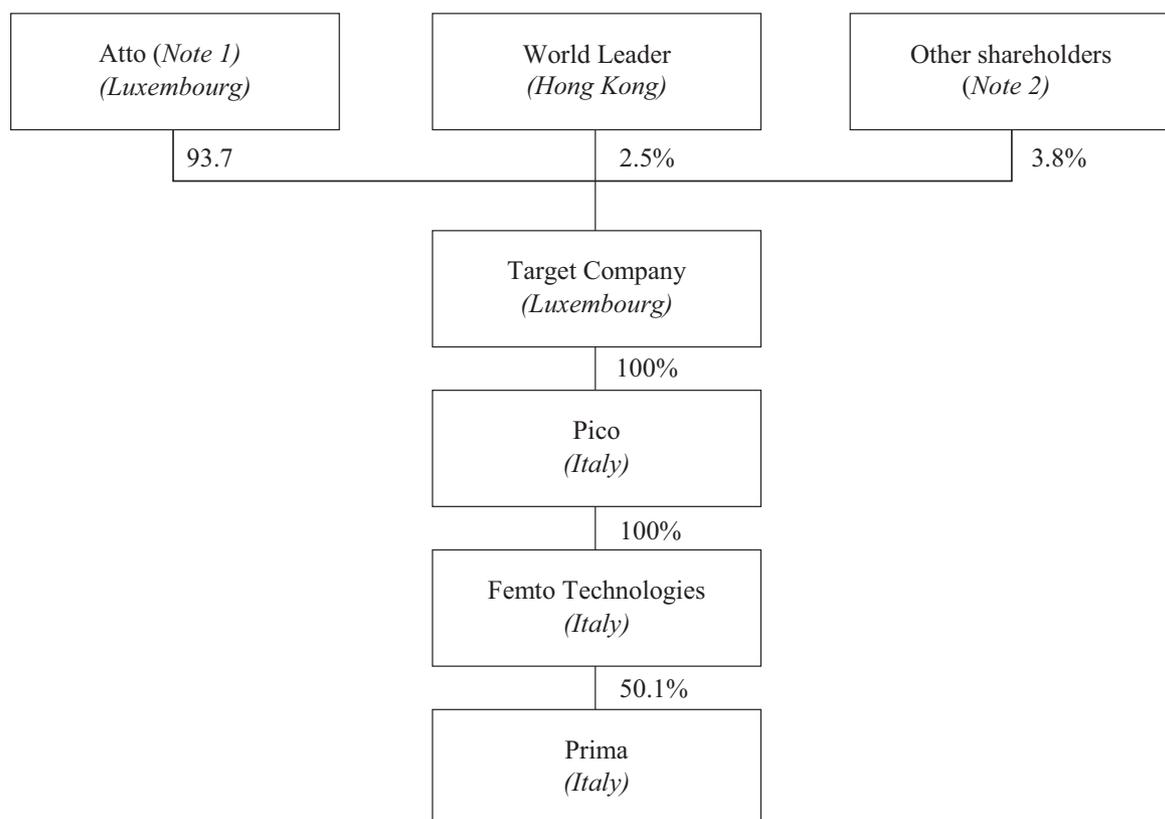
Pico

Pico is a company limited by shares incorporated under the laws of Italy. It is an investment holding company which holds the entire share capital of Femto Technologies.

Femto Technologies

Femto Technologies is a joint-stock company incorporated under the laws of Italy. Simultaneously with the acquisition of the Prima Shares from World Leader pursuant to the Sale and Purchase Agreement, Femto Technologies intends to purchase additional Prima Shares from other major shareholders of Prima (“**Prima’s Major Shareholders**”), so that upon completion of all such sales and purchases (including the sale and purchase of the Prima Shares pursuant to the Sale and Purchase Agreement), Femto Technologies will hold at least 50.1% of the voting rights in Prima which, pursuant to the applicable laws in Italy, will trigger Femto Technologies’ obligation to launch a mandatory tender offer (MTO) on all the ordinary shares of Prima, aimed at delisting of Prima. Certain of Prima’s Major Shareholders, including World Leader, have agreed and undertaken with Femto Technologies to reinvest in Prima through subscription of new shares or contribution to the equity of the Target Company.

The following diagram illustrates the shareholding structure of the Target Company and its subsidiaries on the Closing Date, subject to consummation of completion of the Disposal.



Notes:

1. Atto is jointly controlled by Alpha 7 and Peninsula Investments, each of which holds, directly or indirectly, 50% of its equity interests and voting rights.
2. Consist of two shareholders whose ultimate beneficial owners are private investors.

INFORMATION ON PRIMA

Prima is a joint stock company incorporated under the laws of Italy and the shares of which are listed on Milan Exchange (Stock Code: PRI: IM).

For the background of Prima Group, please refer to the Disposal Announcement.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The Target Company and its subsidiaries are newly established special purpose vehicles for acquiring and holding direct or indirect equity interest in Prima. Therefore, no financial information is available as at the date of this announcement.

For the financial information of Prima Group, please refer to the Disposal Announcement.

INFORMATION ON WORLD LEADER AND THE GROUP

World Leader, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

The Company is incorporated in Bermuda with limited liability. The principal activities of the Group comprise the distribution and maintenance of a wide range of machine tools, sheetmetal machinery, electronics equipment, precision measuring instruments, cutting tools, professional tools and other equipment for the manufacturing industry in Hong Kong, the PRC and Southeast Asia.

REASONS FOR AND BENEFITS OF THE INVESTMENT

As advised by Femto Technologies, upon completion of the MTO, Prima will be privatised and delisted from the Milan Exchange. The Group has held Prima Shares for years prior to the Disposal. The Investment, which in substance is an indirect reinvestment in Prima, conforms to the Group's long-term strategy to make investment in and collaborate with leading suppliers of manufacturing equipment and tools around the world. Prima is one of the major suppliers of the Group for sheetmetal machinery. The Group has been interested in Prima because of its well-established business in the PRC and Southeast Asia, and given that the Group is its distributor, the Investment could maintain the existing business relationship with Prima.

The terms of the Investment and the SHA Term Sheet (both are included in the Sale and Purchase Agreement) were arrived at after arm's length negotiation among World Leader, Atto and the Target Company. Having considered the above, the Directors are of the view that it would be beneficial for the Company to pursue the Investment. The Directors are further of the view that the terms and conditions (including the Consideration) of the Investment and the SHA Term Sheet are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements but are exempted from the Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Alpha 7”	Alpha Private Equity Fund 7 (SCA) SICAR, a corporate partnership limited by shares and an investment company in risk capital established under the laws of Luxembourg
“Atto”	Atto S.à r.l., a limited liability company incorporated under the laws of Luxembourg
“Board”	the board of Directors
“Business Day(s)”	means any day other than a Saturday, Sunday, and any other day on which banks are authorised to close in the cities of Milan or Luxembourg
“Closing Date”	the 12th (twelfth) Business Day following the date on which all conditions precedent of the Sale and Purchase Agreement are satisfied or waived, or a different date agreed upon in writing between World Leader and Femto Technologies

“Company”	Leeport (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 387)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	EUR5,000,000, being the consideration for the Investment
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 649,921 Prima Shares by World Leader to Femto Technologies pursuant to the terms and conditions of the Sale and Purchase Agreement
“EUR”	Euro, the official currency of the European Union
“Femto Technologies”	Femto Technologies S.p.A., a joint-stock company incorporated under the laws of Italy
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Investment”	the investment into the Target Company by acquiring a maximum of 2.5% equity interest in the Target Company pursuant to the terms of the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2022
“Milan Exchange”	Borsa Italiana S.p.A., based in Milan, Italy
“Mr. Lee”	Mr. Lee Sou Leung, Joseph

“MTO”	a mandatory tender offer to be launched by Femto Technologies on all the Prima Shares pursuant to the relevant laws of Italy
“MTO Completion Date”	the latest payment date to occur in connection with the MTO or any sell out and/or squeeze-out processes, pursuant to the relevant laws of Italy, which may follow the MTO
“Peninsula Investments”	Peninsula Investments, S.C.A., a joint-stock company limited by shares incorporated under the laws of Luxembourg
“Pico”	Pico S.p.A., a company limited by shares incorporated under the laws of Italy
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Prima”	Prima Industrie S.p.A., a joint stock company incorporated under the laws of Italy, the shares of which are listed on Milan Exchange (Stock Code: PRI: IM)
“Prima Group”	Prima and its subsidiaries
“Prima Shares”	existing ordinary share(s) of EUR2.50 each in the share capital of Prima
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 August 2022 entered into between World Leader as vendor and Femto Technologies as purchaser in relation to the sale and purchase of 649,921 Prima Shares
“SHA Term Sheet”	the term sheet in relation to the shareholders’ agreement to be entered into among the shareholders of the Target Company, which is included in and forms part of the Sale and Purchase Agreement
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Femto S.à. r.l., a limited liability company incorporated under the laws of Luxembourg
“World Leader”	World Leader Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this announcement, the exchange rate at HK\$1.00 = EUR0.1233 has been used, where applicable, for purpose of illustration only.

By Order of the Board
Leeport (Holdings) Limited
CHAN Ching Huen, Stanley
Executive Director and Company Secretary

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley and Mr. LEE Ee Sian; and 2 independent non-executive Directors, namely Mr. ZAVATTI Samuel Mario and Mr. WONG Tat Cheong, Frederick.