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**Leeport**  
**LLEPORT (HOLDINGS) LIMITED**  
**力豐 (集團) 有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 387)**

**RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

The Board of Directors (the “**Directors**”) of Leeport (Holdings) Limited (the “**Company**”) would like to present the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31st December 2023, together with the comparative figures for the year ended 31st December 2022. The annual results have been reviewed by the Audit Committee of the Company.

**FINANCIAL PERFORMANCE**

**Revenue**

In 2023, the manufacturing industries in China faced many challenges, such as weak domestic consumption, the export business being affected by the slow recovery of the global economy and the US Government’s decoupling policy against China.

The Group’s revenue amounted to HK\$701,552,000 in 2023, compared with HK\$874,011,000 in 2022, representing a decrease of 19.7%. The Group’s gross profit amounted to HK\$158,865,000, compared with HK\$133,205,000 in 2022, representing an increase of 19.3%. The gross profit was 22.6% of revenue in 2023, compared with 15.2% in 2022. The contrasting trend in year-over-year revenue growth versus change in gross profit % is attributable to the shift of some new business to the commission income model where only the net income is recognized as revenue.

\* *For identification purpose only*

## **Other Income and Gains – Net**

The total value of other income and gains was HK\$8,464,000 in 2023, compared with HK\$6,311,000 in 2022, representing an increase of 34.1%.

The Group recorded a realized and unrealized net fair value loss on derivative instruments of HK\$402,000 in 2023, compared with a loss of HK\$8,220,000 in 2022.

Service income was HK\$6,922,000 in 2023, being reclassified to revenue as recurring income from operation. In the same period last year, service income was HK\$6,067,000.

The Group received HK\$396,000 from the Chinese Government in 2023 while the Group received HK\$2,026,000 from the Employment Support Scheme of the Hong Kong Government and a subsidy from the Chinese Government in 2022.

In 2022, the Group received HK\$2,314,000 dividend income from Prima Industrie S.p.A. (“**Prima**”), a company incorporated in Italy with limited liability, the shares of which were listed on the Milan Exchange (Stock Code: PRI:IM). After the disposal of Prima was completed at the end of 2022 (Details of which were disclosed in the announcement of the Company dated 7th December 2022), there was no dividend received in 2023.

On the other hand, the Group recognized a gain of HK\$5,533,000 in 2023 from the fair value change of the Group’s reinvested shareholding in the privatized Prima Group. No such fair value change in 2022.

In 2023, the Group recorded a revaluation loss of investment properties of HK\$3,970,000, compared with a revaluation gain of investment properties of HK\$2,771,000 in 2022.

In 2023, the Group recognized a gain of HK\$2,402,000 on dissolution of our subsidiary company Grassinger Technologies GmbH.

## **Operating Expenses**

Selling and distribution costs were HK\$22,047,000 in 2023, compared with HK\$25,248,000 in 2022, representing a decrease of 12.7% contributed by the continuous effort in driving operating cost efficiency.

Administrative expenses amounted to HK\$100,112,000 in 2023, compared with HK\$97,584,000 in 2022, representing an increase of 2.6%.

## **Finance Expenses – Net**

Finance expenses net of finance income were HK\$12,621,000 in 2023, compared with HK\$8,671,000 in 2022, representing an increase of 45.6%. Finance income in 2023 was HK\$1,200,000, compared with HK\$927,000 in 2022, representing an increase of 29.4%. Interest income derived from the loan to OPS Ingersoll Funkenerosion GmbH was HK\$760,000 in 2023, compared with HK\$842,000 in 2022.

Finance expenses were HK\$13,821,000 in 2023, compared with HK\$9,598,000 in 2022, representing an increase of 44.0%. This increase was primarily driven by sharp increase in interest rate in the market in 2023.

## **Share of Post-tax Losses/Profits of Associates**

The Group's share of post-tax losses of OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited in 2023 was HK\$15,916,000, compared with share of post-tax profits of HK\$3,885,000 in 2022. This was attributable to an operating loss for OPS-Ingersoll Funkenerosion GmbH and one-off investment written off in Prima Power Suzhou Company Limited though it recorded a profit in operation.

## **Income Tax Expenses**

Income tax expenses in 2023 were HK\$1,915,000, compared with HK\$3,355,000 in 2022, representing a decrease of 42.9%.

## **Profit/Loss Attributable to Owners of the Company and Earnings Per Share**

The profit attributable to owners of the Company was HK\$11,288,000 in 2023, compared with the profit attributable to owners of the Company of HK\$8,317,000 in 2022, representing an increase of 35.7%. The operating profit for the Group was HK\$42,206,000 in 2023, compared with an operating profit of HK\$16,329,000 in 2022, representing an increase of 158.5%. The significant increase was contributed by substantial sales order from new energy car manufacturers.

The basic earnings per share was HK4.91 cents in 2023, compared with a basic earnings per share of HK3.61 cents in 2022, representing an increase of 36.0%.

## **Total Comprehensive Income Attributable to Owners of the Company**

The total comprehensive income attributable to owners of the Company was HK\$12,258,000 in 2023, compared with the total comprehensive income attributable to owners of the Company of HK\$27,101,000 in 2022. The decrease in the total comprehensive income attributable to owners of the Company was due mainly to the disposal of Prima in 2023 where there was no more fair value gain recognized through other comprehensive income as reported in 2022.

## **DIVIDEND**

The Directors recommend the payment of a final dividend of HK3.5 cent per ordinary share for the year ended 31st December 2023 totaling HK\$8,053,000. Including the interim dividend of HK1.0 cent per ordinary share paid on 29th September 2023, the total dividend for the year ended 31st December 2023 will amount to HK4.5 cents per share (2022: HK9.0 cents per share). This final dividend recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting, which will be held on 26th June 2024 (Wednesday). Upon the approval of the shareholders, the final dividend warrant will be payable on or before 15th July 2024 (Monday) to the shareholders of the Company whose names appear on the register of members on 5th July 2024 (Friday).

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

|  | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| Revenue  | 2           | <b>701,552</b>                 | 874,011                 |
| Cost of goods sold   | 4           | <u><b>(542,687)</b></u>        | <u>(740,806)</u>        |
| <b>Gross profit</b>  |             | <b>158,865</b>                 | 133,205                 |
| Other income and gains - net   | 3           | <b>8,464</b>                   | 6,311                   |
| Selling and distribution costs   | 4           | <b>(22,047)</b>                | (25,248)                |
| Administrative expenses  | 4           | <b>(100,112)</b>               | (97,584)                |
| Net impairment losses on financial assets                                  |             | <u><b>(2,964)</b></u>          | <u>(355)</u>            |
| <b>Operating profit</b>  |             | <b>42,206</b>                  | 16,329                  |
| Finance income   |             | <b>1,200</b>                   | 927                     |
| Finance expenses   |             | <u><b>(13,821)</b></u>         | <u>(9,598)</u>          |
| Finance expenses - net   |             | <b>(12,621)</b>                | (8,671)                 |
| Share of post-tax (losses)/profits of associates                           | 9(a)        | <u><b>(15,916)</b></u>         | <u>3,885</u>            |
| <b>Profit before income tax</b>  |             | <b>13,669</b>                  | 11,543                  |
| Income tax expense   | 5           | <u><b>(1,915)</b></u>          | <u>(3,355)</u>          |
| <b>Profit for the year</b>   |             | <u><b>11,754</b></u>           | <u>8,188</u>            |
| <b>Profit/(loss) attributable to:</b>                                      |             |                                |                         |
| Owners of the Company  |             | <b>11,288</b>                  | 8,317                   |
| Non-controlling interests  |             | <u><b>466</b></u>              | <u>(129)</u>            |
|  |             | <u><b>11,754</b></u>           | <u>8,188</u>            |
| <b>Earnings per share for profit attributable to owners of the Company</b> |             |                                |                         |
| <b>Basic earnings per share (Hong Kong cents)</b>                          | 7           | <b>HK4.91 cents</b>            | HK3.61 cents            |
| <b>Diluted earnings per share (Hong Kong cents)</b>                        | 7           | <u><b>N/A</b></u>              | <u>N/A</u>              |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

|  | <b>2023</b>           | 2022            |
|--|-----------------------|-----------------|
|  | <i>HK\$'000</i>       | <i>HK\$'000</i> |
| <b>Profit for the year</b>   | <u><b>11,754</b></u>  | <u>8,188</u>    |
| <b>Other comprehensive income/(loss)</b>   |                       |                 |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                        |                       |                 |
| Gain on revaluation of land and buildings  | <b>3,396</b>          | 2,973           |
| Movement of deferred tax   | <b>(5)</b>            | 141             |
| Change in value of financial assets at fair value through other comprehensive income, net of tax | <u><b>2,600</b></u>   | <u>24,622</u>   |
|  | <u><b>5,991</b></u>   | <u>27,736</u>   |
| <i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>   |                       |                 |
| Currency translation differences   | <b>(3,998)</b>        | (8,621)         |
| Release of exchange reserve upon dissolution of a subsidiary                                     | <u><b>(893)</b></u>   | <u>–</u>        |
|  | <u><b>(4,891)</b></u> | <u>(8,621)</u>  |
| <b>Other comprehensive income for the year, net of tax</b>                                       | <u><b>1,100</b></u>   | <u>19,115</u>   |
| <b>Total comprehensive income for the year</b>   | <u><b>12,854</b></u>  | <u>27,303</u>   |
| Total comprehensive income attributable to owners of the company                                 | <b>12,258</b>         | 27,101          |
| Total comprehensive income attributable to non-controlling interests                             | <u><b>596</b></u>     | <u>202</u>      |
|  | <u><b>12,854</b></u>  | <u>27,303</u>   |

**CONSOLIDATED BALANCE SHEET  
AS AT 31ST DECEMBER 2023**

|  | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>ASSETS</b>  |             |                                |                         |
| <b>Non-current assets</b>  |             |                                |                         |
| Plant and equipment  |             | <b>9,808</b>                   | 10,805                  |
| Right-of-use assets  |             | <b>242,161</b>                 | 249,227                 |
| Investment properties  | <i>8</i>    | <b>77,722</b>                  | 77,123                  |
| Investments in associates  | <i>9(a)</i> | <b>47,061</b>                  | 62,243                  |
| Loan to an associate   | <i>9(b)</i> | <b>15,792</b>                  | 16,673                  |
| Financial assets at fair value through other<br>comprehensive income |             | <b>10,989</b>                  | 8,389                   |
| Financial asset at fair value through profit and loss                |             | <b>55,179</b>                  | 6,408                   |
| Deferred income tax assets   |             | <b>5,657</b>                   | –                       |
| Prepayment for acquisition of financial asset                        |             | –                              | 42,095                  |
|  |             | <u><b>464,369</b></u>          | <u>472,963</u>          |
| <b>Current assets</b>  |             |                                |                         |
| Inventories  |             | <b>80,209</b>                  | 92,890                  |
| Trade and bills receivables  | <i>10</i>   | <b>209,795</b>                 | 263,661                 |
| Other receivables, prepayments and deposits                          |             | <b>31,556</b>                  | 92,730                  |
| Derivative financial instruments                                     | <i>11</i>   | –                              | 823                     |
| Restricted bank deposits   |             | <b>5,059</b>                   | 11,022                  |
| Cash and cash equivalents  |             | <b>29,795</b>                  | 63,438                  |
|  |             | <u><b>356,414</b></u>          | <u>524,564</u>          |
| <b>Total current assets</b>  |             | <u><b>820,783</b></u>          | <u>997,527</u>          |
| <b>Total assets</b>  |             | <u><b>820,783</b></u>          | <u>997,527</u>          |

|   | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>EQUITY</b>   |             |                                |                         |
| <b>Capital and reserves attributable to owners of the Company</b> |             |                                |                         |
| Share capital   | <i>12</i>   | <b>23,007</b>                  | 23,007                  |
| Other reserves  | <i>12</i>   | <b>282,485</b>                 | 282,879                 |
| Retained earnings   |             | <b>177,167</b>                 | 169,117                 |
|   |             | <b>482,659</b>                 | 475,003                 |
| Non-controlling interests   |             | <b>(4,517)</b>                 | (5,113)                 |
| <b>Total equity</b>   |             | <b>478,142</b>                 | 469,890                 |
| <b>LIABILITIES</b>  |             |                                |                         |
| <b>Non-current liabilities</b>                                    |             |                                |                         |
| Other payables  |             | –                              | 1,212                   |
| Lease liabilities   |             | –                              | 50                      |
| Deferred income tax liabilities                                   |             | <b>30,249</b>                  | 30,244                  |
|   |             | <b>30,249</b>                  | 31,506                  |
| <b>Current liabilities</b>  |             |                                |                         |
| Trade and bills payables  | <i>13</i>   | <b>78,770</b>                  | 163,706                 |
| Other payables, accruals and contract liabilities                 |             | <b>51,836</b>                  | 78,834                  |
| Borrowings  | <i>14</i>   | <b>172,146</b>                 | 231,948                 |
| Lease liabilities   |             | <b>46</b>                      | 46                      |
| Tax payable   |             | <b>9,594</b>                   | 3,191                   |
| Dividend payable  |             | –                              | 18,406                  |
| <b>Total current liabilities</b>                                  |             | <b>312,392</b>                 | 496,131                 |
| <b>Total liabilities</b>  |             | <b>342,641</b>                 | 527,637                 |
| <b>Total equity and liabilities</b>                               |             | <b>820,783</b>                 | 997,527                 |

*Notes:*

**1. BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and building recognised as right-of-use assets, investment properties, financial assets through other comprehensive income, financial assets and financial liabilities through profit or loss (including derivative instruments) which are carried at fair value.

**(i) Amended standards adopted by the Group**

The following amendments to standards are adopted by the Group for the financial year beginning on 1st January 2023.

|   |   |
|---|---|
| HKAS 1 and HKFRS Practice Statement 2<br>(Amendments) | Disclosure of Accounting Policies   |
| HKAS 8 (Amendments)                                   | Definition of Accounting Estimates  |
| HKAS 12 (Amendments)                                  | Deferred Tax related to Assets and<br>Liabilities arising from a Single Transaction |
| HKAS 12 (Amendments)                                  | Income Taxes: International Tax Reform –<br>Pillar Two Model Rules                  |
| HKFRS 17  | Insurance Contracts   |
| HKFRS 17 (Amendment)                                  | Amendments to HKFRS 17  |
| HKFRS 17  | Initial Application of HKFRS 17 and HKFRS 9 –<br>Comparative Information            |

These amendments to standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

- (ii) The following standards, amendments and interpretations have been published but are not mandatory for 31st December 2023 reporting period and have not been early adopted by the Group:

|                                      |   | <b>Effective for the<br/>accounting period<br/>beginning on<br/>or after</b> |
|--------------------------------------|---|--|
| HKAS 1 (Amendments)                  | Classification of Liabilities as Current or Non-current   | 1st January 2024   |
| HKAS 1 (Amendments)                  | Non-current Liabilities with Covenants  | 1st January 2024   |
| HKFRS 16 (Amendment)                 | Lease Liability in a Sale and Leaseback   | 1st January 2024   |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1st January 2024   |
| HKAS 7 and HKFRS 7 (Amendment)       | Supplier Finance Arrangements   | 1st January 2024   |
| HKFRS 10 and HKAS 28 (Amendments)    | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture   | To be determined   |

These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“CODM”), the Board of Directors, that are used to make strategic decisions.

The Board considers the business from a geographic perspective. Geographically, management considers the performance in the Mainland China, Hong Kong and other countries and territories.

The Group is principally engaged in the trading of metalworking machinery, measuring instruments, cutting tools and electronics equipment in three main geographical areas, namely Mainland China, Hong Kong and other countries and territories (principally Singapore, Taiwan, Malaysia and Indonesia).

The Board assesses the performance of the operating segments based on a measure of segment result, total assets and total capital expenditure. The Group primarily operates in Hong Kong and Mainland China. The Group’s revenue by geographical location are determined by the country in which the customer is located.

**For the year ended 31st December 2023**

|  | <b>Mainland</b> |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | <b>China</b>    | <b>HK</b>       | <b>Others</b>   | <b>Total</b>    |
|  | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue                                | <u>603,703</u>  | <u>19,002</u>   | <u>78,847</u>   | <u>701,552</u>  |
| Segment results                        | <u>28,688</u>   | <u>3,449</u>    | <u>10,069</u>   | 42,206          |
| Finance income                         |                 |                 |                 | 1,200           |
| Finance expenses                       |                 |                 |                 | (13,821)        |
| Share of post-tax losses of associates |                 |                 |                 | <u>(15,916)</u> |
| Profit before income tax               |                 |                 |                 | 13,669          |
| Income tax expenses                    |                 |                 |                 | <u>(1,915)</u>  |
| Profit for the year                    |                 |                 |                 | <u>11,754</u>   |

**For the year ended 31st December 2022**

|   | <b>Mainland</b> |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | <b>China</b>    | <b>HK</b>       | <b>Others</b>   | <b>Total</b>    |
|   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue                                 | <u>819,158</u>  | <u>33,614</u>   | <u>21,239</u>   | <u>874,011</u>  |
| Segment results                         | <u>17,487</u>   | <u>(894)</u>    | <u>(264)</u>    | 16,329          |
| Finance income                          |                 |                 |                 | 927             |
| Finance expenses                        |                 |                 |                 | (9,598)         |
| Share of post-tax profits of associates |                 |                 |                 | <u>3,885</u>    |
| Profit before income tax                |                 |                 |                 | 11,543          |
| Income tax expenses                     |                 |                 |                 | <u>(3,355)</u>  |
| Profit for the year                     |                 |                 |                 | <u>8,188</u>    |

## Disaggregation of revenue

Revenue is derived from the sales of goods, provision of agency services and other after-sales services.

Revenue recognised during the year is disaggregated as follows:

|                   | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| Sales of goods    | <b>626,121</b>                 | 874,011                 |
| Commission income | <b>68,509</b>                  | –                       |
| Service income    | <b>6,922</b>                   | –                       |
|                   | <hr/> <b>701,552</b> <hr/>     | <hr/> 874,011 <hr/>     |

Service income of HK\$6,922,000, was classified as revenue of the Group as it was developing into recurring income from operations. Service income of HK\$6,067,000 for the year ended 31st December 2022 was recognised in other income included in the consolidated income statement of the Group.

During the year ended 31st December 2023, revenue of approximately HK\$237,238,000 (2022: HK\$295,607,000) were derived from one customer (2022: one customer), which individually accounted for over 10% of the Group's total revenue.

Contract liabilities of HK\$23,513,000 (2022: HK\$59,328,000) were classified within “other payables, accruals and contract liabilities”. It represents advanced payments received from customers for goods that have not been transferred to the customers. During the year ended 31st December 2023, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue. Decrease in contract liabilities is mainly due to the decrease in sales orders with advanced payments.

The provision for slow moving inventories charged for the year ended 31st December 2023 are HK\$3,660,000 (2022: HK\$5,023,000).

The net impairment losses on financial assets charged for the year ended 31st December 2023 are HK\$2,964,000 (2022: HK\$355,000).

The total depreciation of plant and equipment and right-of-use assets for the year ended 31st December 2023 are HK\$8,038,000 (2022: HK\$8,130,000).

## Segment assets

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Segment assets:                                     |                         |                         |
| Mainland China                                      | 409,020                 | 534,598                 |
| Hong Kong   | 325,749                 | 376,034                 |
| Other countries and territories ( <i>Note (a)</i> ) | 86,014                  | 86,895                  |
|   | <u>820,783</u>          | <u>997,527</u>          |

Segment assets are allocated by reference to the principal markets in which the Group and its associates operate.

## Segment liabilities

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Segment liabilities:                                |                         |                         |
| Mainland China                                      | 233,277                 | 395,474                 |
| Hong Kong   | 54,036                  | 103,973                 |
| Other countries and territories ( <i>Note (b)</i> ) | 55,328                  | 28,190                  |
|   | <u>342,641</u>          | <u>527,637</u>          |

Segment liabilities are allocated by reference to the principal markets in which the Group and its associates operate.

## Capital expenditure

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Capital expenditure:                                |                         |                         |
| Mainland China                                      | 281                     | 423                     |
| Hong Kong   | 1,341                   | 894                     |
| Other countries and territories ( <i>Note (b)</i> ) | 7                       | –                       |
|   | <u>1,629</u>            | <u>1,317</u>            |

Capital expenditure is allocated based on where the assets are located.

Capital expenditure comprises mainly additions to plant and equipment.

*Note:*

- (a) Other countries and territories include Germany, Taiwan, Singapore, Indonesia and Malaysia.
- (b) Other countries and territories include Taiwan, Singapore, Indonesia and Malaysia.

### 3. OTHER INCOME AND GAINS – NET

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Derivative instruments – forward contracts:  |                         |                         |
| – Realised and unrealised net fair value loss  | (402)                   | (8,220)                 |
| Rental income  | 3,305                   | 2,973                   |
| Service income ( <i>Note i</i> )   | –                       | 6,067                   |
| Reward income  | 423                     | 313                     |
| Net fair value (losses)/gains on an investment properties                              | (3,970)                 | 2,771                   |
| Net fair value gains/(losses) on financial asset at fair value through profit and loss | 5,704                   | (1,833)                 |
| Government grants  | 396                     | 2,026                   |
| Gain on dissolution of a subsidiary  | 2,402                   | –                       |
| Dividend income from financial assets at fair value through other comprehensive income | –                       | 2,314                   |
| Others   | 606                     | (100)                   |
|  | <u>8,464</u>            | <u>6,311</u>            |

*Note:*

- (i) Service income was reclassified as revenue for the year ended 31st December 2023 as it was developing into recurring income from operations.

### 4. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and distribution costs and administrative expenses are analysed as follows:

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Auditors' remuneration   |                         |                         |
| – Audit services   | 1,390                   | 1,550                   |
| – Non-audit services   | 938                     | 1,125                   |
| Cost of inventories sold   | 535,664                 | 728,222                 |
| Depreciation on plant and equipment  | 2,239                   | 2,137                   |
| Depreciation on right-of-use assets  | 5,799                   | 5,993                   |
| Short-term leases  | 1,893                   | 1,449                   |
| Provision for slow moving inventories  | 3,660                   | 5,023                   |
| Foreign exchange loss  | 1,515                   | 637                     |
| Employee benefits expenses (including directors' remuneration)                       | 60,952                  | 60,988                  |
| Other expenses   | 50,796                  | 56,514                  |
|  | <u>664,846</u>          | <u>863,638</u>          |
| Total cost of goods sold, selling and distribution costs and administrative expenses | <u>664,846</u>          | <u>863,638</u>          |

## 5. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated income statement represents:

|                             | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Current income tax          |                         |                         |
| – Hong Kong profits tax     | 6,881                   | –                       |
| – PRC and overseas taxation | 669                     | 3,355                   |
| Deferred income tax         | <u>(5,635)</u>          | <u>–</u>                |
|                             | <u>1,915</u>            | <u>3,355</u>            |

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

Enterprise income tax (“EIT”) in the PRC has been provided at the rate of 25% (2022: 25%) on the estimated assessable profit for the year with certain preferential provisions.

Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries of the Group operate.

## 6. DIVIDENDS

Final dividend was proposed at HK3.5 cents (2022: HK1.0 cent) per ordinary share for the shareholders of the Company for the year ended 31st December 2023.

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Special dividend, declared, nil (2022: paid, of HK8.0 cents) per ordinary share | –                       | 18,406                  |
| Interim dividend, paid, HK1.0 cent (2022: nil) per ordinary share               | 2,301                   | –                       |
| Final dividend, proposed, of HK3.5 cents (2022: HK1.0 cent) per ordinary share  | <u>8,053</u>            | <u>2,301</u>            |
|   | <u>10,354</u>           | <u>20,707</u>           |

## 7. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

|   | 2023           | 2022           |
|---|----------------|----------------|
| Profit attributable to owners of the Company (HK\$'000)                                       | <u>11,288</u>  | <u>8,317</u>   |
| Weighted average number of ordinary shares in issue<br>(in thousands)                         | <u>230,076</u> | <u>230,076</u> |
| Basic earnings per share attributable to equity owners<br>of the Company (HK cents per share) | <u>4.91</u>    | <u>3.61</u>    |

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share options. There are no share options issued/outstanding during the year ended 31st December 2023 and 2022, hence no diluted earnings per share was presented.

## 8. INVESTMENT PROPERTIES

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>At fair value</b>                          |                         |                         |
| Opening balance at 1st January                | 77,123                  | 69,789                  |
| Transfer from right-of-use assets             | 4,400                   | 4,500                   |
| Net (losses)/gains from fair value adjustment | (3,970)                 | 2,771                   |
| Exchange difference                           | <u>169</u>              | <u>63</u>               |
| Closing balance at 31st December              | <u>77,722</u>           | <u>77,123</u>           |

(a) **Amounts recognised in the consolidated income statement for investment properties**

|               | <b>2023</b>            | 2022            |
|---------------|------------------------|-----------------|
|               | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Rental income | <b><u>3,305</u></b>    | <u>2,973</u>    |

The direct operating expenses from investment properties were not significant for the years ended 31st December 2023 and 2022.

As at 31st December 2023, the Group had no unprovided contractual obligations for further repairs and maintenance (2022: Nil).

The investment properties situated in Hong Kong and Singapore are held on leases of between 10 to 50 years.

The investment property located in Hong Kong was revalued as at 31st December 2023 and 2022 by Jones Lang LaSalle Limited, a member of the Hong Kong Institute of Surveyors. The investment property of the Group located in Singapore was revalued as at 31st December 2023 and 2022 by Dickson Property Consultants Pte Ltd., an independent firm of professional valuers.

The valuation was derived using the direct comparison approach, assuming sale of the property interest in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The fair value measurement of the Group's investment properties are categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the year.

Below is a summary of the key inputs to the valuation of investment properties:

|                                 | <b>Significant<br/>unobservable inputs</b> | <b>Price per<br/>square foot<br/>(Weighted<br/>average)</b> | <b>Relationship of unobservable<br/>inputs to fair value</b>    |
|---------------------------------|--|---|---|
| As at 31st December 2023        |  |   |   |
| Land and buildings in Hong Kong | Market unit sale price (per square foot)   | HK\$3,070 – HK\$8,728 (HK\$7,056)                           | The higher the price per square foot, the higher the fair value |
| Land and building in Singapore  | Market unit sale price (per square foot)   | HK\$1,026   | The higher the price per square foot, the higher the fair value |
| As at 31st December 2022        |  |   |   |
| Land and buildings in Hong Kong | Market unit sale price (per square foot)   | HK\$3,419 – HK\$9,378 (HK\$7,878)                           | The higher the price per square foot, the higher the fair value |
| Land and building in Singapore  | Market unit sale price (per square foot)   | HK\$1,006   | The higher the price per square foot, the higher the fair value |

Bank borrowings are secured on investment properties with a carrying amount of HK\$64,650,000 (2022: HK\$67,110,000).

#### 9(a). INVESTMENTS IN ASSOCIATES

Movements of investments in associates are as follows:

|  | <b>2023</b>     | 2022     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| At 1st January                                   | <b>62,243</b>   | 63,009   |
| Share of post-tax (losses)/profits of associates | <b>(15,916)</b> | 3,885    |
| Currency translation difference                  | <b>734</b>      | (4,651)  |
|  | <hr/>           | <hr/>    |
| At 31st December                                 | <b>47,061</b>   | 62,243   |
|  | <hr/>           | <hr/>    |

Set out below are the associates held by the Group. The associates as listed below have share capital consisting solely of ordinary shares.

Details of investment in associates as at 31st December 2023 and 2022 are as follows:

| Company name                           | Place of business/<br>country of<br>incorporation | Effective % of<br>ownership interest |       | Principal activities                     |
|--|---|--------------------------------------|-------|--|
|  |   | 2023                                 | 2022  |  |
| OPS-Ingersoll Holding GmbH (“OPS”)     | Germany/Germany                                   | <b>33.84</b>                         | 33.84 | Manufacturing of metal working machinery |
| Prima Power Suzhou Co., Ltd. (“Prima”) | The PRC/The PRC                                   | <b>30</b>                            | 30    | Manufacturing of metal forming machinery |

There are no contingent liabilities relating to the Group’s interest in the associates.

#### 9(b). LOAN TO AN ASSOCIATE

The balance represents a loan made to an associate – OPS. The loan is arranged for best support OPS to maximize benefit of all shareholders, the terms of loan agreement is under negotiation as at 31st December 2023 (2022: unsecured, interest rate at 6% per annum). During the year, interest received from OPS amounted to HK\$760,000 (2022: HK\$842,000).

As at 31st December 2023, the carrying value of the loan to an associate was HK\$15,792,000 (2022: HK\$16,673,000). Expected credit loss of HK\$624,000 (2022: HK\$165,000) was recognised as of 31st December 2023.

#### 10. TRADE AND BILLS RECEIVABLES

As at 31st December 2023 and 2022, the ageing analysis of trade and bills receivables by invoice date are as follows:

|                                | 2023<br><i>HK\$’000</i> | 2022<br><i>HK\$’000</i> |
|--------------------------------|-------------------------|-------------------------|
| Within 3 months                | <b>177,823</b>          | 238,785                 |
| 4-6 months                     | <b>7,443</b>            | 11,934                  |
| 7-12 months                    | <b>14,564</b>           | 8,543                   |
| Over 12 months                 | <b>15,883</b>           | 7,868                   |
|                                | <b>215,713</b>          | 267,130                 |
| Less: provision for impairment | <b>(5,918)</b>          | (3,469)                 |
|                                | <b>209,795</b>          | 263,661                 |

As at 31st December 2023 and 2022, the ageing analysis of trade and bills receivables by payment due date are as follows:

|                                | <b>2023</b>            | 2022            |
|--------------------------------|------------------------|-----------------|
|                                | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Current                        | <b>186,529</b>         | 246,258         |
| 1-3 months                     | <b>12,510</b>          | 6,595           |
| 4-6 months                     | <b>5,871</b>           | 5,510           |
| 7-12 months                    | <b>4,918</b>           | 3,161           |
| Over 12 months                 | <b>5,885</b>           | 5,606           |
|                                | <b>215,713</b>         | 267,130         |
| Less: provision for impairment | <b>(5,918)</b>         | (3,469)         |
|                                | <b>209,795</b>         | 263,661         |

The Group generally grants credit terms of 30 days to its customers. Longer payment terms might be granted to those customers who have good payment history and long-term business relationship with the Group.

#### 11. DERIVATIVE FINANCIAL INSTRUMENTS

|                                    | <b>2023</b>            |                        | 2022            |                 |
|------------------------------------|------------------------|------------------------|-----------------|-----------------|
|                                    | <b>Assets</b>          | <b>Liabilities</b>     | Assets          | Liabilities     |
|                                    | <b><i>HK\$'000</i></b> | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Forward foreign exchange contracts |                        |                        |                 |                 |
| – non-hedge instruments            | <u>–</u>               | <u>–</u>               | <u>823</u>      | <u>–</u>        |

Derivatives held for trading purpose are classified as a current asset or liability. As at 31st December 2023, the Group had no outstanding gross-settled foreign currency forward contract (2022: buy JPY332,880,000 for HK\$18,993,000).

**12. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

|   | Attributable to owners of the Company |                               |                                  |                   | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
|---|---------------------------------------|-------------------------------|----------------------------------|-------------------|--|-----------------------------|
|   | Share<br>capital<br>HK\$'000          | Other<br>reserves<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 |  |                             |
| Balance at 1st January 2023   | <u>23,007</u>                         | <u>282,879</u>                | <u>169,117</u>                   | <u>475,003</u>    | <u>(5,113)</u>                               | <u>469,890</u>              |
| <b>Comprehensive income</b>   |                                       |                               |                                  |                   |  |                             |
| Profit for the year   | -                                     | -                             | 11,288                           | 11,288            | 466  | 11,754                      |
| <b>Other comprehensive<br/>income/(loss)</b>  |                                       |                               |                                  |                   |  |                             |
| Gain on revaluation of<br>right-of-use assets   | -                                     | 3,396                         | -                                | 3,396             | -  | 3,396                       |
| Movement of deferred tax  | -                                     | (5)                           | -                                | (5)               | -  | (5)                         |
| Change of value of financial assets<br>at fair value through other<br>comprehensive income        | -                                     | 2,600                         | -                                | 2,600             | -  | 2,600                       |
| Release of exchange reserve upon<br>dissolution of a subsidiary                                   | -                                     | (893)                         | -                                | (893)             | -  | (893)                       |
| Currency translation differences  | -                                     | (4,128)                       | -                                | (4,128)           | 130  | (3,998)                     |
| Total other comprehensive<br>income, net of tax   | <u>-</u>                              | <u>970</u>                    | <u>-</u>                         | <u>970</u>        | <u>130</u>                                   | <u>1,100</u>                |
| <b>Total comprehensive income</b>   | <u>-</u>                              | <u>970</u>                    | <u>11,288</u>                    | <u>12,258</u>     | <u>596</u>                                   | <u>12,854</u>               |
| Transfer of revaluation reserve to<br>retained earnings on depreciation<br>of right-of-use assets | <u>-</u>                              | <u>(1,364)</u>                | <u>1,364</u>                     | <u>-</u>          | <u>-</u>                                     | <u>-</u>                    |
| <b>Transactions with owners of<br/>the Company recognised<br/>directly in equity</b>              |                                       |                               |                                  |                   |  |                             |
| Dividend paid relating to 2022  | -                                     | -                             | (2,301)                          | (2,301)           | -  | (2,301)                     |
| Interim dividend paid   | -                                     | -                             | (2,301)                          | (2,301)           | -  | (2,301)                     |
| <b>Total transactions with owners,<br/>recognised directly in equity</b>                          | <u>-</u>                              | <u>-</u>                      | <u>(4,602)</u>                   | <u>(4,602)</u>    | <u>-</u>                                     | <u>(4,602)</u>              |
| Balance at 31st December 2023   | <u>23,007</u>                         | <u>282,485</u>                | <u>177,167</u>                   | <u>482,659</u>    | <u>(4,517)</u>                               | <u>478,142</u>              |

|  | Attributable to owners of the Company |                            |                               |                   | Non-controlling interests<br>HK\$'000 | Total equity<br>HK\$'000 |
|--|---------------------------------------|----------------------------|-------------------------------|-------------------|---------------------------------------|--------------------------|
|  | Share capital<br>HK\$'000             | Other reserves<br>HK\$'000 | Retained earnings<br>HK\$'000 | Total<br>HK\$'000 |                                       |                          |
| Balance at 1st January 2022  | 23,007                                | 303,644                    | 145,409                       | 472,060           | (5,315)                               | 466,745                  |
| <b>Comprehensive income</b>  |                                       |                            |                               |                   |                                       |                          |
| Profit for the year  | –                                     | –                          | 8,317                         | 8,317             | (129)                                 | 8,188                    |
| <b>Other comprehensive income/(loss)</b>   |                                       |                            |                               |                   |                                       |                          |
| Gain on revaluation of right-of-use assets   | –                                     | 2,973                      | –                             | 2,973             | –                                     | 2,973                    |
| Movement of deferred tax   | –                                     | 141                        | –                             | 141               | –                                     | 141                      |
| Change of value of financial assets at fair value through other comprehensive income                                     | –                                     | 24,622                     | –                             | 24,622            | –                                     | 24,622                   |
| Currency translation differences   | –                                     | (8,952)                    | –                             | (8,952)           | 331                                   | (8,621)                  |
| Total other comprehensive income, net of tax   | –                                     | 18,784                     | –                             | 18,784            | 331                                   | 19,115                   |
| <b>Total comprehensive income</b>  | –                                     | 18,784                     | 8,317                         | 27,101            | 202                                   | 27,303                   |
| Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets                              | –                                     | (2,751)                    | 2,751                         | –                 | –                                     | –                        |
| Transfer of gain on disposal of equity instruments at fair value through other comprehensive income to retained earnings | –                                     | (36,798)                   | 36,798                        | –                 | –                                     | –                        |
| <b>Transactions with owners of the Company recognised directly in equity</b>   |                                       |                            |                               |                   |                                       |                          |
| Special dividend paid  | –                                     | –                          | (18,406)                      | (18,406)          | –                                     | (18,406)                 |
| Dividend payable relating to 2021  | –                                     | –                          | (5,752)                       | (5,752)           | –                                     | (5,752)                  |
| <b>Total transactions with owners, recognised directly in equity</b>   | –                                     | –                          | (24,158)                      | (24,158)          | –                                     | (24,158)                 |
| Balance at 31st December 2022  | 23,007                                | 282,879                    | 169,117                       | 475,003           | (5,113)                               | 469,890                  |

### 13. TRADE AND BILLS PAYABLES

At 31st December, the ageing analysis of trade and bills payables by due date are as follows:

|                | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Current        | <b>60,599</b>           | 138,088                 |
| 1-3 months     | <b>6,361</b>            | 15,056                  |
| 4-6 months     | <b>5,616</b>            | 1,061                   |
| 7-12 months    | –                       | 1,021                   |
| Over 12 months | <b>6,194</b>            | 8,480                   |
|                | <b>78,770</b>           | 163,706                 |

### 14. BORROWINGS

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current   |                         |                         |
| Trust receipt loans                                     | <b>80,300</b>           | 86,832                  |
| Term loans from banks due for repayment within one year | <b>91,846</b>           | 145,116                 |
| Total borrowings  | <b>172,146</b>          | 231,948                 |

As at 31st December 2023, certain land and buildings, investment properties, restricted bank deposits and financial assets at fair value through profit or loss in Hong Kong and Mainland China with an aggregate carrying value of approximately HK\$148,961,000 (2022: HK\$320,633,000) were pledged to secure the banking facilities of the Group.

The facilities expiring within one year are annual facilities subject to review at various dates during 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods:

- (i) from 21st June 2024 (Friday) to 26th June 2024 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 Annual General Meeting. In order to be eligible to attend and vote at the 2024 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 20th June 2024 (Thursday); and
- (ii) from 3rd July 2024 (Wednesday) to 5th July 2024 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 2nd July 2024 (Tuesday).

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

## **BUSINESS REVIEW**

### **Trading**

In 2023, the global economy was quite diversified after the COVID-19 pandemic. The US economy grew at a more rapid pace than expected while the European economy, particularly in Germany, faced considerable disappointment in 2023. China achieved a reasonable GDP growth rate of 5.2% as compared with 2022. The industrial value grew by 4.6% but the export value only grew by 0.6%.

The manufacturing industry in China faced significant challenges throughout 2023. The quarterly manufacturing PMI (Purchase Manager Index) for China registered at 51.53% (quarter 1), 49.00% (quarter 2), 49.73% (quarter 3), and 49.30% (quarter 4). Apart from the first quarter, most of the quarters recorded values below 50%. The US Government continued to implement the decoupling policy against China which had a significant impact on the China's export business. Many orders that traditionally went to China were diverted to Southeast Asia. In addition, the global economy faced a sluggish recovery. All these factors had an adverse effect on the overall manufacturing industry in 2023.

Most of Leeport's suppliers experienced lower sales performance as compared with 2022 in China. The consumption value of metalcutting machines in 2023 was RMB158.6 billion, representing a decrease of 7.2% as compared with 2022. The consumption value of metalforming machines was RMB8.9 billion, representing an increase of 7.5%. The overall business performance of the Group was not satisfactory in 2023. However, the order from new energy vehicle manufacturers stood out as exceptional business segment, having secured a significant number of substantial orders. The sales volume of new energy car in China was 8.8 million units in 2023, representing an increase of 36.5% as compared with 6.5 million units in 2022.

The total order intake of the Group was HK\$843,939,000 in 2023, compared with HK\$1,046,432,000 in 2022, representing a decrease of 19.4%.

### **Investment**

The economy in Europe, including Germany, was fragile in 2023. The business for the associated company, OPS Ingersoll Funkenerosion GmbH recorded significant loss in 2023. To mitigate the loss, the Company implemented stringent measures to control operating expenses. Prima Power Suzhou Company Limited, another associated company, recorded a reasonable profit in 2023. However, due to the weakening business situation of the investee, ie. Cangzhou Lead Laser Technology Company Limited, Prima Power Suzhou Company Limited decided to take a prudent approach by making provisions for impairment of a loss in this investment and caused the Company to incur loss in 2023. In this situation, as a shareholder with 30% shareholding in Prima Power Suzhou Company Limited, Leeport had to bear a portion of the loss amounting to HKD8.6 million.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The balance of cash of the Group as at 31st December 2023 was HK\$29,795,000 (31st December 2022: HK\$63,438,000). Lower cash balance is attributable to active repayment of bank borrowings to reduce finance costs.

The Group's inventory balance as at 31st December 2023 was HK\$80,209,000 (31st December 2022: HK\$92,890,000). The turnover days of inventory were 54 at the end of December 2023, compared with 46 at the end of December 2022. The decrease in inventory was due in part to the change in mix in sales and products.

The balance of trade receivable and bills receivable was HK\$209,795,000 as at 31st December 2023 (31st December 2022: HK\$263,661,000). The turnover days of trade receivable were 109 which was close to last year (31st December 2022: 110).

The balance of trade payable and bills payable was HK\$78,770,000 as at 31st December 2023 (31st December 2022: HK\$163,706,000). The lower balance of trade payable and bills payable was attributable to a lower purchase amount of machinery product at the year end of 2023.

The balance of short-term borrowings was HK\$172,146,000 as at 31st December 2023 (31st December 2022: HK\$231,948,000). The lower level of short-term borrowings is adequate to satisfy the Group's financial requirements and also result to lower finance costs.

The Group's net gearing ratio was approximately 28.7% as at 31st December 2023 (31st December 2022: 33.5%). The net gearing ratio was lower than in 2022, due to the lower borrowing level in 2023. The net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent and restricted bank deposits.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31st December 2023, the Group had aggregate banking facilities of approximately HK\$301,846,000, of which approximately HK\$206,425,000 was utilised, bearing interest at prevailing market rates and secured by certain land and buildings, investment property, restricted bank deposits and financial asset at fair value through profit and loss of the Group in Hong Kong, Mainland China and Singapore, with an aggregate carrying amount of HK\$148,961,000 (31st December 2022: HK\$320,633,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

## **FINANCIAL KEY PERFORMANCE INDICATORS**

The Group measures its business performance according to financial key performance indicators Gross Profit ratio (“**GP ratio**”), Net Profit ratio (“**NP ratio**”), Return on Equity ratio (“**ROE ratio**”) and Net Gearing ratio (“**NG ratio**”).

The GP ratio measures the Group's ability to cover its operational expenses by its gross profit. The GP ratio is calculated as gross profit divided by revenue. The Group's GP ratio was approximately 22.6% of 2023 (2022: 15.2%). The higher GP ratio was attributable to the shift of some new business to the commission income model where only the net income is recognized as revenue.

The NP ratio measures how effectively the Group can convert sales into net income. It reveals the remaining profit after the cost of goods sold, selling and distribution costs, administrative expenses, finance expenses and income tax expenses. It is calculated as profit for this year excluding share of post-tax profits/(losses) of associates divided by revenue. The Group's NP ratio was approximately 3.9% in 2023 (2022: 0.5%). The improvement in the NP ratio was contributed by substantial sales order from new energy car manufacturers.

The ROE ratio measures the efficiency of the Group to utilise the funds from equity holders to generate profit and grow the company. The ROE ratio is calculated as profit for the year divided by average equity. The Group's ROE ratio was approximately 2.5% in 2023 (2022: 1.7%). The improvement in ROE was attributable primarily to the above-mentioned improvement in profit.

The NG ratio measures the Group's financial leverage regarding the degree to which its business activities are funded by bank loans. The NG ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent and restricted bank deposits. The Group's NG ratio was approximately 28.7% as at 31st December 2023 (31st December 2022: 33.5%). The decrease in the NG ratio was attributable to the decrease in bank borrowing to lower finance costs.

## **FUTURE PLANS AND PROSPECTS**

The Chinese Government set the target GDP growth rate of 5% for 2024, with a focus on stimulating domestic consumption including new energy car and electronic products. The strategy to expand new energy car consumption involves developing more users in rural areas and replacing oil-powered cars with electric vehicles in the public transportation industry. The policy for foreign investment restriction in manufacturing sector will be relaxed. The government also promotes the replacement of old home appliance with green products. All these measures are expected to re-activate the manufacturing industry in 2024.

Chinese-made electric cars, lithium-ion batteries and photovoltaic products are known as “new trio” which are fastest-growing products in export. The production value in these industries is substantial and experiencing rapid growth. Leepport is committed to further exploring the business opportunities within these sectors. Furthermore, over the past year, the Company has introduced several new products, effectively expanding our product portfolio and market coverage. Moving forward, we are committed to continuously introducing new products in various applications, aiming to keep pace with the advancements in manufacturing technology in the Chinese market. Our focus remains on staying competitive and embracing the evolving landscape of China’s manufacturing industry.

The Sino-US relationship has shown signs of improvement recently. The export value of China has been satisfactory in the beginning of year 2024. Despite potential global economic instability resulting from geopolitical conflicts such as the Russian-Ukrainian and Israel-Palestine wars, we believe that the Chinese economy will surpass its performance in 2023. With this optimistic outlook, we have confidence that the Group’s business performance in 2024 will outperform that of 2023.

## **EMPLOYEES**

As at 31st December 2023, the Group had 226 employees (31st December 2022: 237). Of these, 43 were based in Hong Kong, 170 were based in mainland China, and 13 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees’ individual job duties, qualifications, performance and years of experience. In addition to basic salaries, pension scheme contribution in different countries, the Group offered staff benefits including medical schemes, education subsidies and discretionary performance bonuses.

## SHARE CAPITAL

### Share capital

|   | 2023<br><i>HK\$'000</i>                       | 2022<br><i>HK\$'000</i>              |
|---|---|--------------------------------------|
| Authorised:   |   |                                      |
| 1,000,000,000 ordinary shares of HK\$0.10 each      | <u>100,000</u>                                | <u>100,000</u>                       |
|   | <b>Number of<br/>shares<br/>(in thousand)</b> | Number of<br>shares<br>(in thousand) |
| Issued and fully paid:                              |   |                                      |
| At 1st January 2023 and 31st December 2022 and 2023 |   |                                      |
| 230,076,062 ordinary shares of HK\$0.10 each        | <u>230,076</u>                                | <u>230,076</u>                       |

### Share option scheme

At the annual general meeting of shareholders held on 15th May 2013, a share option scheme (the “**Scheme**”) was adopted by the Company. The Scheme would remain in force for 10 years from the date of its adoption on 15th May 2013 and has expired on 14th May 2023. As at 31st December 2023 and the date of this announcement, the Company has no share option scheme.

No share options were granted, cancelled, exercised or lapsed during the year ended 31st December 2023 and 2022.

## DETAILS OF THE CHARGES ON THE GROUP’S ASSETS

As at 31st December 2023, certain land and buildings, investment properties, restricted bank deposits and financial asset at fair value through profit and loss in Hong Kong and Mainland China, with an aggregate carrying value of approximately HK\$148,961,000 (31st December 2022: HK\$320,633,000), were pledged to secure the banking facilities of the Group.

## **CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES**

During the year 2023, the Group spent a total of HK\$1,629,000 (31st December 2022: HK\$1,317,000) in capital expenditure, primarily consisting of leasehold improvement and plant and equipment. As at 31st December 2023 and 31st December 2022, the Group had no capital commitment. In the meantime, a total of HK\$18,107,000 (31st December 2022: HK\$2,109,000) in contingent liabilities in respect of letters of guarantee was given to customers.

## **EXPOSURE OF FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

A substantial portion of the Group's revenue and purchases were denominated in foreign currencies, which are subject to exchange rate risks. The Group will use the foreign exchange received from its customers to settle payment to overseas suppliers. In the event that any material payment cannot be fully matched, the Group will enter into foreign currency forward contracts with its bankers to minimize the Group's exposure to foreign exchange rate risks.

As at 31st December 2023, the Group had no outstanding gross-settled foreign currency forward contract (2022: JPY332,880,000 for HKD18,993,000).

Foreign exchange gains and losses are calculated on the settlement of monetary transactions and on the translation of monetary assets and liabilities at the exchange rates of the end of the year.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year under review.

## **CORPORATE GOVERNANCE**

During the year ended 31st December 2023, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the then Code Provision C.2.1.

The Board is of the view that although Mr. Lee Sou Leung, Joseph is the Chairman and Group Chief Executive Officer of the Company, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the company. The Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES (“MODEL CODE”)**

For the year ended 31st December 2023, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31st December 2023 under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **AUDIT COMMITTEE**

The Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. WONG Tat Cheong, Frederick, Mr. ZAVATTI Samuel Mario and Mr. KARCHT Jurgen Ernst Max has reviewed the accounting principles and practices adopted by the Group with the management and has discussed risk management and internal control systems and financial reporting matters, including a review of the consolidated financial statements for the year ended 31st December 2023 with the directors.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS**

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31st December 2023. The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **2024 ANNUAL GENERAL MEETING**

It is proposed that the 2024 Annual General Meeting of the Company will be held on 26th June 2024 (Wednesday). A notice convening the 2024 Annual General Meeting will be published on the websites of the Stock Exchange and the Company in due course and will be dispatched to the shareholders of the Company accordingly.

By order of the Board  
**Leeport (Holdings) Limited**  
**LEE Sou Leung, Joseph**  
*Chairman*

Hong Kong, 25th March 2024

*As at the date of this announcement, the board of directors comprises 3 executive directors, namely Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley and Mr. POON Yiu Ming; and 3 independent non-executive directors, namely Mr. ZAVATTI Samuel Mario, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max.*

\* *For identification purpose only*