

Leepor**t**

力豐（集團）有限公司
LEEPORT (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00387)

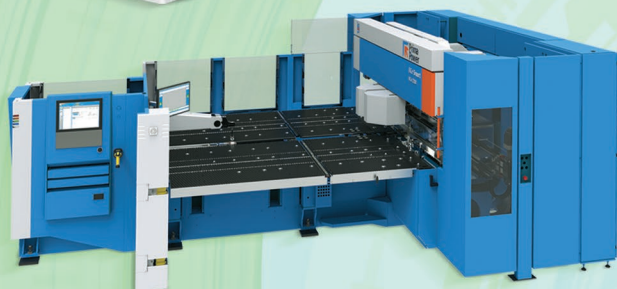


2024

INTERIM REPORT

**ADVANCED
MANUFACTURING
TECHNOLOGIES**

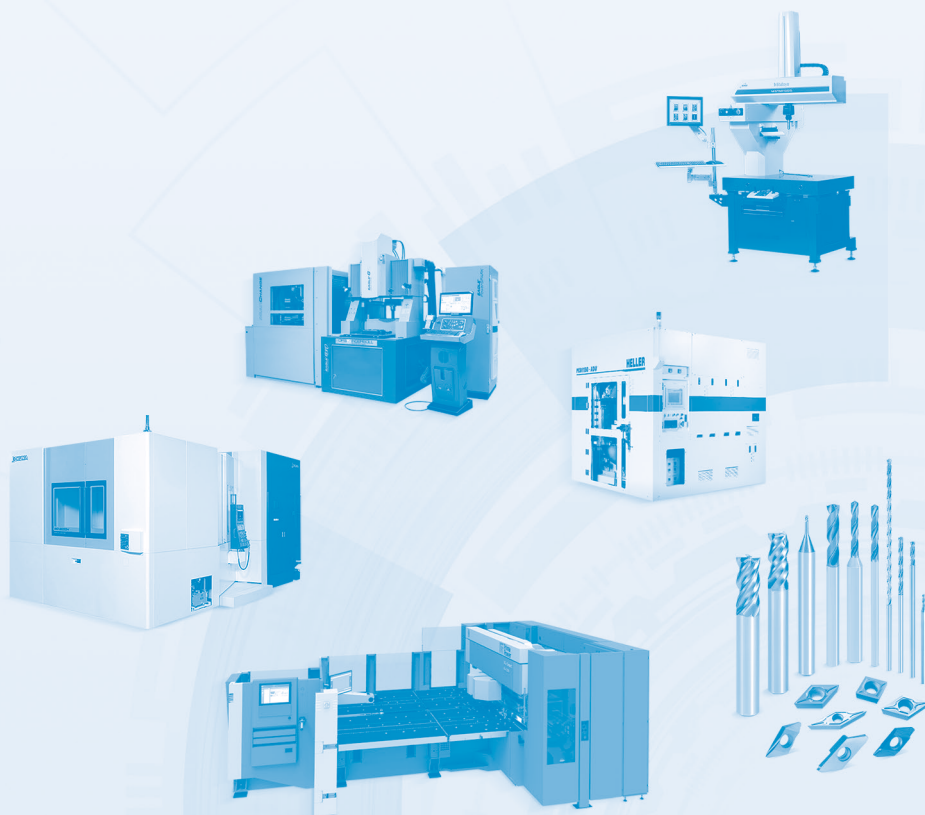
Since 1967



Contents

Pages

Management commentary	2
Condensed consolidated interim balance sheet	12
Condensed consolidated interim income statement	14
Condensed consolidated interim statement of comprehensive income	16
Condensed consolidated interim statement of changes in equity	17
Condensed consolidated interim statement of cash flows	19
Notes to condensed consolidated interim financial information	20



MANAGEMENT COMMENTARY

The Board of Directors (the “Directors”) of Leeport (Holdings) Limited (the “Company”) would like to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2024, along with the unaudited comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and which have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Revenue

In the first half of 2024, the Group’s revenue amounted to HK\$255,249,000 compared with HK\$409,610,000 in the same period last year, representing a decrease of 37.7%. Nevertheless, gross profit managed to land at HK\$67,246,000, similar in magnitude versus same period last year at HK\$67,887,000. The gross profit percentage was 26.3%, substantially higher than 16.6% in the same period last year. The contrasting trend in year-over-year revenue change versus change in gross profit % is attributable to the shift of significant portion of new business to the commission income model where only the net income is recognized as revenue.

Other Income and Gains

In the first half of 2024, the total amount of other income and gains was HK\$8,948,000, compared with HK\$2,405,000 in the same period last year, representing an increase of 272.1%.

In the first half of 2024, HK\$6,400,000 fair value gain on an financial asset at fair value through profit or loss was recognized whereas no fair value gain or loss was recorded at the same period last year.

Rental income was HK\$1,809,000 in the first half of 2024, compared with HK\$1,563,000 in the same period last year, representing an increase of 15.7%.

Reward income from suppliers was HK\$486,000, compared with HK\$431,000 in the same period last year, representing an increase of 12.8%.

In the first half of 2024, no profit or loss was recorded from derivative financial instruments, compared with a net loss HK\$402,000 in the same period last year.

Operating Expenses

In the first half of 2024, selling and distribution costs were HK\$9,383,000, compared with HK\$10,607,000 in the same period last year, representing a decrease of 11.5%.

In the first half of 2024, administrative expenses amounted to HK\$49,570,000, compared with HK\$49,437,000 in the same period last year.

Finance Costs – Net

Finance costs net of interest income were HK\$4,790,000 in the first half of 2024, compared with HK\$5,434,000 in the same period last year, representing a decrease of 11.9%.

Finance income in the first half of 2024 was HK\$808,000, compared with HK\$411,000 in the same period last year, representing an increase of 96.6%.

Finance costs in the first half of 2024 were HK\$5,598,000, compared with HK\$5,845,000 in the same period last year, representing a decrease of 4.2% despite year-over-year increase in market interest rate.

The Group's net gearing ratio was approximately 19.5% at the end of June 2024, compared with 28.7% at the end of December 2023.

Share of Post-tax Losses/Profits of Associates

The share of post-tax losses of associates in the first half of 2024 was HK\$5,511,000, compared with share of post-tax profits of associates amounted to HK\$953,000 in the same period last year. Both OPS-Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited recorded loss in first half of 2024.

Income Tax Expenses

Income tax expenses in the first half of 2024 amounted to HK\$401,000, compared with HK\$280,000 in the same period last year, representing an increase of 43.2%.

Profit Attributable to Owners of the Company and Earnings Per Share

In the first half of 2024, the profit attributable to owners of the Company was HK\$8,430,000, compared with a profit attributable to owners of the Company amounted to HK\$5,496,000 in the same period last year, representing an increase of 53.4%.

The operating profit for the trading business was HK\$19,130,000, compared with an operating profit of HK\$10,248,000 in the same period last year, representing an increase of 86.7%.

The basic earnings per share was HK3.66 cents, compared with a basic earnings per share of HK2.39 cents in the same period last year, representing an increase of 53.1%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6th September 2024 (Friday) to 10th September 2024 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order for members to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 5th September 2024 (Thursday).

Interim Dividend

The Board has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th June 2024 (2023: HK1 cent). The dividend will be paid to shareholders whose names appear on the register of members of the Company on 10th September 2024 (the "Record date"). The interim dividend is expected to be distributed to shareholders on or around 27th September 2024 (Friday).

BUSINESS REVIEW

Trading

Since the beginning of the year, the global economy has faced a variety of challenges. While the US economy has experienced a gradual slowdown, the Eurozone has shown a little improvement in economic growth. In the first half of 2024, China recorded a GDP growth of 5.0% which was lower than the growth of 5.2% recorded in 2023. Throughout the first half of 2024, China's Manufacturing Purchasing Managers Index (PMI) mostly lingered around 49, with notable exceptions in March and April, where it peaked at 50.8 and 50.4 respectively. Overall, the PMI pointed towards a shrinking economic environment. The overall economic outlook for China was weaker than anticipated.

The retail sales growth in China has decelerated due to the falling property prices, stagnant wage growth and cost-cutting measures across various industries. With the exception of certain sectors such as electronics equipment, new energy vehicles, lithium-ion batteries and photovoltaic products, the broader manufacturing industries in China faced notable challenges. Our customers were more cautious towards investing in new equipment.

In the first half of 2024, the import value of metallocutting machine tools in China decreased by 9.3% as compared with the same period last year, while the import value of metalforming machine tools dropped by 23.1%. We primarily sold machine tools from Japan and Europe.

Fortunately, our business continued to benefit from the new energy vehicles manufacturing segment. Both the machine tool business and electronics equipment business of the Group have shown improvements as compared to the same period last year. The service income also increased significantly in line with the increase of installations of new machine tools. The trading business of the Group recorded a satisfactory improvement as compared with the same period last year.

The total order intake of the Group in the first half of 2024 was HK\$480,038,000, compared with HK\$407,502,000 in the same period last year.

Investment

The economy in Europe was fragile during the first half of 2024. Although the associated company, OPS-Ingersoll Funkenerosion GmbH continued to report substantial losses, there was a positive trend in the company's order intake. Prima Power Suzhou Company Limited also experienced loss in the first half of 2024, which was primarily due to the lower sales volume resulting from fewer orders received in China since the last quarter of 2023. However, the order intake situation of Prima Power Suzhou Company Limited is expected to improve in the upcoming months of the year.

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash and cash equivalents as at 30th June 2024 was HK\$32,516,000 (31st December 2023: HK\$29,795,000).

The balance of inventory as at 30th June 2024 was HK\$72,418,000 (31st December 2023: HK\$80,209,000). In order to support the growth in business, the inventory level for cutting tools increased appropriately. The turnover days of inventory was 70 at the end of June 2024, compared with 54 at the end of December 2023.

The balance of trade and bills receivable as at 30th June 2024 was HK\$169,870,000 (31st December 2023: HK\$209,795,000). The turnover days of trade receivables was 121, compared with 109 as at 31st December 2023. The change in turnover days of trade receivables was attributable to change in trade mix. The Company maintains strict credit control over its customers and outstanding receivables to minimize credit default risk. Management assessed customers financial position, payment track record and forward-looking information for impairment provision by individual basis for those customers subject to relatively higher risk in receivable collection or by collective basis for those customers with relatively lower risk. Management believed that the impairment position as at 30th June 2024 was adequate.

The balance of trade and bills payable as at 30th June 2024 was HK\$62,389,000 (31st December 2023: HK\$78,770,000).

The balance of short-term borrowings as at 30th June 2024 was HK\$130,314,000 (31st December 2023: HK\$172,146,000). The reduction in the borrowing level was a reflection of the Group's efforts to reduce gearing.

The Group's net gearing ratio was approximately 19.5% as at 30th June 2024, compared with 28.7% as at 31st December 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 decrease in the net gearing ratio was due in part to the reduction in the Group's borrowing level.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 30th June 2024, the Group had aggregate banking facilities of approximately HK\$301,743,000, of which approximately HK\$143,099,000 was utilised, bearing interest at prevailing market rates and secured by certain land and buildings, investment properties, a financial asset at fair value through profit or loss, and restricted bank deposits of the Group in Hong Kong and Mainland China, with an aggregate carrying amount of HK\$149,072,000 (31st December 2023: HK\$148,961,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

FUTURE PLANS AND PROSPECTS

The Chinese Government sets the target GDP growth rate of 5% for 2024, emphasizing the "new quality productive forces" as the new driving force for economic growth. This refers to advanced productivity that breaks away from the traditional economic growth mode and paths of productivity development, which shows characteristics of high technology, high efficiency and high quality, signaling a significant advancement that the manufacturing industry should strive to achieve.

In the first half of 2024, the export value of China grew by 6.9% which was still a satisfactory figure.

The high-technology manufacturing industry of China recorded a growth of 8.7% in the first half of 2024. Electric vehicles, lithium-ion batteries and photovoltaic products, known as "new trio", remain pivotal elements within the manufacturing sector. The Chinese Government continues to offer subsidies for new energy vehicles as a substitute for traditional cars. With a business strategy focusing on high-end manufacturing, we foresee substantial business opportunities for the products of the Group.

We will continue to introduce the new products for the “new trio” industries. The smartphone and electronics equipment manufacturing sectors in China have also witnessed substantial growth. These industries will present excellent business opportunities for Leeport. Our further investment in the service team will involve expanding the engineering team, enhancing parts delivery and providing technical support to customers. The upgrade of our value-added services will be the driving force for business advancement.

Considering all these factors, we anticipate a rise in the order intake for the second half of the year. We are cautiously optimistic about the business outlook for the second half of 2024. If the operations of our associated companies continue to improve in the remaining part of the year, the overall financial performance of the Group for 2024 is likely to outperform that of 2023.

EMPLOYEES

As at 30th June 2024, the Group had 231 employees (31st December 2023: 226). Of these, 40 were based in Hong Kong, 179 were based in mainland China, and 12 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 and pension scheme contribution in different countries, the Group offered staff benefits including medical schemes, education subsidies and discretionary performance bonuses.

SHARE OPTION SCHEME

On 15th May 2013, a share option scheme (“the Scheme”) has been adopted in the annual general meeting held to replace the old scheme. Details of the Scheme are set out in the circular dated 15th April 2013. The Scheme would remain in force for 10 years from the date of its adoption on 15th May 2013 and has expired on 14 May 2023. As at 30th June 2024, the Company has no share option scheme.

No share options were granted, cancelled, exercised or lapsed during the period.

At no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors and chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares or underlying shares and/or debt securities, including debentures of the Company or any other body corporate.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 30th June 2024, certain land and buildings, investment properties, a financial asset at fair value through profit or loss and restricted bank deposits in Hong Kong and Mainland China, with an aggregate carrying value of approximately HK\$149,072,000 (31st December 2023: HK\$148,961,000), were pledged to secure the banking facilities of the Group by way of a fixed charge.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

For the first six months of 2024, the Group spent a total of HK\$111,000 (30th June 2023: HK\$1,019,000) in capital expenditure, primarily consisting of plant and equipment. As at 30th June 2024, the Group has capital commitment of HK\$2,367,000 (31st December 2023: Nil). In the meantime, a total of HK\$12,367,000 (31st December 2023: HK\$18,107,000) 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 30th June 2024, the Group had outstanding gross-settled foreign currency forward contracts to buy JPY175,000,000 for HK\$9,418,000 (2023: no outstanding gross-settled foreign currency forward contracts).

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 period.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CHANGE IN INFORMATION OF DIRECTOR

In accordance with Rule 13.51B(1) of the Listing Rules, the change in information required to be disclosed under Rule 13.51(2) is set out below:

The name of Mr. Zavatti Samuel Mario has been changed to Mr. Zavatti Salvatore with effect from 29 April 2024.

MAJOR AND CONNECTED TRANSACTION

On 10th May 2024, Leeport Machine Tool Company Limited as vendor (the “Vendor”) (an indirect wholly-owned subsidiary of the Company) and Mr. LEE Sou Leung, Joseph, a director of the Company, as purchaser (the “Purchaser”), entered into a sale and purchase agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase a property, which comprises a domestic unit for residential use together with a car parking space of Hong Kong Parkview (the “Property”) at a consideration of HK\$53,000,000 (the “Disposal”). It is believed that the Disposal would generate additional working capital for the Group, reduce gearing and finance costs of the Company and allow the Group to allocate more resources to the other existing businesses.

The Purchaser is an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board. As such, under Chapter 14A of the Listing Rules, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As at 30th June 2024, the Group received approximately HK\$10,000,000 of the net proceeds as deposit and has been used as general working capital of the Group. The completion date of the disposal was set at 15th July 2024.

As at 22nd August 2024, the date of this report, the net proceeds from Disposal has been fully utilised as follows:

- approximately HK\$29,612,000 has been used as general working capital of the Group
- approximately HK\$23,008,000 has been be used for distribution of the special dividend to the shareholders of the Company

The net proceeds have been applied in the manner consistent with that in the circular of the Company dated 3rd June 2024 (the “Circular”). Details of the Disposal have been disclosed in the Circular.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30th June 2024, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations and their associates (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules, were as follows:

		Number of ordinary shares of HK\$0.10 each held				Total	Percentage
		Personal Interests	Corporation interests	Other interests	Share options		
Mr. LEE Sou Leung, Joseph ("Mr. Lee")	Long position	25,176,000 shares	1,500,000 shares (Note(b))	144,529,982 shares (Note(a))	Nil	171,205,982 shares	74.41%
Mr. CHAN Ching Huen, Stanley ("Mr. Chan")	Long position	1,104,000 shares	Nil	Nil	Nil	1,104,000 shares	0.48%
Mr. ZAVATTI Salvatore ("Mr. Zavatti")	Long position	110,000 shares	Nil	Nil	Nil	110,000 shares	0.05%

- (a) The 144,529,982 shares are held by Peak Power Technology Limited in its capacity as the trustee of The Lee Family Unit Trust holding the same for the benefit of holders of units issued by The Lee Family Unit Trust. HSBC International Trustee Limited is the trustee of the LMT Trust whose discretionary objects are Ms. Tan Lisa Marie ("Ms. Tan") and Mr. Lee's family members. The aforesaid shares that Mr. Lee and Ms. Tan are deemed to be interested refer to the same parcel of shares. Ms. Tan is deemed to be interested in all the interests held by Mr. Lee, her husband.
- (b) 1,500,000 shares are registered in the name of J AND LEM Limited which is wholly-owned by Mr. Lee. Mr. Lee is deemed to be interested in these shares under SFO.

Save as disclosed above, as at 30th June 2024, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

At 30th June 2024, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the directors as disclosed above.

CORPORATE GOVERNANCE

During the six months ended 30th June 2024, the Company has complied with the code provisions set out in part 2 of the Corporate Governance Code as stated in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following:

Code Provision C.2.1

The Board is of the view that although Mr. Lee Sou Leung, Joseph is the Chairman and the 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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period ended 30th June 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and has discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial information for the six months ended 30th June 2024 and this report with the directors.

As at the date of this report, the executive directors of the Company are Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley and Mr. POON Yiu Ming, and the independent non-executive directors of the Company are Mr. ZAVATTI Salvatore, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max.

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

Hong Kong, 22nd August 2024

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE 2024

	Note	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Assets			
Non-current assets			
Plant and equipment	7	8,811	9,808
Right-of-use assets	7	186,748	242,161
Investment properties	7	77,489	77,722
Investments in associates	8	40,675	47,061
Loan to an associate	19(c)	17,752	15,792
Financial assets at fair value through other comprehensive income		10,989	10,989
Financial assets at fair value through profit or loss		61,686	55,179
Deferred income tax asset		5,657	5,657
		409,807	464,369
Current assets			
Inventories		72,418	80,209
Trade and bills receivables	9	169,870	209,795
Other receivables, prepayments and deposits		29,000	31,556
Derivative financial instruments		739	–
Restricted bank deposits		5,204	5,059
Cash and cash equivalents		32,516	29,795
		309,747	356,414
Assets classified as held for sale	11	53,000	–
Total current assets		362,747	356,414
Total assets		772,554	820,783

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30TH JUNE 2024

	Note	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	10	23,007	23,007
Other reserves		276,699	282,485
Retained earnings		178,774	177,167
		478,480	482,659
Non-controlling interests		(4,519)	(4,517)
Total equity		473,961	478,142
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		30,046	30,249
		30,046	30,249
Current liabilities			
Trade and bills payables	12	62,389	78,770
Other payables, accruals and contract liabilities		58,889	51,836
Borrowings	13	130,314	172,146
Lease liabilities		56	46
Tax payable		8,846	9,594
Dividend payable		8,053	–
		268,547	312,392
Total liabilities		298,593	342,641
Total equity and liabilities		772,554	820,783

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

		Unaudited Six months ended 30th June	
	Note	2024 HK\$'000	2023 HK\$'000
Revenue	6	255,249	409,610
Cost of goods sold		(188,003)	(341,723)
Gross profit		67,246	67,887
Other income and gains – net		8,948	2,405
Selling and distribution costs		(9,383)	(10,607)
Administrative expenses		(49,570)	(49,437)
Net impairment reversal on financial assets		1,889	–
Operating profit	14	19,130	10,248
Finance income		808	411
Finance costs		(5,598)	(5,845)
Finance costs – net		(4,790)	(5,434)
Share of post-tax (losses)/profits of associates	8	(5,511)	953
Profit before income tax		8,829	5,767
Income tax expense	15	(401)	(280)
Profit for the period		8,428	5,487
Profit attributable to owners of the Company		8,430	5,496
Loss attributable to non-controlling interests		(2)	(9)
		8,428	5,487

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

	Note	Unaudited Six months ended 30th June	
		2024 HK cents per share	2023 HK cents per share
Earnings per share attributable to owners of the Company			
Basic earnings per share	16	3.66	2.39

The above condensed consolidated interim income statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Profit for the period	8,428	5,487
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain on revaluation of land and buildings	433	–
Movement of deferred tax	203	16
	636	16
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(5,192)	(4,732)
	(5,192)	(4,732)
Other comprehensive loss, net of tax	(4,556)	(4,716)
Total comprehensive income for the period	3,872	771
Total comprehensive income attributable to owners of the Company	3,874	564
Total comprehensive (loss)/income attributable to non-controlling interests	(2)	207
	3,872	771

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

	Unaudited									
	Attributable to owners of the Company								Non-Controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Land and building revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1st January 2024	23,007	37,510	242,676	(12,350)	3,339	11,310	177,167	482,659	(4,517)	478,142
Comprehensive income										
Profit for the period	-	-	-	-	-	-	8,430	8,430	(2)	8,428
Other comprehensive income/(loss)										
Revaluation of right-of-use assets	-	-	433	-	-	-	-	433	-	433
Movement of deferred tax	-	-	203	-	-	-	-	203	-	203
Transfer of land and building revaluation reserve to retained earnings upon depreciation of buildings	-	-	(1,230)	-	-	-	1,230	-	-	-
Currency translation differences	-	-	(232)	(4,960)	-	-	-	(5,192)	-	(5,192)
Total comprehensive income/(loss) for the period ended 30th June 2024	-	-	(826)	(4,960)	-	-	9,660	3,874	(2)	3,872
Transaction with owners, recognised directly in equity										
Dividend payable relating to 2023	-	-	-	-	-	-	(8,053)	(8,053)	-	(8,053)
Total transaction with owners, recognised directly in equity	-	-	-	-	-	-	(8,053)	(8,053)	-	(8,053)
Balance at 30th June 2024	23,007	37,510	241,850	(17,310)	3,339	11,310	178,774	478,480	(4,519)	473,961

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

	Unaudited									
	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Land and building revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
Balance at 1st January 2023	23,007	37,510	241,645	(8,325)	739	11,310	169,117	475,003	(5,113)	469,890
Comprehensive income										
Profit for the period	-	-	-	-	-	-	5,496	5,496	(9)	5,487
Other comprehensive income/(loss)										
Movement of deferred tax	-	-	16	-	-	-	-	16	-	16
Transfer of land and building revaluation reserve to retained earnings upon depreciation of buildings	-	-	(1,367)	-	-	-	1,367	-	-	-
Currency translation differences	-	-	(579)	(4,369)	-	-	-	(4,948)	216	(4,732)
Total comprehensive income/(loss) for the period ended 30th June 2023	-	-	(1,930)	(4,369)	-	-	6,863	564	207	771
Transaction with owners, recognised directly in equity										
Dividend payable relating to 2022	-	-	-	-	-	-	(2,301)	(2,301)	-	(2,301)
Total transaction with owners, recognised directly in equity	-	-	-	-	-	-	(2,301)	(2,301)	-	(2,301)
Balance at 30th June 2023	<u>23,007</u>	<u>37,510</u>	<u>239,715</u>	<u>(12,694)</u>	<u>739</u>	<u>11,310</u>	<u>173,679</u>	<u>473,266</u>	<u>(4,906)</u>	<u>468,360</u>

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

	Note	Unaudited Six months ended 30th June	
		2024 HK\$'000	2023 HK\$'000
Cash flow from operating activities			
Cash generated from operations		53,411	26,712
Interest paid		(5,598)	(5,845)
Income tax paid		(1,149)	(477)
Net cash generated from operating activities		46,664	20,390
Cash flow from investing activities			
Purchase of plant and equipment	7	(169)	(1,019)
Net (drawdown of)/repayment of loan to an associate		(2,013)	4,285
Interest received		808	411
Net cash (used in)/generated from investing activities		(1,374)	3,677
Cash flows from financing activities			
Dividends paid to the Company's shareholders		–	(18,406)
Net repayment to collateralised borrowings and bank loans	13	(41,722)	(51,312)
Increase in restricted bank deposits		(145)	(1,712)
Principal elements of lease liabilities		(49)	(24)
Net cash used in financing activities		(41,916)	(71,454)
Net increase/(decrease) in cash and cash equivalents		3,374	(47,387)
Cash and cash equivalents at beginning of the period		29,795	63,438
Effect of the exchange rate for the period		(653)	(2,442)
Cash and cash equivalents at end of the period		32,516	13,609

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Leeport (Holdings) Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the trading of metalworking machinery, measuring instruments, cutting tools and electronic equipment.

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22nd August 2024.

These condensed consolidated interim financial information has not been audited.

2 Basis of preparation

These unaudited condensed consolidated interim financial information for the six months ended 30th June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31st December 2023, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standard as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Accounting policies (Continued)

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2023.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2023.

There have been no changes in the risk management since year end or in any risk management policies.

5 Financial risk management (Continued)

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data.

See Note 7 for disclosure of the plant and equipment, right-of-use assets and investment properties that are measured at fair value.

The following table presents the Group's assets and liabilities that are measured at fair value at 30th June 2024.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Derivative financial instruments	–	739	–	739
Financial assets at fair value through other comprehensive income				
– unlisted securities	–	–	10,989	10,989
Financial assets at fair value through profit or loss				
– unlisted securities	–	–	55,000	55,000
– unlisted key management insurance contract	–	–	6,686	6,686
	<u>–</u>	<u>739</u>	<u>72,675</u>	<u>73,414</u>

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31st December 2023.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through other comprehensive income				
– unlisted securities	–	–	10,989	10,989
Financial asset at fair value through profit or loss				
– unlisted securities	–	–	48,600	48,600
– unlisted key management insurance contract	–	–	6,579	6,579
	<u>–</u>	<u>–</u>	<u>6,579</u>	<u>6,579</u>
	<u>–</u>	<u>–</u>	<u>66,168</u>	<u>66,168</u>

The Group's unlisted securities were revalued at 31st December 2023. The directors considered that there were no significant changes in the values since previous annual reporting date.

There were no transfers between Levels 1, 2 and 3 during the period.

There were no changes in valuation techniques during the period.

During the period, there were fair value gains of HK\$6,400,000 and HK\$100,000 from unlisted securities and unlisted key management insurance contract respectively recognised in the condensed consolidated interim income statement and presented net within "other income and gains – net", due to appreciation in fair value of unlisted securities and unlisted key management insurance contract.

5 Financial risk management (Continued)

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 trading derivatives comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in active market. The effects of discounting are generally insignificant for Level 2 derivatives.

5.5 Valuation techniques used to derive Level 3 fair values

Fair values of unlisted securities of the Group are generally determined by the market approach, using the valuation multiples of comparable companies in the market and the financial information of the unlisted securities as at balance sheet date. The key unobservable data includes Enterprise value/Earnings before interest, tax, depreciation and amortization (EV/EBITDA) ratios and/or price-to-revenue ratios of the comparable companies and discount for lack of marketability. A raise in EV/EBITDA ratios and/or price-to-revenue ratios or a fall in discount for lack of marketability, all changes taken in isolation, would lead to an increase of the fair value of unlisted securities.

Fair value of unlisted insurance policy investment that was not traded in an active market was considered to be the cash surrender value of the insurance policy.

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and bills receivables
- Other receivables and deposits
- Loan to an associate
- Restricted bank deposits
- Cash and cash equivalents
- Trade and bills payables
- Other payables and accruals
- Borrowings
- Lease liabilities

6 Segment information

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

The Board considers the business from a geographic region perspective. Geographically, management considers the performance in the People's Republic of China ("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 electronic equipment in three main geographical areas, namely Mainland China, Hong Kong and other countries and territories (principally Singapore, Taiwan, Malaysia and Indonesia). The "Mainland China" segment, for the purpose of this condensed consolidated interim financial information, excludes Hong Kong and Taiwan.

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

	Unaudited Six months ended 30th June 2024			
	Mainland China HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	<u>242,606</u>	<u>6,157</u>	<u>6,486</u>	<u>255,249</u>
Segment results	<u>13,823</u>	<u>3,594</u>	<u>1,713</u>	<u>19,130</u>
Finance income				808
Finance costs				(5,598)
Share of post-tax losses of associates				(5,511)
Profit before income tax				8,829
Income tax expense				(401)
Profit for the period				<u>8,428</u>

6 Segment information (Continued)

	Unaudited Six months ended 30th June 2023			
	Mainland China HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	360,188	33,614	15,808	409,610
Segment results	8,153	2,321	(226)	10,248
Finance income				411
Finance costs				(5,845)
Share of post-tax profits of associates				953
Profit before income tax				5,767
Income tax expense				(280)
Profit for the period				5,487

6 Segment information (Continued)

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 follow:

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Sales of goods	215,160	406,608
Commission income	28,677	–
Service income	11,412	3,002
	255,249	409,610

During the six months ended 30th June 2024, commission income of sales of approximately HK\$28,677,000 (2023: Nil) was new revenue model from second half of 2023 which was recognised when technical support and agency services in respect of trading between certain business partners, were rendered.

During the six months ended 30th June 2024, revenues of approximately HK\$28,677,000 (2023: HK\$210,706,000) were derived from one customer (2023: one), which individually accounted for over 10% of the Group's total revenue.

As at 30th June 2024, contract liabilities of HK\$32,384,000 (31st December 2023: HK\$23,513,000) 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 six months ended 30th June 2024, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue. Increase in contract liabilities is mainly due to the increase in sales orders with advanced payments.

The provision for slow moving inventories for the six months ended 30th June 2024 are HK\$944,000 (2023: HK\$2,177,000).

6 Segment information (Continued)

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Segment assets:		
Mainland China	372,582	409,020
Hong Kong	336,584	325,749
Other countries and territories (Note (a))	63,388	86,014
	772,554	820,783

Segment assets are allocated by reference to the principal markets in which the Group operates.

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Segment liabilities:		
Mainland China	210,620	233,277
Hong Kong	69,607	54,036
Other countries and territories (Note (b))	18,366	55,328
	298,593	342,641

Segment liabilities are allocated by reference to the principal markets in which the Group operates.

The depreciation of plant and equipment and right-of-use assets for the six months ended 30th June 2024 are HK\$3,830,000 (2023: HK\$4,853,000).

6 Segment information (Continued)

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Capital expenditure:		
Mainland China	111	281
Hong Kong	–	1,341
Other countries and territories (Note (b))	–	7
	<u>111</u>	<u>1,629</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 mainly include Germany, Taiwan, Singapore, Indonesia and Malaysia.
- (b) Other countries and territories mainly include Taiwan, Singapore, Indonesia and Malaysia.

7 Plant and equipment, right-of-use assets and investment properties

	Right-of-use assets HK\$'000	Unaudited Plant and equipment HK\$'000	Investment properties HK\$'000
As at 1st January 2024	242,161	9,808	77,722
Additions	58	111	–
Depreciation (Note 14)	(2,760)	(1,070)	–
Exchange differences	(144)	(38)	(233)
Revaluation gain	433	–	–
Transfer to asset classified as held for sales	(53,000)	–	–
As at 30th June 2024	<u>186,748</u>	<u>8,811</u>	<u>77,489</u>
As at 1st January 2023	249,227	10,805	77,123
Additions	–	1,019	–
Depreciation (Note 14)	(3,758)	(1,095)	–
Exchange differences	(349)	(32)	(33)
As at 30th June 2023	<u>245,120</u>	<u>10,697</u>	<u>77,090</u>

At 30th June 2024, the Group's right-of-use assets includes land and buildings of HK\$186,693,000 (31st December 2023: HK\$242,116,000) and leased properties of HK\$55,000 (31st December 2023: HK\$45,000).

At 30th June 2024, the Group has entered into capital commitments of HK\$2,367,000 in relation to purchase of plant and equipment (31st December 2023: Nil).

The Group's land and buildings and investment properties were revalued at 31st December 2023. The directors considered that there were no significant changes in the values since previous annual reporting date.

Bank borrowings are secured on land and buildings and investment properties with a carrying amount of HK\$72,532,000 and HK\$64,650,000 (31st December 2023: HK\$72,673,000 and HK\$64,650,000) (Note 13).

8 Investments in associates

Movements of investments in associates are as follows:

	Unaudited	
	30th June 2024 HK\$'000	30th June 2023 HK\$'000
Beginning of the period	47,061	62,243
Share of post-tax (losses)/profits of associates	(5,511)	953
Currency translation difference	(875)	31
End of the period	40,675	63,227

9 Trade and bills receivables

At 30th June 2024 and 31st December 2023, the ageing analysis of trade and bills receivables by invoice date are as follows:

	Unaudited	Audited
	30th June 2024 HK\$'000	31st December 2023 HK\$'000
Within 3 months	101,728	177,823
4 – 6 months	4,131	7,443
7 – 12 months	60,576	14,564
Over 12 months	7,365	15,883
	173,800	215,713
Less: provision for impairment	(3,930)	(5,918)
	169,870	209,795

9 Trade and bills receivables (Continued)

At 30th June 2024 and 31st December 2023, the ageing analysis of trade and bills receivables by due date are as follows:

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Current	163,253	186,529
1 – 3 months	5,288	12,510
4 – 6 months	1,090	5,871
7 – 12 months	191	4,918
Over 12 months	3,978	5,885
	173,800	215,713
Less: provision for impairment	(3,930)	(5,918)
	169,870	209,795

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.

10 Share capital

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
	Number of shares (in thousand)	Share capital HK\$'000
Issued and fully paid:		
At 30th June 2023, 1st January 2024, and 30th June 2024	230,076	23,007

11 Assets classified as held for sale

On 10th May 2024, Leeport Machine Tool Company Limited as vendor (the "Vendor") (an indirect wholly-owned subsidiary of the Company) and Mr. LEE Sou Leung, Joseph, a director of the Company, as purchaser (the "Purchaser"), entered into a sale and purchase agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase a property, which comprises a domestic unit for residential use together with a car parking space of Hong Kong Parkview (the "Property") at a consideration of HK\$53,000,000. The disposal was completed on 15th July 2024, and as a result the relevant right-of-use assets were classified as assets held for sale in the condensed consolidated interim balance sheet as at 30th June 2024.

12 Trade and bills payables

At 30th June 2024 and 31st December 2023, the ageing analysis of the trade and bills payables by due date are as follows:

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Current	47,401	60,599
1 – 3 months	2,565	6,361
4 – 6 months	2,193	5,616
7 – 12 months	2,564	–
Over 12 months	7,666	6,194
	62,389	78,770

13 Borrowings

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Current		
Trust receipt loans	68,471	80,300
Term loans from banks due for repayment within one year	61,843	91,846
Total borrowings	130,314	172,146

Bank borrowings are secured by certain land and buildings, investment properties (Note 7), restricted bank deposits and a financial asset at fair value through profit or loss of the Group.

13 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	Unaudited HK\$'000
As at 1st January 2024	172,146
Repayments of borrowings	(128,052)
Proceeds from borrowings	86,330
Exchange difference	(110)
As at 30th June 2024	130,314
	Unaudited HK\$'000
As at 1st January 2023	231,948
Repayments of borrowings	(129,640)
Proceeds from borrowings	78,328
Exchange difference	(725)
As at 30th June 2023	179,911

14 Operating profit

The following items have been charged to the operating profit during the period:

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	185,299	337,256
Depreciation on plant and equipment	1,070	1,095
Depreciation on right-of-use assets	2,760	3,758
Employee benefits expenses (including directors' remuneration)	28,689	29,140
Foreign exchange losses, net	5,829	2,146
Short-term leases	548	248
Provision for slow moving inventories	944	2,177
Professional fee	2,572	3,989

15 Income tax expense

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

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Current income tax:		
– Mainland China and overseas taxation	401	280
	401	280

Income tax expense is recognised based on management's best estimate of the projected annual effective income tax rate which is expected for the full financial year.

No provision for Hong Kong profits tax has been made as the Group has tax loss brought forward to set off against current period tax provision (2023: Nil).

Enterprise income tax ("EIT") in Mainland China has been provided at the rate of 25% (2023: 25%) on the estimated assessable profit for the period with certain preferential provisions.

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

16 Earnings per share

(a) Basic

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

	Unaudited Six months ended 30th June	
	2024	2023
Profit from continuing operations attributable to owners of the Company (HK\$'000)	8,430	5,496
Weighted average number of ordinary shares in issue (in thousands)	230,076	230,076
Basic earnings per share attributable to owners of the Company (HK cents per share)	3.66	2.39

(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 for the period ended 30th June 2024 and 2023, hence no diluted earnings per share was presented.

17 Dividends

A final dividend of HK\$8,053,000 that relates to the year ended 31st December 2023 was payable as at 30th June 2024. (2023: final dividend of HK\$2,301,000 that relates to the year ended 31st December 2022 was payable as at 30th June 2023).

The Board has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th June 2024 (2023: HK1 cent). The dividend will be paid to shareholders whose names appear on the register of members of the Company on 10th September 2024. This dividend was declared after the end of the reporting period, and therefore it has not been included as a liability in the condensed consolidated statement of financial position.

18 Contingent liabilities

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Letters of guarantee given to customers	12,367	18,107

Certain subsidiaries have given undertakings to banks that they will perform certain contractual non-financial obligations to third parties. In return, the banks have provided letters of guarantee to third parties on behalf of these subsidiaries.

19 Related party transactions

The Group is controlled by Peak Power Technology Limited (incorporated in the British Virgin Islands), which owns 62.8% of the Company's shares. The remaining 37.2% of the shares are widely held.

Other than those as disclosed in other notes to the condensed consolidated interim financial information, the Group has entered into the following significant transactions with related parties during the period:

(a) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee service is shown below:

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Salaries and other short-term employee benefits	4,133	3,278
Pension costs – defined contribution plans	36	45
	4,169	3,323

19 Related party transactions (Continued)

(b) Sales and purchase of goods and services

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Purchase of goods from an associate – Prima Power Suzhou Co., Ltd.	2,471	1,456

The transaction price was determined by the directors and agreed with the related parties.

(c) Loan to an associate

The balance represents a loan effectively made to OPS-Ingersoll Holding GmbH ("OPS"). The loan is unsecured, interest bearing at 6% per annum and will not be repaid within the next twelve months from the reporting date. During the period, interest received from OPS amounted to HK\$574,000 (2023: HK\$386,000).

As at 30th June 2024, the carrying value of the loan to an associate was HK\$17,752,000 (31st December 2023: HK\$15,792,000). Based on the assessment on the recoverability of the balance, loss allowance of HK\$677,000 (31st December 2023: HK\$624,000) was provided.