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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)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF A JOINT VENTURE FOR THE MANUFACTURING OF SHEETMETAL PROCESSING MACHINERY

On 28 August 2013, the Board approved the application for the establishment of the JV Company through its indirect wholly-owned subsidiary, Leeport Machine Tool together with Prima and Jinghai. The JV Company will engage in the manufacturing of sheetmetal processing machinery in the PRC.

Leeport Machine Tool will inject RMB9.50 million (equivalent to approximately HK\$12.00 million) by cash into the registered capital of the JV Company within two years from the date of the establishment of the JV Company and will own 19% of its equity interests. The Group will finance its capital contribution to the JV Company from its internal resources.

As the relevant applicable percentage ratios for the establishment of the JV Company exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the establishment of the JV Company constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The establishment of the JV Company is subject to, among other things, all necessary approvals and consents from the relevant PRC governmental and regulatory authorities, which may or may not be forthcoming. Investors or prospective investors are advised to exercise caution in investing or dealing in the shares of the Company.

INTRODUCTION

The Board is pleased to announce that on 28 August 2013, it approved the application for the establishment of the JV Company (subject to the approval of the relevant PRC authorities) through its indirect wholly-owned subsidiary, LEEPOT Machine Tool together with Prima and Jinghai in Suzhou, Jiangsu Province, the PRC with a registered capital of RMB50.00 million (equivalent to approximately HK\$63.13 million).

APPLICATION FOR ESTABLISHMENT OF THE JV COMPANY

The application, which will be submitted to the PRC governmental and regulatory authorities for approval, consists of the following principal terms and conditions:

Shareholders

- (1) LEEPOT Machine Tool;
- (2) Prima; and
- (3) Jinghai

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Prima and Jinghai and its ultimate beneficial owner(s) are Independent Third Parties.

Registered Capital

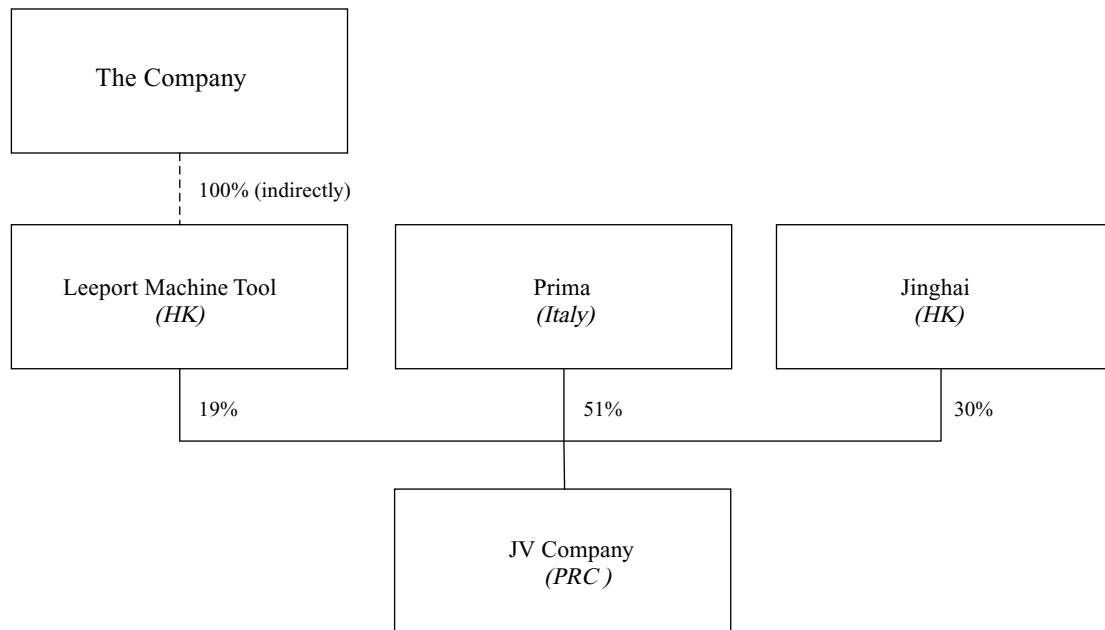
The registered capital of the JV Company in the sum of RMB50.00 million (equivalent to approximately HK\$63.13 million) will be contributed by the parties in proportion to their equity interests in the JV Company as follows:

- (1) 19% (equivalent to RMB9.5 million (approximately HK\$12.00 million)) by LEEPOT Machine Tool;
- (2) 51% (equivalent to RMB25.5 million (approximately HK\$32.20 million)) by Prima; and
- (3) 30% (equivalent to RMB15 million (approximately HK\$18.93 million)) by Jinghai.

The capital contribution shall be made in cash within two years from the date of establishment of the JV Company.

The Group will finance its capital contribution to the JV Company from its internal resources and account for its investment in the JV Company as an investment in associate by equity method.

Upon the establishment of the JV Company and payment of the contributions to its registered capital, Leeport Machine Tool, Prima and Jinghai will respectively own 19%, 51% and 30% of the equity interests of the JV Company. The corporate structure of the JV Company will be as follows:



The initial term of operation of the JV Company will be 10 years from the date of the issue of its business license.

Scope of business

The JV Company will primarily engage in the manufacturing of machinery for sheet metal production including but not limited to laser machines, punching machines and bending machines.

Board composition of the JV Company

The board of directors of the JV Company shall comprise nine directors, four of whom shall be nominated by Prima, two by Jinghai and one by Leeport Machine Tool. There will also be two independent directors. The chairman of the board of directors shall be selected among the directors nominated by Prima and the vice-chairman shall be elected selected among the directors nominated by Jinghai.

The directors shall have a term of office for three years and may be re-appointed upon expiry of the term.

Transfer of equity interests

In case any shareholder intends to sell and transfer its equity interests either in whole or partially, the other shareholders will have the priority to purchase the shares in proportion to the percentage of their equity interests. Only if the other shareholders fail to reply to the offer by the selling shareholder or communicate to the selling shareholder that they have no interest in purchasing the shares on the terms and conditions offered by the selling shareholder within a specific period of time, the selling shareholder may sell and transfer the equity interests, which is the subject matter of the offer, to other parties who are not the shareholders of the JV Company on the same terms and conditions as it offered to the other shareholders.

INFORMATION OF THE PARTIES

Leeport Machine Tool is a limited company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company.

Prima is a company established under the laws of Italy and listed on the Italian Stock Exchange. The group of companies of Prima is the leading specialist in developing, manufacturing and marketing of laser systems for industrial applications, sheet metal processing machinery, and industrial electronics and laser sources.

Jinghai is a limited company incorporated in Hong Kong and principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Group is principally engaged in the business of distribution and maintenance of wide-range of machine tools, precision measuring instruments, cutting tools, electronics equipment, professional tools and other machinery for the manufacturing industry in Hong Kong, the PRC and South East Asia.

The establishment of the JV Company reflects the strategy of the Company of collaborating with other leading manufacturers of manufacturing equipment and tools around the world, leveraging the Group's strong financial position and solid experience in high-end manufacturing equipment and tools. The Group will be responsible for the distribution and after-sale services of the products manufactured by the JV Company via its extensive distribution networks in the PRC.

The Directors are of the view that the establishment of the JV Company is in the usual and ordinary course of business of the Group and that the terms and conditions in connection with the establishment of the JV Company as agreed by the parties are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the establishment of the JV Company and was required to abstain from voting on the relevant board resolution of the Company approving the application for the establishment of the JV Company and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

As the relevant applicable percentage ratios for the establishment of the JV Company exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the establishment of the JV Company constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The establishment of the JV Company is subject to, among other things, all necessary approvals and consents from the relevant PRC governmental and regulatory authorities, which may or may not be forthcoming. Investors or prospective investors are advised to exercise caution in investing or dealing in the shares of the Company.

DEFINITIONS

In this announcement the following words have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day (not a Saturday) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“Company”	Leeport (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 387)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Jinghai”	Jinghai Group (Hong Kong) Limited, a limited company incorporated under the laws of Hong Kong
“JV Company”	a limited liability company to be incorporated in the PRC and named Prima Power Suzhou Company Limited (普瑪寶鈹金設備(蘇州)有限公司), the equity capital of which will be owned as to 19% by Leeport Machine Tool, 51% by Prima and 30% by Jinghai
“Leeport Machine Tool”	Leeport Machine Tool Company Limited, a limited company incorporated in Hong Kong and indirectly wholly-owned by the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Prima”	Prima Industrie S.p.A., a company established under the laws of Italy and listed on the Italian Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

All amounts in RMB have been translated into HK\$ at the rate of HK\$1.00 to RMB0.792 in this announcement for illustration purpose only.

By Order of the Board
Leeport (Holdings) Limited
Lee Sou Leung, Joseph
Chairman

Hong Kong, 28 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley, Mr. WONG Man Shun, Michael; the non-executive director is Dr. LUI Sun Wing and the independent non-executive directors are Mr. PIKE, Mark Terence, Mr. NIMMO, Walter Gilbert Mearns and Dr. LEE Tai Chiu.

* *For identification purpose only*