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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2015**

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 2015, 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.

INTERIM DIVIDEND

The Directors has resolved to declare an interim dividend of HK3.5 cents per ordinary share for the six months ended 30th June 2015 to shareholders whose names appear on the register of members of the Company on 7th October 2015 (2014: Nil). The interim dividend will be payable on or around 16th October 2015.

* *For identification purpose only*

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2015

		Unaudited	
		Six months ended 30th June	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales	3	339,731	331,207
Cost of goods sold		<u>(274,199)</u>	<u>(266,133)</u>
Gross profit		65,532	65,074
Other income and gains – net		9,612	9,937
Selling and distribution costs		(16,120)	(16,250)
Administrative expenses		<u>(53,939)</u>	<u>(63,308)</u>
Operating profit/(loss)	4	5,085	(4,547)
Finance income		1,436	1,405
Finance costs		<u>(1,483)</u>	<u>(2,179)</u>
Finance costs – net		(47)	(774)
Share of post-tax profits of associates		<u>9,551</u>	<u>8,471</u>
Profit before income tax		14,589	3,150
Income tax expense	5	<u>(1,414)</u>	<u>(307)</u>
Profit for the period		<u>13,175</u>	<u>2,843</u>
Attributable to owners of the Company		<u>13,175</u>	<u>2,843</u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH JUNE 2015

		Unaudited	
		Six months ended 30th June	
		2015	2014
		<i>HK cents</i>	<i>HK cents</i>
	<i>Note</i>	<i>per share</i>	<i>per share</i>
Earnings per share attributable to owners of the Company			
Basic earnings per share	7	5.93	1.28
Diluted earnings per share	7	<u>5.88</u>	<u>1.28</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2015

	Unaudited	
	Six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	13,175	2,843
Other comprehensive (loss)/income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences	–	8,305
Movement of deferred tax	418	407
	418	8,712
<i>Items that may be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets, net of tax	3,214	7,109
Currency translation differences	(2,546)	(1,286)
Share of other comprehensive (loss)/income of associates	(1,831)	1,309
	(1,163)	7,132
Other comprehensive (loss)/income, net of tax	(745)	15,844
Total comprehensive income for the period attributable to owners of the Company	12,430	18,687

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE 2015

		Unaudited	Audited
		30th June	31st December
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		185,981	187,168
Leasehold land		8,725	8,895
Investment property		40,400	40,400
Investments in associates		91,487	81,482
Loan to an associate		26,858	28,281
Prepayments		16,811	7,449
		<u>370,262</u>	<u>353,675</u>
Current assets			
Inventories		61,750	80,899
Trade receivables and bills receivables	8	109,424	106,073
Other receivables, prepayments and deposits		20,228	20,618
Available-for-sale financial assets		34,641	22,122
Derivative financial instruments		982	25
Amount due from an associate		–	234
Restricted bank deposits		41,669	56,905
Cash and cash equivalents		68,181	58,737
		<u>336,875</u>	<u>345,613</u>
Total assets		<u>707,137</u>	<u>699,288</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30TH JUNE 2015

		Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
	<i>Note</i>		
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		22,367	22,193
Other reserves		157,475	158,377
Retained earnings			
– Proposed dividend		7,829	7,768
– Others		168,605	160,795
		356,276	349,133
Total equity		356,276	349,133
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		23,206	23,315
Current liabilities			
Trade payables and bills payables	9	141,074	107,270
Other payables, accruals and deposits received		82,189	70,792
Derivative financial instruments		132	3,749
Borrowings	10	102,823	144,390
Tax payable		1,302	639
Amount due to an associate		135	–
		327,655	326,840
Total liabilities		350,861	350,155
Total equity and liabilities		707,137	699,288
Net current assets		9,220	18,773
Total assets less current liabilities		379,482	372,448

NOTES

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30th June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after 1st January 2015 that either have no significant impact or are not currently relevant to the Group:

HKAS 19 (Amendment) Annual Improvements Project	Defined Benefit Plans: Employee Contributions Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle
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The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1st January 2015 that not currently relevant to the Group and have not been early adopted:

HKAS 1 Amendment	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ¹
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue of Contracts from Customers ²
HKFRS 9 (2014)	Financial Instrument ³
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ¹

¹ Effective for the Group for the annual periods beginning on or after 1st January 2016

² Effective for the Group for the annual periods beginning on or after 1st January 2017

³ Effective for the Group for the annual periods beginning on or after 1st January 2018

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations that have been issued but are not effective for annual periods beginning on or after 1st January 2015, and does not expect there will be a significant impact to the Group’s consolidated financial statements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, represented by 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 (the "PRC"), Hong Kong and other countries.

The Group is principally engaged in the trading, installation and provision of after-sales service of metalworking machinery, measuring instruments, cutting tools and electronic equipment in three main geographical areas, namely the PRC, Hong Kong and other countries (principally Taiwan, Singapore, Macau, Malaysia and Indonesia). The PRC, for the purpose of this condensed consolidated interim financial information, excludes Hong Kong, Taiwan and Macau.

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 the PRC. The Group's sales by geographical location are determined by the country in which the customer is located.

	Unaudited			
	Six months ended 30th June 2015			
	The PRC	HK	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales	<u>286,970</u>	<u>42,653</u>	<u>10,108</u>	<u>339,731</u>
Segment results	<u>6,330</u>	<u>423</u>	<u>(1,668)</u>	5,085
Finance costs – net				(47)
Share of profit of associates				<u>9,551</u>
Profit before income tax				14,589
Income tax expense				<u>(1,414)</u>
Profit for the period				<u>13,175</u>

3. SEGMENT INFORMATION (Continued)

	Unaudited			Total <i>HK\$'000</i>
	The PRC <i>HK\$'000</i>	HK <i>HK\$'000</i>	Others <i>HK\$'000</i>	
Sales	<u>233,335</u>	<u>71,635</u>	<u>26,237</u>	<u>331,207</u>
Segment results	<u>(2,793)</u>	<u>(2,148)</u>	<u>394</u>	(4,547)
Finance costs – net				(774)
Share of profit of associates				<u>8,471</u>
Profit before income tax				3,150
Income tax expense				<u>(307)</u>
Profit for the period				<u>2,843</u>

During the period ended 30th June 2015, revenue derived from the Group's largest customer amounted to HK\$91,609,000 or 27.0% of the Group's revenue. (2014: HK\$41,314,000 or 12.5% of the Group's revenue).

	Unaudited 30th June 2015 <i>HK\$'000</i>	Audited 31st December 2014 <i>HK\$'000</i>
Total assets:		
The PRC	240,059	224,280
Hong Kong	355,043	370,142
Other countries (<i>Note (a)</i>)	<u>112,035</u>	<u>104,866</u>
	<u>707,137</u>	<u>699,288</u>

Total assets are allocated based on where the assets are located.

Segment assets consist primarily of property, plant and equipment, leasehold land, investment property, investment in associates, inventories, receivables, derivative financial instruments, available-for-sale financial assets, operating cash and restricted bank deposits.

3. SEGMENT INFORMATION (Continued)

	Unaudited 30th June 2015 <i>HK\$'000</i>	Audited 31st December 2014 <i>HK\$'000</i>
Capital expenditure:		
The PRC	57	674
Hong Kong	<u>3,374</u>	<u>2,869</u>
	<u>3,431</u>	<u>3,543</u>

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

Capital expenditure comprises mainly additions to property, plant and equipment.

Note:

(a) Other countries mainly include Taiwan, Singapore, Macau, Indonesia and Malaysia.

4 OPERATING PROFIT/(LOSS)

The following items have been charged to the operating profit/(loss) during the period:

	Unaudited Six months ended 30th June 2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold	274,821	262,655
Depreciation on property, plant and equipment	4,730	4,407
Amortisation on leasehold land	157	196
Employee benefits expenses (including directors' remuneration)	32,125	37,561
Foreign exchange loss	605	795
Operating lease rentals	1,493	2,023
(Reversal of provision for)/provision for slow moving inventories	(2,020)	1,317
Provision for impairment of trade and bills receivables	203	174
Professional fee	<u>2,377</u>	<u>2,453</u>

5. INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong profits tax	829	100
– PRC and overseas taxation	301	7
– Over-provision in previous years	(25)	(238)
Deferred income tax	309	438
	<hr/>	<hr/>
	1,414	307
	<hr/>	<hr/>

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

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

Enterprise income tax ("EIT") in the PRC has been provided at the rate of 25% (2014: 25%) on the estimated assessable profit for the period with certain preferential provisions.

Corporate tax in Singapore has been provided at the rate of 17% (2014: 17%) on the estimated assessable profit for the period.

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.

6. DIVIDENDS

A dividend of HK\$7,829,000 that relates to the year ended 31st December 2014 was paid in June 2015 (2014: HK\$3,329,000). On 14th August 2015, the Board resolved to declare an interim dividend of HK3.5 cents per share (2014: Nil), totalling of approximately HK\$7,829,000 (2014: Nil).

7. 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	
	2015	2014
Profit from continuing operations attributable to owners of the Company (<i>HK\$'000</i>)	<u>13,175</u>	<u>2,843</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>222,182</u>	<u>221,934</u>
Basic earnings per share attributable to owners of the Company (<i>HK cents per share</i>)	<u>5.93</u>	<u>1.28</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. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Unaudited Six months ended 30th June	
	2015	2014
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>13,175</u>	<u>2,843</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>222,182</u>	<u>221,934</u>
Adjustments for:		
– Share options (<i>thousands</i>)	<u>1,796</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	<u>223,978</u>	<u>221,934</u>
Diluted earnings per share attributable to owners of the Company (<i>HK cents per share</i>)	<u>5.88</u>	<u>1.28</u>

8. TRADE AND BILLS RECEIVABLES

At 30th June 2015 and 31st December 2014, the ageing analysis of trade receivables and bills receivables by due date are as follows:

	Unaudited 30th June 2015 <i>HK\$'000</i>	Audited 31st December 2014 <i>HK\$'000</i>
Current	44,718	55,640
1 – 3 months	43,138	29,831
4 – 6 months	5,029	9,492
7 – 12 months	8,818	7,210
Over 12 months	14,270	10,277
	115,973	112,450
Less: provision for impairment of receivables	(6,549)	(6,377)
	109,424	106,073

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

9. TRADE AND BILLS PAYABLES

At 30th June 2015 and 31st December 2014, the ageing analysis of trade payables and bills payables are as follows:

	Unaudited 30th June 2015 <i>HK\$'000</i>	Audited 31st December 2014 <i>HK\$'000</i>
Current	133,793	98,845
1 – 3 months	2,497	3,089
4 – 6 months	1,122	1,068
7 – 12 months	3,264	3,439
Over 12 months	398	829
	141,074	107,270

10. BORROWINGS

	Unaudited 30th June 2015 <i>HK\$'000</i>	Audited 31st December 2014 <i>HK\$'000</i>
Current		
Trust receipt loans	16,351	55,032
Short-term bank loans	86,472	87,775
Bank overdrafts	–	1,583
	<hr/>	<hr/>
Total borrowings	<u>102,823</u>	<u>144,390</u>

Bank borrowings are secured by the leasehold land, property, plant and equipment, investment property and restricted bank deposits of the Group.

Movements in borrowings are analysed as follows:

	Unaudited <i>HK\$'000</i>
As at 1st January 2015	144,390
Repayments of borrowings	(109,434)
Proceeds from borrowings	69,651
Repayment of bank overdrafts	(1,583)
Exchange differences	(201)
	<hr/>
As at 30th June 2015	<u>102,823</u>
As at 1st January 2014	221,935
Repayments of borrowings	(144,531)
Proceeds from borrowings	74,503
Proceeds from bank overdrafts	410
Exchange differences	1,178
	<hr/>
As at 30th June 2014	<u>153,495</u>

FINANCIAL PERFORMANCE

Sales

In the first half of 2015, the economic situation in China was stagnant, and in general, the market for manufacturing equipment did not improve, due to a lack of momentum.

In the first six months of 2015, the Group's sales amounted to HK\$339,731,000, compared with HK\$331,207,000 in the same period last year, representing an increase of 2.6%. The gross profit amounted to HK\$65,532,000, compared with HK\$65,074,000 in the same period last year, representing an increase of 0.7%. The gross profit percentage was 19.3%, which was slightly lower than the figure of 19.6% in the same period last year.

Other Income and Gains

The total value of other income and gains was HK\$9,612,000, compared with HK\$9,937,000 in the same period last year, representing a decrease of 3.3%.

The service income was HK\$4,563,000, compared with HK\$5,283,000 in the same period last year. The commission income was HK\$1,291,000, compared with HK\$37,000 in the same period last year. Other income also included rental of HK\$817,000, a management fee of HK\$716,000 charged against Mitutoyo Leeport Metrology Corporation, and gains on derivative financial instruments of HK\$270,000.

Furthermore, in the first half of 2015, our investee, Prima Industrie S.p.A., the parent company of Prima Power Suzhou Company Limited, also declared a dividend for the first time after wholly acquiring FinnPower in 2008. As a result, the Group received a dividend amounting to HK\$346,000.

Operating Expenses

Selling and distribution costs were HK\$16,120,000, compared with HK\$16,250,000 in the same period last year, representing a decrease of 0.8%. These costs basically were in line with the sales volume.

Administrative expenses amounted to HK\$53,939,000, compared with HK\$63,308,000 in the same period last year, representing a decrease of 14.8%. This decrease was due to the cost reduction program implemented last year. The areas of savings included staff costs, travelling expenses and office expenses.

Share of Profit of Associates

The share of profit of the associates in the first half of 2015 was HK\$9,551,000, compared with HK\$8,471,000 in the same period last year, representing an increase of 12.7%.

The share of profit of Mitutoyo Leeport Metrology Corporation was HK\$8,425,000, compared with HK\$6,107,000 in the same period last year, representing an increase of 38.0%. The business of Mitutoyo Leeport Metrology Corporation continued to grow at a steady rate in the first half of 2015.

The share of profit of OPS Ingersoll Funkenerosion GmbH was HK\$2,587,000, compared with HK\$3,133,000 in the same period last year, representing a decrease of 17.4%. This decrease was due mainly to seasonal effects. The overall sales income of OPS Ingersoll continued to grow.

The newly established joint-venture plant, Prima Power Suzhou Company Limited, still incurred a loss in first half of 2015. The share of loss for Prima Power Suzhou was HK\$1,461,000. In the first half of 2015, the number of orders for the Prima Power Suzhou plant was below expectations. Orders in second half of 2015 are forecast to be better.

Finance Expenses – Net

Finance costs net of interest income were HK\$47,000, compared with HK\$774,000 in the same period last year.

Finance costs incurred in the first half of 2015 were HK\$1,483,000, compared with HK\$2,179,000 in the same period last year, representing a decrease of 31.9%. Finance costs were lower due to the lower level of bank loans during the period. The short-term borrowing level was lower as the Group reduced the pledged loan balances, considering the better cash on hand position. The overall cash on hand situation improved in the first six months of 2015, due mainly to the significant reduction in inventory level.

Interest income, derived from the loan to OPS Ingersoll Funkenerosion GmbH and other deposits to the banks, was HK\$1,436,000, compared with HK\$1,405,000 in the same period last year, representing an increase of 2.2%.

Profit Attributable to Owners of the Company and Earnings Per Share

In the first six months of 2015, the profit attributable to owners of the Company was HK\$13,175,000, compared with HK\$2,843,000 in the same period last year, representing an increase of 363.4%.

The operating profit of the Company was HK\$5,085,000, compared with an operating loss of HK\$4,547,000 in the same period last year. The significant improvement in the operating result is attributable to the reduction in administrative expenses.

The further increase in the share of profit of the associated companies also contributed to the improvement of the profit attributable to owners of the Company.

The basic earnings per share were HK5.93 cents, compared with the basic earnings per share of HK1.28 cents in the same period last year, representing an increase of 363.3%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5th October 2015 (Monday) to 7th October 2015 (Wednesday), 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 2nd October 2015 (Friday).

BUSINESS REVIEW

In the first half of 2015, the economic situation in China did not change significantly compared with the second half of 2014. China's GDP growth rate was 7% in the first half of 2015, and actually it already met the Central Government's target, even though it was lower than the growth rate of 7.4% in 2014. The value of industrial production in the first half of 2015 grew by 6.3%, which was lower than the growth rate of 8.3% in 2014.

In China, most of the statistics for various industries in the first half of 2015 showed a slow-down in growth as compared with last year. Some of the major customer segments of the Group were: production of cars, which grew by 2.0% (2014: 7.1%), production of general machinery, which grew by 3.5% (2014: 9.1%), and production of computer, telecommunications and electronic equipment, which grew by 10.8% (2014: 12.2%). All these growth rates were lower than the figures last year. The value of imported machine tools also fell by 14.1% compared with same period last year.

The Group has successfully received orders from some key customers from the car manufacturing and mobile phone industries. The value of orders from the elevator, switchgear and electronics products industries remained stable. These industries were important to the business of the Group.

The value of the Group's outstanding orders as at the end of July 2015 was HK\$190,128,000. This can only be described as steady compared with last year.

The business of the associated company, Mitutoyo Leepport Metrology Corporation, was outstanding in the first half of 2015. Mitutoyo's products continued the momentum of expanding the company's market share in China. The business of OPS Ingersoll Funkenerision GmbH continued to grow. OPS Ingersoll continued the success of its business in Europe and USA. In the first half of 2015, the number of orders for the Prima Power Suzhou plant was limited. It was the first year that Prima Power was selling locally manufactured machines in China, and we believe it will take time to develop market acceptance.

The financial performance of the Group in the first half of 2015 improved significantly as compared with same period last year. This has been due mainly to the implementation of cost saving programs in operating expenses since 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash net of overdraft of the Group as at 30th June 2015 was HK\$68,181,000 (31st December 2014: HK\$57,154,000). The Group maintained a reasonable cash position. The Group's inventory balance as at 30th June 2015 was HK\$61,750,000 (31st December 2014: HK\$80,899,000). The turnover days of inventory was 41 at the end of June 2015, compared with 54 at the end of December 2014. The inventory level was lower at 30th June 2015 than at 31st December 2014, due to the delivery of more cutting tools for the completion of outstanding contracts delayed from last year. The balance of trade receivables and bills receivable was HK\$109,424,000 as at 30th June 2015 (31st December 2014: HK\$106,073,000). The turnover days of trade receivables was 59, compared with 57 at the end of December 2014. There was no significant change of the turnover days of the trade receivables. The balance of trade payables and bills payable was HK\$141,074,000 as at 30th June 2015 (31st December 2014: HK\$107,270,000). The balance of short-term borrowings was HK\$102,823,000 as at 30th June 2015 (31st December 2014: HK\$144,390,000). The short-term borrowing level was lower, as the Group reduced the pledged loan balances because of the better cash on hand situation.

The Group's net gearing ratio was approximately 9.7% as at 30th June 2015 (31st December 2014: 24.5%). The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent. This reduction in the gearing ratio came about because of a further reduction in pledged loans balances and an increase in cash on hand.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 30th June 2015, the Group had aggregate banking facilities of approximately HK\$782,669,000, of which approximately HK\$231,252,000 was utilised, bearing interest at prevailing market rates and secured by certain leasehold land, land and buildings, investment property and restricted bank deposits of the Group in Hong Kong and Singapore, with an aggregate carrying amount of HK\$244,012,000 (31st December 2014: HK\$259,814,000). The directors are confident that the Group is able to meet its operational and capital expenditure requirements.

FUTURE PLANS AND PROSPECTS

The economy in Europe and the United States seems likely to improve in the near future, and this will benefit the export business for China's manufacturing industry. The Chinese Government is also actively promoting the "One Belt, One Road" economic model, which is likely to benefit the export business for the infrastructure, high-speed train and equipment manufacturing industries. It is believed that, in order to support the economic growth of the country, the Central Government of China will continue to invest in infrastructure, railway construction and related equipment. These kinds of measures will benefit the manufacturing industry.

The Group will expand its sales teams in different geographical areas by recruiting more sales people and covering more territories around the country. Key customer management also is an important area for building the business. Even though the market situation is challenging, the Group believes the market size is huge and that, with stronger management support, there are plenty of opportunities to increase the income of the Group.

The Group foresees that in the second half of 2015, the business for the associated companies, Mitutoyo Leepport Metrology Corporation and OPS Ingersoll Funkenersion GmbH, will be as good as in the first half of the year. The business for Prima Power Suzhou Company Limited is expected to improve in the second half of 2015.

Strategically, the Group will continue to look for new investment opportunities and introduce new products to the market. The Group will further enhance its collaboration with suppliers in the area of market penetration and customer service.

In conclusion, the Group is confident that the result for the second half of 2015 will continue to improve.

EMPLOYEES

As at 30th June 2015, the Group had 256 employees (31st December 2014: 321). Of these, 84 were based in Hong Kong, 159 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, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies and discretionary performance bonuses.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 30th June 2015, certain land and buildings, leasehold land, investment property and restricted bank deposits in Hong Kong and Singapore, with an aggregate carrying value of approximately HK\$244,012,000 (31st December 2014: HK\$259,814,000), 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 2015, the Group spent a total of HK\$3,431,000 (30th June 2014: HK\$3,543,000) in capital expenditure, primarily consisting of property, plant and equipment. The Group also spent a total of HK\$6,822,000 for the investment in an associated company (30th June 2014: HK\$2,506,000). As at 30th June 2015, the Group has settled all capital commitments regarding property, plant and equipment. (31st December 2014: HK\$17,355,000 on property, plant and equipment). In the meantime, a total of HK\$23,794,000 (31st December 2014: HK\$14,557,000) 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 sales and purchases were denominated in foreign currencies, which are subject to exchange-rate risks. The Group uses the foreign currencies received from its customers to settle payments to overseas suppliers. In the event that any material payment cannot be fully matched, the Group enters into foreign currency forward contracts with its bankers to minimise the Group's exposure to foreign-exchange-rate risks.

As at 30th June 2015, the Group has outstanding gross-settled foreign currency forward contracts to buy EUR2,132,000 for HKD18,343,000, EUR245,000 for USD274,000, CNY8,000,000 for HKD9,993,000, JPY951,200,000 for HKD59,556,000, AUD525,000 for HKD3,094,000 and SGD635,000 for HKD3,659,000 (2014: EUR2,369,000 for HKD23,022,000, EUR245,000 for USD310,000, CNY11,000,000 for HKD13,737,000, JPY356,000,000 for HKD25,562,000, JPY32,000,000 for CNY1,726,000, GBP84,000 for HKD1,045,000 and AUD 525,000 for HKD3,597,000).

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.

CORPORATE GOVERNANCE

During the six months ended 30th June 2015, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following:

Code Provision A.2.1

The Board is of the view that although Mr. Lee Sou Leung, Joseph is the Chairman and the Managing Director 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 Company has no such title as the chief executive officer.

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 10 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 2015.

AUDIT COMMITTEE

The Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. PIKE, Mark Terence, Dr. LEE Tai Chiu, and Mr. ZAVATTI Samuel 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 2015 with the directors.

2015 INTERIM REPORT

The interim report of the Company for the six months ended 30th June 2015 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders by the end of September 2015.

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

Hong Kong, 14th August 2015

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 and Mr. CHU Weiman and the independent non-executive directors are Mr. PIKE, Mark Terence, Dr. LEE Tai Chiu and Mr. ZAVATTI Samuel.