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

**RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
31ST DECEMBER 2018**

The Board of Directors (the “Directors”) of Leeport (Holdings) Limited (the “Company”) would like to present the consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2018, together with the comparative figures for the year ended 31st December 2017. The annual results have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Sales

During the year 2018, the business situation in the second half of the year was quite different than in the first half of the year. In the first half of 2018, the overall business of the Group improved strongly as compared with same period last year, however in the second half of 2018, the business of the Group slowed down due to uncertain market conditions in China.

The Group’s sales amounted to HK\$814,836,000 in 2018, compared with HK\$614,370,000 in 2017, representing an increase of 32.6%. The Group’s gross profit amounted to HK\$137,933,000, compared with HK\$104,048,000 in 2017, representing an increase of 32.6%. The gross profit percentage was 16.9% in 2018, the same as in 2017.

The total value of contracts signed in 2018 was HK\$852,161,000, compared with HK\$744,946,000 in 2017, representing an increase of 14.4%.

* *For identification purpose only*

Other Income and Gains

The total value of other income and gains was HK\$16,476,000 in 2018, compared with HK\$19,859,000 in 2017, representing a decrease of 17.0%.

Service income was HK\$7,508,000 in 2018, compared with HK\$7,299,000 in 2017, representing an increase of 2.9%. Commission income was only HK\$584,000 in 2018, lower than the amount of HK\$678,000 in 2017.

Other income included a rental income of HK\$2,679,000, and a management fee of HK\$1,565,000 charged against Mitutoyo Leeport Metrology Corporation. There was a gain in forward contracts of HK\$40,000 and a gain in the valuation of investment properties amounting to HK\$1,121,000 in 2018. The gain in forward contracts was HK\$569,000 and the gain in valuation of investment properties was HK\$3,034,000 in 2017.

In the first half of 2018, our investee, Prima Industrie S.p.A., the parent company of Prima Power Suzhou Company Limited, also declared a dividend, so the Group received a dividend of HK\$1,844,000. The dividend received in 2017 was HK\$1,091,000.

Operating Expenses

Selling and distribution costs were HK\$26,841,000 in 2018, compared with HK\$17,392,000 in 2017, representing an increase of 54.3%. The increase in selling and distribution costs was due mainly to higher logistics costs, commissions paid to salespersons and sub-dealers, and bank charges in line with the higher sales volume.

Administrative expenses amounted to HK\$117,326,000 in 2018, compared with HK\$90,553,000 in 2017, representing an increase of 29.6%. The increase in administrative expenses was due mainly to an exchange loss of HK\$3,759,000, compared with an exchange gain of HK\$6,953,000 in 2017. Furthermore, additional staff costs and higher operating expenses were incurred after the acquisition of new investments and the expansion of the sales team.

Finance Expenses – Net

Finance expenses net of finance income were HK\$4,696,000 in 2018, compared with HK\$2,407,000 in 2017. Finance income in 2018 was HK\$1,627,000, compared with HK\$1,475,000 in 2017, representing an increase of 10.3%. Interest income derived from the loan to OPS-Ingersoll Funkenerosion GmbH was HK\$1,112,000 in 2018, compared with HK\$899,000 in 2017.

Finance expenses were HK\$6,323,000 in 2018, compared with HK\$3,882,000 in 2017, representing an increase of 62.9%. This increase was due to the higher interest rate in the market and an increase in bank borrowings in 2018. The increase in borrowing was due to the bigger business volume and larger investment scale in the year.

Share of Post-Tax Profits of Associates

The share of post-tax profits of associates in 2018 was HK\$19,626,000, compared with HK\$19,346,000 in 2017, representing an increase of 1.4%. The business for Mitutoyo Leepport Metrology Corporation continued to increase in 2018 as compared with 2017.

The business for OPS-Ingersoll Funkenerosion GmbH in 2018 was better than in 2017. In particular, the Company's performance in China was outstanding.

The business for Prima Power Suzhou Company Limited in 2018 was lower than in 2017. This was due to the weaker result in the sales of 3D laser machines, which were affected by the reduction in car manufacturing in China.

Income Tax Expenses

Income tax expenses in 2018 were HK\$5,395,000, compared with HK\$4,870,000 in 2017, representing an increase of 10.8%. The increase in the business of the equipment division and cutting tools in 2018 came mainly from the Group's subsidiaries in China, and they were subject to an income tax rate of 25% which was higher than income tax rate of 16.5% in Hong Kong.

Profit Attributable to Owners of the Company and Earnings Per Share

The profit attributable to owners of the Company was HK\$19,210,000 in 2018, compared with HK\$28,031,000 in 2017, representing a decrease of 31.5%. The operating profit for the trading business in 2018 was HK\$10,242,000, compared with HK\$15,962,000 in 2017, representing a decrease of 35.8%. Although the Group's sales and gross profit in 2018 were higher than in 2017, the increase in staff costs and operating expenses after the acquisition of new investments and the expansion of the sales team, and the exchange loss incurred in 2018 compared with an exchange gain in 2017, contributed to the decrease in profit attributable to owners of the Company.

The basic earnings per share were HK8.35 cents in 2018, compared with HK12.25 cents in 2017, representing a decrease of 31.8%.

DIVIDEND

An interim dividend of HK3.0 cents per ordinary share, totalling HK\$6,902,000 was paid to the shareholders of the Company on 19th October 2018.

The Directors recommended a final dividend of HK2.5 cents per ordinary share, totalling HK\$5,752,000 (in 2017, the final dividend was HK3.5 cents per ordinary share, totalling HK\$8,053,000). This recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting, which will be held on 17th June 2019. Upon the approval of the shareholders, the final dividend warrant will be payable on or before 5th July 2019 to the shareholders of the Company whose names appear on the register of members on 26th June 2019.

The total dividend paid per ordinary share for the year ended 31st December 2018 will be HK5.5 cents, compared with HK8.0 cents per ordinary share for the year ended 31st December 2017, representing a decrease of 31.3%.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2018

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Sales	2	814,836	614,370
Cost of goods sold	4	(676,903)	(510,322)
Gross profit		137,933	104,048
Other income and gains – net	3	16,476	19,859
Selling and distribution costs	4	(26,841)	(17,392)
Administrative expenses	4	(117,326)	(90,553)
Operating profit		10,242	15,962
Finance income		1,627	1,475
Finance expenses		(6,323)	(3,882)
Finance expenses – net		(4,696)	(2,407)
Share of post-tax profits of associates	9(a)	19,626	19,346
Profit before income tax		25,172	32,901
Income tax expense	5	(5,395)	(4,870)
Profit for the year		19,777	28,031
Profit attributable to:			
Owners of the Company		19,210	28,031
Non controlling interests		567	–
		19,777	28,031
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (Hong Kong cents)	7	HK8.35 cents	HK12.25 cents
Diluted earnings per share (Hong Kong cents)	7	N/A	HK12.25 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018	2017
<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Profit for the year	19,777	28,031
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain on revaluation of land and buildings	21,790	27,980
Movement of deferred tax	(2,515)	(3,489)
Change in value of financial assets at fair value through other comprehensive income, net of tax	(92,199)	–
	(72,924)	24,491
<i>Items that may be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets, net of tax	–	81,358
Currency translation differences	(4,898)	1,659
Share of other comprehensive (loss)/income of associates	(1,031)	7,839
	(5,929)	90,856
Other comprehensive (loss)/income for the year, net of tax	(78,853)	115,347
Total comprehensive (loss)/income for the year	(59,076)	143,378
Total comprehensive (loss)/income attributable to owners of the company	(59,614)	143,378
Total comprehensive income attributable to non-controlling interest	538	–
	(59,076)	143,378

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2018

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		242,684	226,154
Leasehold land		14,175	15,056
Investment properties	<i>8</i>	55,611	54,658
Investments in associates	<i>9(a)</i>	155,300	126,525
Loan to an associate	<i>9(b)</i>	18,158	18,970
Prepayments		–	1,132
Financial assets at fair value through other comprehensive income		8,089	–
Available-for-sale financial assets		–	12,863
		<u>494,017</u>	<u>455,358</u>
		<u>494,017</u>	<u>455,358</u>
Current assets			
Inventories		102,109	61,441
Trade receivables and bills receivables	<i>10</i>	142,362	108,445
Other receivables, prepayments and deposits		33,047	26,467
Financial assets at fair value through other comprehensive income		81,131	–
Available-for-sale financial assets		–	143,057
Derivative financial instruments	<i>11</i>	316	265
Amounts due from an associate		261	2,766
Restricted bank deposits		26,576	19,307
Cash and cash equivalents		52,874	52,323
		<u>438,676</u>	<u>414,071</u>
		<u>438,676</u>	<u>414,071</u>
Total assets		<u>932,693</u>	<u>869,429</u>

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	<i>12</i>	23,007	23,007
Other reserves	<i>12</i>	196,979	282,334
Retained earnings		224,456	213,670
		444,442	519,011
Non-controlling interest		976	–
Total equity		445,418	519,011
LIABILITIES			
Non-current liabilities			
Borrowings	<i>14</i>	8,889	5,556
Deferred income tax liabilities		32,326	29,809
		41,215	35,365
Current liabilities			
Trade payables and bills payables	<i>13</i>	145,819	110,452
Other payables, accruals and deposits received		90,030	63,355
Derivative financial instruments	<i>11</i>	275	490
Amount due to an associate		1,750	–
Amount due to a non-controlling shareholder		9,595	–
Borrowings	<i>14</i>	194,519	137,254
Tax payable		4,072	3,502
		446,060	315,053
Total liabilities		487,275	350,418
Total equity and liabilities		932,693	869,429

Notes:

1. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) New and amended standards adopted by the Company

The following new standards, amendments to standards and interpretations to standards are mandatory for the Company’s financial year beginning on 1st January 2018. The adoption of these standards, amendments and interpretations has not had any significant impact to the results and financial position of the Company.

HKAS 40 Amendment	Transfers of investment property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 Amendment	Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 Amendment	Clarifications to HKFRS 15
Annual Improvements Project	Annual Improvements 2014-2016 Cycle

- (ii) **The following standards, amendments and interpretations have been published that are not mandatory for 31st December 2018 reporting period and have not yet been early adopted by the Group:**

		Effective for the accounting period beginning on or after
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1st January 2019
HKFRS 16	Leases	1st January 2019
HK (IFRIC) 23	Uncertainty over income tax treatments	1st January 2019
HKFRS 17	Insurance contracts	1st January 2021
HKAS 19	‘Employee benefits’ on plan amendment, curtailment or settlement	1st January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKFRS	Annual Improvement to HKFRS 2015–2017 Cycle	1st January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1st January 2019

The Group’s assessment of the impact of these new standards, amendments to standards and interpretations that are relevant is set out below. None of the above is expected to have a significant effect in the Group’s financial statements, except the following set out below:

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will both be presented as financing cash flows.

The accounting for lessors will not significantly change.

As of 31st December 2018, the Group's total operating lease commitments amounted to HK\$703,000. The new standard is not expected to apply until the financial year 2019. The directors of the Group consider that HKFRS 16 will have impact on the financial position as mentioned above but no significant impact on the financial performance of the Group.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1st January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, 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 (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 consolidated financial statement, 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.

	For the year ended 31st December 2018			
	The PRC	HK	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales	<u>693,735</u>	<u>99,404</u>	<u>21,697</u>	<u>814,836</u>
Segment results	<u>8,675</u>	<u>5,086</u>	<u>(3,519)</u>	<u>10,242</u>
Finance expense – net				<u>(4,696)</u>
Share of post-tax profits of associates				<u>19,626</u>
Profit before income tax				<u>25,172</u>
Income tax expenses				<u>(5,395)</u>
Profit for the year				<u>19,777</u>

	For the year ended 31st December 2017			
	The PRC <i>HK\$'000</i>	HK <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Sales	<u>502,035</u>	<u>99,648</u>	<u>12,687</u>	<u>614,370</u>
Segment results	<u>11,319</u>	<u>3,312</u>	<u>1,331</u>	15,962
Finance expense – net				(2,407)
Share of post-tax profits of associates				<u>19,346</u>
Profit before income tax				32,901
Income tax expenses				<u>(4,870)</u>
Profit for the year				<u>28,031</u>

During the year ended 31st December 2018, there is no single customer whose revenue amounted to 10% or more of the Group's revenue (2017: there is no single customer whose revenue amounted to 10% or more of the Group's revenue).

Assets

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Total assets:		
The PRC	335,417	266,960
Hong Kong	399,271	372,054
Other countries (<i>Note (a)</i>)	<u>198,005</u>	<u>230,415</u>
	<u>932,693</u>	<u>869,429</u>

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

Segment assets consist primarily of property, plant and equipment, leasehold land, investment properties, inventories, receivables, investment in associates, financial assets at fair value through other comprehensive income, derivative financial instruments, operating cash and deposits.

The depreciation of property, plant and equipment and amortisation of leasehold land for the year ended 31st December 2018 are HK\$9,980,000 (2017: HK\$8,835,000) and HK\$433,000 (2017: HK\$424,000) respectively.

Capital expenditure:

	2018	2017
	HK\$'000	HK\$'000
Capital expenditure:		
The PRC	298	507
Hong Kong	87	680
Other countries (<i>Note (a)</i>)	4,784	–
	<u>5,169</u>	<u>1,187</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 include Italy, Germany, Finland, Taiwan, Singapore, Macau, Indonesia and Malaysia.

3. OTHER INCOME AND GAINS – NET

	2018	2017
	HK\$'000	HK\$'000
Derivative instruments – forward contracts:		
– Realised and unrealised net fair value gain	40	569
Rental income	2,679	2,175
Service income	7,508	7,299
Commission income	584	678
Net fair value gain on an investment properties	1,121	3,034
Other income	1,135	3,448
Dividend income from financial asset at fair value through other comprehensive income	1,844	–
Dividend income from available-for-sale financial assets	–	1,091
Management fee income from an associate	1,565	1,565
	<u>16,476</u>	<u>19,859</u>

4. EXPENSES BY NATURE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Auditors' remuneration		
– Audit services	2,758	2,651
– Non-audit services	280	257
Cost of inventories sold	671,025	505,315
Depreciation on property, plant and equipment	9,980	8,835
Amortisation on leasehold land	433	424
Operating lease rentals	2,783	1,621
Provision for slow moving inventories	1,771	1,806
Provision for impairment of trade and bills receivables	199	1,142
Recovery of impaired receivables	(31)	(1,873)
Foreign exchange loss/(gain)	3,759	(6,953)
Employee benefits expenses (including directors' remuneration)	68,023	57,617
Other expenses	60,090	47,425
	<u>821,070</u>	<u>618,267</u>
Total cost of goods sold, selling and distribution costs and administrative expenses	<u>821,070</u>	<u>618,267</u>

5. INCOME TAX EXPENSE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	6	366
– PRC and overseas taxation	5,387	4,283
– Over provision in previous years	–	(55)
Deferred income tax	2	276
	<u>5,395</u>	<u>4,870</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

Enterprise income tax (“EIT”) in the PRC has been provided at the rate of 25% (2017: 25%) on the estimated assessable profit for the year with certain preferential provisions.

Corporate tax in Singapore has been provided at the rate of 17% (2017: 17%) on the estimated assessable profit for the year.

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

6. DIVIDENDS

The dividends paid in 2018 and 2017 were HK\$14,955,000 (HK6.5 cents per share) and HK\$17,255,000 (HK7.5 cents per share) respectively. A final dividend in respect of the year ended 31st December 2018 of HK2.5 cents per share, amounting to a total dividend of HK\$5,752,000, is to be proposed at the Annual General Meeting on 17th June 2019. These financial statements do not reflect this dividend payable.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interim, paid, of HK3.0 cents (2017: HK4.5 cents) per ordinary share	6,902	10,353
Final, proposed, of HK2.5 cents (2017: HK3.5 cents) per ordinary share	<u>5,752</u>	<u>8,053</u>
	<u>12,654</u>	<u>18,406</u>

7. EARNINGS PER SHARE

(a) Basic

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

	2018	2017
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>19,210</u>	<u>28,031</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>230,076</u>	<u>228,895</u>
Basic earnings per share attributable to equity owners of the Company (<i>HK cents per share</i>)	<u>8.35</u>	<u>12.25</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.

	2018	2017
Profit attributable to equity holders of the Company (HK\$'000)	<u>19,210</u>	<u>28,031</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>230,076</u>	<u>228,895</u>
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>230,076</u>	<u>228,895</u>
Diluted earnings per share (HK cents)	<u>N/A</u>	<u>12.25</u>

8 INVESTMENT PROPERTIES

	2018	2017
At fair value	HK\$'000	HK\$'000
Opening balance at 1st January	54,658	43,000
Net gain from fair value adjustment	1,121	3,034
Transfer from owner-occupied property	–	7,924
Exchange difference	<u>(168)</u>	<u>700</u>
Closing balance at 31st December	<u>55,611</u>	<u>54,658</u>

(a) Amounts recognised in profit and loss for investment property

	2018	2017
	HK\$'000	HK\$'000
Rental income	<u>2,679</u>	<u>2,005</u>

As at 31st December 2018, the Group had no unprovided contractual obligations for further repairs and maintenance (2017: nil).

During the year, the property of the Group located in Singapore was transferred to investment property as it ceased to be owner occupied and the property meets the definition of investment property with the intention of leasing out to earn rental income under an operating lease.

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

The investment property located in Hong Kong was revalued as at 31st December 2018 and 2017 by Jones Lang LaSalle Limited, a member of the Hong Kong Institute of Surveyors. The investment property of the Group located in Singapore was revalued as at 31st December 2018 by Dickson Property Consultants Pte Ltd. (2017: Orangetee Advisory Pte Limited), an independent firm of professional valuers.

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

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

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

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

	Significant unobservable inputs	Price per square foot	Relationship of unobservable inputs to fair value
As at 31st December 2018			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$8,820	The higher the price per square foot, the higher the fair value
Land and buildings in Singapore	Market unit sale price (per square foot)	HK\$960	The higher the price per square foot, the higher the fair value
As at 31st December 2017			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$8,505	The higher the price per square foot, the higher the fair value
Land and buildings in Singapore	Market unit sale price (per square foot)	HK\$1,048	The higher the price per square foot, the higher the fair value

Bank borrowings are secured on an investment property with a carrying amount of HK\$55,611,000 (2017: HK\$54,658,000).

9(a). INVESTMENTS IN ASSOCIATES

Movements of investments in associates are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1st January	126,525	101,871
Addition through capital injection without change of shareholding	18,491	–
Share of post-tax profits of associates	19,626	19,346
Share of other comprehensive (loss)/income of associates	(1,031)	7,839
Dividend received from an associate	(8,311)	(2,531)
	<hr/>	<hr/>
At 31st December	155,300	126,525

Set out below are the associates of the Group as at 31st December 2018 and 2017. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Details of investment in associates as at 31st December 2018 and 2017 are as follows:

Company name	Place of business/ country of incorporation	Effective % of ownership interest		Principal activities and place of operation
		2018	2017	
Mitutoyo Leeport Metrology Corporation ("MLMC")	Hong Kong/British Virgin Islands	49	49	Trading of measuring tools
OPS-Ingersoll Funkenerosion GmbH ("OPS")	Germany/Germany	22.34	22.34	Manufacturing of metal working machinery
Prima Power Suzhou Co., Ltd.	The PRC/The PRC	30	30	Manufacturing of metal forming machinery

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

9(b). LOAN TO AN ASSOCIATE

The balance represents a loan made to an associate – OPS. The loan is unsecured, interest bearing at HIBOR plus 4.5% per annum and will not be repaid within the next twelve months but within five years from the reporting date. During the year, interest received from OPS amounted to HK\$1,112,000 (2017: HK\$899,000).

As at 31st December 2018, the carrying value of the loan to an associate was HK\$18,158,000 (2017: HK\$18,970,000). Based on assessment on the recoverability of the balance, management considers no impairment provision is necessary.

10. TRADE AND BILLS RECEIVABLES

At 31st December 2018 and 2017, the ageing analysis of trade and bills receivables by invoice date are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 3 months	118,854	88,095
4 – 6 months	10,220	15,599
7 – 12 months	5,419	2,957
Over 12 months	11,238	5,336
	145,731	111,987
Less: provision for impairment of receivables	(3,369)	(3,542)
	142,362	108,445

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.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2018		2017	
	Assets <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>	Assets <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>
Forward foreign exchange contracts				
– non-hedge instruments	316	275	265	490

Derivatives held for trading purpose are classified as a current asset or liability. As at 31st December 2018, the Group had outstanding gross-settled foreign currency forward contracts to buy EUR2,680,000 for HKD24,280,000; GBP78,000 for HKD784,000; JPY546,357,000 for HKD38,553,000; USD57,000 for HKD446,000; and JPY11,100,000 for USD100,000 (2017: buy EUR1,300,000 for HKD11,979,000; JPY78,000,000 for RMB4,836,000; JPY92,000,000 for USD820,000 and JPY270,840,000 for HKD18,890,000).

12. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Attributable to owners of the Company			Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital (Note 17) HK\$'000	Other reserves (Note 18) HK\$'000	Retained earnings HK\$'000			
Balance at 1st January 2018	23,007	282,334	213,670	519,011	–	519,011
Comprehensive income						
Profit for the year	–	–	19,210	19,210	567	19,777
Other comprehensive income/(loss)						
Gain on revaluation of land and buildings	–	21,790	–	21,790	–	21,790
Transfer of property revaluation reserve to retained earnings on depreciation of buildings	–	(6,531)	6,531	–	–	–
Movement of deferred tax	–	(2,515)	–	(2,515)	–	(2,515)
Change of value of financial assets at fair value through other comprehensive income	–	(92,199)	–	(92,199)	–	(92,199)
Currency translation differences	–	(4,869)	–	(4,869)	(29)	(4,898)
Share of other comprehensive loss of associates	–	(1,031)	–	(1,031)	–	(1,031)
Total other comprehensive (loss)/ income, net of tax	–	(85,355)	6,531	(78,824)	(29)	(78,853)
Total comprehensive (loss)/income	–	(85,355)	25,741	(59,614)	538	(59,076)
Transactions with owners of the Company recognised directly in equity						
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	438	438
Dividend paid relating to 2017	–	–	(8,053)	(8,053)	–	(8,053)
Dividend paid relating to 2018	–	–	(6,902)	(6,902)	–	(6,902)
	–	–	(14,955)	(14,955)	438	(14,517)
Total transactions with owners, recognised directly in equity	–	–	(14,955)	(14,955)	438	(14,517)
Balance at 31st December 2018	23,007	196,979	224,456	444,442	976	445,418

12. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
Balance at 1st January 2017	22,554	168,483	197,200	388,237
Comprehensive income				
Profit for the year	–	–	28,031	28,031
Other comprehensive income/(loss)				
Gain on revaluation of land and buildings	–	27,980	–	27,980
Transfer of property revaluation reserve to retained earnings on depreciation of buildings	–	(5,694)	5,694	–
Movement of deferred tax	–	(3,489)	–	(3,489)
Change of value of available-for-sale financial assets	–	81,358	–	81,358
Currency translation differences	–	1,659	–	1,661
Share of other comprehensive income of associates	–	7,839	–	7,839
Total other comprehensive income, net of tax	–	109,653	5,694	115,349
Total comprehensive income	–	109,653	33,725	143,380
Transactions with owners of the Company recognised directly in equity				
Employees share option scheme:				
– exercise of options	453	4,198	–	4,651
Dividend paid relating to 2016	–	–	(6,902)	(6,902)
Dividend paid relating to 2017	–	–	(10,353)	(10,355)
	453	4,198	(17,255)	(12,606)
Total transactions with owners, recognised directly in equity	453	4,198	(17,255)	(12,606)
Balance at 31st December 2017	23,007	282,334	213,670	519,011

13. TRADE AND BILLS PAYABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current	134,021	100,298
1 – 3 months	3,874	7,726
4 – 6 months	1,393	734
7 – 12 months	–	613
Over 12 months	6,531	1,081
	<u>145,819</u>	<u>110,452</u>

14. BORROWINGS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current		
Portions of term loans from bank due for repayment after one year	8,889	5,556
Current		
Trust receipt loans	61,641	40,532
Portions of term loans from banks due for repayment within one year or with repayment on demand clause	132,878	96,722
	<u>194,519</u>	<u>137,254</u>
Total borrowings	<u>203,408</u>	<u>142,810</u>

As at 31st December 2018, certain land and buildings, leasehold land, investment properties and restricted bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK\$284,987,000 (2017: HK\$262,565,000) were pledged to secure the banking facilities of the Group.

The facilities expiring within one year are annual facilities subject to review at various dates during 2019.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from 12th June 2019 (Wednesday) to 17th June 2019 (Monday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 Annual General Meeting. In order to be eligible to attend and vote at the 2019 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 11th June 2019 (Tuesday); and
- (ii) from 24th June 2019 (Monday) to 26th June 2019 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 21st June 2019 (Friday).

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

BUSINESS REVIEW

Trading

Since the second half of 2018, China's economy has been affected by the country's trade war with the USA. The growth rate of China's GDP was 6.8% in the first quarter of 2018, 6.7% in the second quarter, 6.5% in the third quarter and 6.4% in the fourth quarter. The growth rate in the value of industrial production has shown a significant decrease on a month-to-month basis since July 2018: it was 4.6% in July 2018 and went down to 0.9% in December 2018. The manufacturing industry has entered a harsh winter, especially beginning from the fourth quarter of 2018. The Group's major customer base, i.e., manufacturers of cars and mobile phones, showed a reduction in volume in 2018: the production volume of cars in China fell by 3.8%, and for mobile phones it fell by 15.6 %.

In 2018, the business of some major divisions actually made a significant improvement as compared with 2017, despite the adverse effects of the slowing down of the economy in the second half of 2018. The equipment division recorded a 56.7% increase in sales as compared with 2017, and the sales of the cutting tools and assembly tools division increased by 26.4% as compared with 2017. The results for the measuring instrument division were about the same as in 2017. The new German entity in the automation business, Grassinger Technologies GmbH, has contributed sales income to the Group since September 2018. The newly acquired distribution company in assembly tools, Screw & Fastener (HK) Co. Ltd., also contributed sales income to the Group in 2018.

The value of contract bookings in the second half of 2018 was almost 20% lower than in the first half of the year. The value of the Group's outstanding orders as at the end of February 2019 was HK\$211,982,000, compared with HK\$325,416,000 at the end of February 2018. Due to higher operating costs and exchange-rate differences, the net profit of the Group in 2018 declined as compared with 2017. The overall business results of the Group were reasonable in 2018.

Investment

In 2018, despite the unfavourable market situation, Mitutoyo Leepport Metrology Corporation, a strong market leader in measuring instruments, was still able to achieve an outstanding result, similar to the result in 2017.

The business of OPS Ingersoll Funkenerosion GmbH also made a reasonable increase in 2018 as compared with 2017. The business in China was good for the company in 2018.

The business of the joint-venture factory, Prima Power Suzhou Company Limited, was adversely affected by the weaker performance in 3D laser machine sales in China. This was due to the slow-down in car manufacturing in the year.

As a strategic move, Leepport Group continued to increase its shareholding in Prima Industrie S.p.A. The Group's current shareholding in the Company is around 5%. Prima Industrie S.p.A. also achieved good results in 2017, with consolidated revenues of 466.9 million Euros, representing a 3.9% increase as compared with 2017. The net profit was 24.1 million Euros, representing an increase of 28.9% as compared with 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash net of overdraft of the Group as at 31st December 2018 was HK\$52,874,000 (31st December 2017: HK\$52,323,000). The Group maintained a reasonable cash position. The Group's inventory balance as at 31st December 2018 was HK\$102,109,000 (31st December 2017: HK\$61,441,000). The turnover days of inventory were 55 at the end of December 2018, compared with 44 at the end of December 2017. The higher inventory turnover days in year 2018 was due to a higher purchase amount of cutting tools products at the year end of 2018 for the shipment before Chinese New Year in 2019, and the inventory in the new investments, i.e. Grassinger Technologies GmbH and Screw & Fastener (HK) Co. Ltd. The balance of trade receivable and bills receivable was HK\$142,362,000 as at 31st December 2018 (31st December 2017: HK\$108,445,000). The turnover days of trade receivable were 64, same as the end of December 2017. The balance of trade payable and bills payable was HK\$145,819,000 as at 31st December 2018 (31st December 2017: HK\$110,452,000). The higher balance of trade payable and bills payable as at 31st December 2018 was due to a higher purchase amount of cutting tools product at the year end of 2018. The balance of short-term borrowings was HK\$194,519,000 as at 31st December 2018 (31st December 2017: HK\$137,254,000). The balance of long-term borrowings was HK\$8,889,000 as at 31st December 2018 (31st December 2017: HK\$5,556,000).

The Group's net gearing ratio was approximately 33.7% as at 31st December 2018 (31st December 2017: 17.4%). The net gearing ratio is higher than in 2017. 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. The net gearing ratio was higher as the borrowing level was higher due to the increase in business volume and the larger investment scale during the year.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31st December 2018, the Group had aggregate banking facilities of approximately HK\$726,916,000, of which approximately HK\$255,992,000 was utilized, 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\$284,987,000 (31st December 2017: HK\$262,565,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

FUTURE PLANS AND PROSPECTS

2019 is likely to be a challenging year for most of the economy, not only for China but also for the whole world. The Chinese government has set a conservative target of a GDP growth rate of 6-6.5% in 2019. A tax reduction for enterprises, the easing of financing to the market and investing in infrastructure are measures the government is taking to maintain the momentum of the economy. China's business situation is likely to improve, as long as the negotiations between the country and the US government are settled.

The Group is implanting a strategy to provide value-added services to the market. The set up of a German automation entity, Grassinger Technologies GmbH, will enhance the know-how of the Group in automation and make a contribution to the business in China. The cutting tools and assembly tools business was also outstanding in 2018. The division will continue to expand its sales force and broaden its product range in order to increase the sales volume.

All of the Group's associated companies are forecasting that 2019 will be a challenging year. Mitutoyo Leepport Metrology Corporation will therefore strengthen its marketing efforts in the China market in 2019, OPS-Ingersoll Funkenerosion GmbH will implement some cost-saving measures in its operations, and Prima Power Suzhou Company Limited will need to overcome the weakening 3D laser machine market in China. More effort must be devoted to increasing the sales in other products by Prima Power Suzhou Company Limited.

We are satisfied with the 33% growth in the Group's business volume in 2018 as compared with 2017, however we are disappointed by the 30% decrease in net profit in 2018. We need to be more cautious about our operating costs, and must improve the business performance of some products and the South East Asia operation. The Group's management will strive to achieve further improvements in the performance the business in 2019.

EMPLOYEES

As at 31st December 2018, the Group had 328 employees (31st December 2017: 256). Of these, 85 were based in Hong Kong, 204 were based in mainland China, and 39 were based in other offices around Asia and Germany. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, pension scheme contribution in different countries, the Group offered staff benefits including medical schemes, education subsidies and discretionary performance bonuses.

SHARE CAPITAL

Share capital

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
	Number of shares <i>(in thousand)</i>	Share capital <i>HK\$'000</i>
Issued and fully paid:		
At 1st January 2017	225,542	22,554
Exercise of options	<u>4,534</u>	<u>453</u>
At 31st December 2017 and 2018	<u>230,076</u>	<u>23,007</u>

Share options

The Company adopted a share option scheme (the “Old Scheme”) at a special general meeting held on 17th June 2003. At the annual general meeting of shareholders held on 15th May 2013, the Old Scheme was terminated and a new share option scheme (the “New Scheme”) was adopted by the Company. The New Scheme continues to recognise and acknowledge the contributions of the Eligible Participants (as defined in the New Scheme) to the Group. The New Scheme is also designed to provide incentives and help the Group in retaining its existing employees and recruiting additional employees.

Pursuant to the New Scheme, the Company can grant options to Eligible Participants for a consideration of HK\$1 for each grant payable by the Eligible Participants to the Company. The total number of shares issued and to be issued upon exercise of options granted to each Eligible Participant (including exercised, cancelled and outstanding options) shall not exceed 10% of the shares in issue as at the date of such shareholder’s approval. At the date of this announcement, the total number of options that can be granted under the New Scheme was 12,546,406 representing approximately 5.45% of the number of issued shares.

Subscription price in relation to each option pursuant to the New Scheme shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date on which the option is offered to an Eligible Participant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the shares.

The options are exercisable within the option period as determined by the Board of the Company. The New Scheme shall be valid and effective for a period of 10 years commencing from 15th May 2013, the date of the approval of the New Scheme.

Share options are granted to directors and to selected employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2018		2017	
	Average exercise price in HK\$ per share option	Number of share options (thousands)	Average exercise price in HK\$ per share option	Number of share options (thousands)
At 1st January	–	–	1.026	6,039
Exercised	–	–	1.026	(4,534)
Lapsed	–	–	1.026	(1,505)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31st December	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

During the year ended 31st December 2017, 4,534,000 shares were issued at HK\$1.026 pursuant to the exercise of share options. The related weighted average share price at the time of exercise was HK\$1.45. No transaction costs has been borne by the Group.

No share options were outstanding at the end of the year.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 31st December 2018, certain land and buildings, leasehold land and investment properties restricted bank deposits in Hong Kong and Singapore, with an aggregate carrying value of approximately HK\$284,987,000 (31st December 2017: HK\$262,565,000), were pledged to secure the banking facilities of the Group.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the year 2018, the Group spent a total of HK\$5,169,000 (31st December 2017: HK\$1,187,000) in capital expenditure, primarily consisting of property, plant and equipment and leasehold land. As at 31st December 2018, the Group has settled all capital commitments regarding property, plant and equipment. (31st December 2017: HK\$2,707,000 on property, plant and equipment) In the meantime, a total of HK\$4,631,000 (31st December 2017: HK\$5,472,000) 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 will use the foreign exchange received from its customers to settle payment to overseas suppliers. In the event that any material payment cannot be fully matched, the Group will enter into foreign currency forward contracts with its bankers to minimize the Group's exposure to foreign exchange rate risks.

As at 31st December 2018, the Group had outstanding gross-settled foreign currency forward contracts to buy EUR2,680,000 for HKD24,280,000; GBP78,000 for HKD784,000; JPY546,357,000 for HKD38,553,000; USD57,000 for HKD446,000; and JPY11,100,000 for USD100,000 (2017: buy EUR1,300,000 for HKD11,979,000; JPY92,000,000 for USD829,000; JPY78,000,000 for RMB4,836,000 and JPY270,840,000 for HKD18,890,000).

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

During the year ended 31st December 2018, 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 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.

Code Provision C.2.5

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. This situation will be reviewed annually.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES ("MODEL CODE")

For the year ended 31st December 2018, the Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31st December 2018 under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. WONG Tat Cheong, Frederick, Mr. ZAVATTI Samuel and Mr. FUNG Wai Hing has reviewed the accounting principles and practices adopted by the Group with the management and has discussed risk management and internal control systems and financial reporting matters, including a review of the consolidated financial statements for the year ended 31st December 2018 with the directors.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31st December 2018. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

2019 ANNUAL GENERAL MEETING

It is proposed that the 2019 Annual General Meeting of the Company will be held on 17th June 2019 (Monday). A notice convening the 2019 Annual General Meeting will be published on the websites of the Stock Exchange and the Company in due course and will be dispatched to the shareholders of the Company accordingly.

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

Hong Kong, 29th March 2019

As at the date of this announcement, the executive directors of the Company are Mr. LEE Sou Leung, Joseph, Mr. CHU Weiman, Mr. CHAN Ching Huen, Stanley, and Mr. WONG Man Shun, Michael and the independent non-executive directors are Mr. ZAVATTI Samuel, Mr. FUNG Wai Hing and Mr. WONG Tat Cheong, Frederick.

* *For identification purpose only*