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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 2024

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 2024, together with the comparative figures for the year ended 31st December 2023. The annual results have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Revenue

The Group’s revenue amounted to HK\$560,626,000 in 2024, compared with HK\$701,552,000 in 2023, representing a decrease of 20.1%. The Group’s gross profit amounted to HK\$138,549,000, compared with HK\$158,865,000 in 2023, representing a decrease of 12.8%. The gross profit was 24.7% of revenue in 2024, compared with 22.6% in 2023. The contrasting trend in year-over-year revenue growth versus change in gross profit % is attributable to the shift of some new business to the commission income model where only the net income is recognized as revenue.

* *For identification purpose only*

Other Income and Gains – Net

The total value of other income and gains was HK\$18,669,000 in 2024, compared with HK\$8,464,000 in 2023, representing an increase of 120.6%.

The Group recorded a gain of HK\$21,400,000 in 2024 from the fair value change of the Group's shareholding in the privatized Prima Industrie S.p.A., compared with a HK\$5,533,000 gain in 2023.

The Group recorded a revaluation loss of investment properties of HK\$7,347,000 in 2024, compared with a HK\$3,970,000 loss in 2023.

The Group received HK\$244,000 subsidies from the PRC Government in 2024, compared with HK\$396,000 in 2023, representing a decrease of 38.4%.

In 2023, the Group recognized a gain of HK\$2,402,000 on dissolution of our subsidiary company Grassinger Technologies GmbH whereas there was no such gain in 2024.

In 2023, the Group recorded a realized and unrealized net fair value loss on derivative instruments of HK\$402,000 whereas the realized gain on derivative instruments of HK\$585,000 in 2024 were classified under administrative expenses.

Operating Expenses

Selling and distribution costs were HK\$19,143,000 in 2024, compared with HK\$22,047,000 in 2023, representing a decrease of 13.2% contributed by the continuous effort in driving down operating cost through multiple initiatives.

Administrative expenses amounted to HK\$96,835,000 in 2024, compared with HK\$100,112,000 in 2023, representing a decrease of 3.3%.

Finance Expenses – Net

Finance expenses net of finance income were HK\$8,254,000 in 2024, compared with HK\$12,621,000 in 2023, representing a decrease of 34.6%. Finance income in 2024 was HK\$1,160,000, compared with HK\$1,200,000 in 2023, representing a decrease of 3.3%. Interest income derived from the loan to OPS Ingersoll Funkenerosion GmbH was HK\$810,000 in 2024, compared with HK\$760,000 in 2023.

Finance expenses were HK\$9,414,000 in 2024, compared with HK\$13,821,000 in 2023, representing a decrease of 31.9%. The decrease was contributed mainly by enhancement in cash flow and the resulting reduction in level of bank borrowing.

Share of Post-tax Losses of Associates

The Group's share of post-tax losses of OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited in 2024 was HK\$9,573,000, a year-over-year reduction compared with HK\$15,916,000 in 2023.

Income Tax Expenses

Income tax expenses in 2024 were HK\$3,769,000, compared with HK\$1,915,000 in 2023, representing an increase of 96.8%.

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

The operating profit for the Group was HK\$42,503,000 in 2024, compared with an operating profit of HK\$42,206,000 in 2023, representing a slightly increase of 0.7%. The profit attributable to owners of the Company was HK\$20,909,000 in 2024, compared with the profit attributable to owners of the Company of HK\$11,288,000 in 2023, representing an increase of 85.2% which was contributed by fair value gain of Prima Industrie S.p.A. as well as reduction in operating expenses and finance expenses.

The basic earnings per share was HK9.09 cents in 2024, compared with a basic earnings per share of HK4.91 cents in 2023, representing an increase of 85.1%.

Total Comprehensive Income Attributable to Owners of the Company

The total comprehensive income attributable to owners of the Company was HK\$5,203,000 in 2024, compared with the total comprehensive income attributable to owners of the Company of HK\$12,258,000 in 2023.

DIVIDEND

The Directors recommend the payment of a final dividend of HK3.0 cents per ordinary share for the year ended 31st December 2024 totaling HK\$6,902,000. Including the special dividend of HK10 cents per ordinary share paid on 31st July 2024 and the interim dividend of HK3.0 cents per ordinary share paid on 27th September 2024, the total dividend for the year ended 31st December 2024 will amount to HK16 cents per share (2023: HK4.5 cents per share). This final dividend recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting, which will be held on 25th June 2025 (Wednesday). Upon the approval of the shareholders, the final dividend warrant will be payable on or before 15th July 2025 (Tuesday) to the shareholders of the Company whose names appear on the register of members on 3rd July 2025 (Thursday).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2024

	<i>Note</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	560,626	701,552
Cost of goods sold	4	(422,077)	(542,687)
Gross profit		138,549	158,865
Other income and gains - net	3	18,669	8,464
Selling and distribution costs	4	(19,143)	(22,047)
Administrative expenses	4	(96,835)	(100,112)
Net reversal of impairment losses/ (impairment losses) on financial assets		1,263	(2,964)
Operating profit		42,503	42,206
Finance income		1,160	1,200
Finance expenses		(9,414)	(13,821)
Finance expenses - net		(8,254)	(12,621)
Share of post-tax losses of associates	9(a)	(9,573)	(15,916)
Profit before income tax		24,676	13,669
Income tax expense	5	(3,769)	(1,915)
Profit for the year		20,907	11,754
Profit attributable to:			
Owners of the Company		20,909	11,288
Non-controlling interests		(2)	466
		20,907	11,754
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (Hong Kong cents)	7	HK9.09 cents	HK4.91 cents
Diluted earnings per share (Hong Kong cents)	7	N/A	N/A

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	20,907	11,754
Other comprehensive (loss)/income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
(Loss)/gain on revaluation of land and buildings	(7,249)	3,396
Movement of deferred tax	1,431	(5)
Change in value of financial assets at fair value through other comprehensive income, net of tax	(3,600)	2,600
	(9,418)	5,991
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(6,620)	(3,998)
Release of exchange reserve upon dissolution of a subsidiary	–	(893)
	(6,620)	(4,891)
Other comprehensive (loss)/income for the year, net of tax	(16,038)	1,100
Total comprehensive income for the year	4,869	12,854
Total comprehensive income attributable to owners of the company	5,203	12,258
Total comprehensive (loss)/income attributable to non-controlling interests	(334)	596
	4,869	12,854

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2024

	<i>Note</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment		8,336	9,808
Right-of-use assets		177,729	242,161
Investment properties	<i>8</i>	73,643	77,722
Investments in associates	<i>9(a)</i>	35,817	47,061
Loan to an associate	<i>9(b)</i>	16,803	15,792
Financial assets at fair value through other comprehensive income		7,389	10,989
Financial asset at fair value through profit and loss		76,718	55,179
Deferred income tax assets		4,534	5,657
		400,969	464,369
Current assets			
Inventories		69,993	80,209
Trade and bills receivables	<i>10</i>	206,372	209,795
Other receivables, prepayments and deposits		28,639	31,556
Restricted bank deposits		5,297	5,059
Cash and cash equivalents		26,048	29,795
Total current assets		336,349	356,414
Total assets		737,318	820,783

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	<i>11</i>	23,007	23,007
Other reserves	<i>11</i>	210,639	282,485
Retained earnings		216,253	177,167
		449,899	482,659
Non-controlling interests		(4,851)	(4,517)
Total equity		445,048	478,142
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		28,818	30,249
		28,818	30,249
Current liabilities			
Trade and bills payables	<i>12</i>	76,678	78,770
Other payables, accruals and contract liabilities		47,291	51,836
Borrowings	<i>13</i>	128,071	172,146
Lease liabilities		98	46
Tax payable		11,314	9,594
Total current liabilities		263,452	312,392
Total liabilities		292,270	342,641
Total equity and liabilities		737,318	820,783

Notes:

1. BASIS OF PREPARATION

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

(i) Amended standards adopted by the Group

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 7 and HKAS 7	Supplier Finance Arrangements

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

- (ii) The following standards, amendments and interpretations have been published but are not mandatory for 31st December 2024 reporting period and have not been early adopted by the Group:

		Effective for annual year beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

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

2. SEGMENT INFORMATION

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

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

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

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

For the year ended 31st December 2024

	Mainland			Total
	China	HK	Others	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	<u>522,847</u>	<u>15,281</u>	<u>22,498</u>	<u>560,626</u>
Segment results	<u>37,647</u>	<u>2,783</u>	<u>2,073</u>	<u>42,503</u>
Finance income				1,160
Finance expenses				(9,414)
Share of post-tax losses of associates				<u>(9,573)</u>
Profit before income tax				24,676
Income tax expense				<u>(3,769)</u>
Profit for the year				<u>20,907</u>

For the year ended 31st December 2023

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

Disaggregation of revenue

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

Revenue recognised during the year is disaggregated as follows:

	2024	2023
	HK\$'000	HK\$'000
Sales of goods	464,800	626,121
Commission income	89,698	68,509
Service income	6,128	6,922
	<u>560,626</u>	<u>701,552</u>

Commission income of HK\$89,698,000 (2023: HK\$68,509,000) was recognized when technical support and agency services in respect of trading between certain business partners were rendered.

Service income of HK\$6,128,000 (2023: HK\$6,922,000), was developing into recurring income from operations.

During the year ended 31st December 2024, revenue of approximately HK\$89,536,000 (2023: HK\$237,238,000) were derived from one customer (2023: one customer), which individually accounted for over 10% of the Group's total revenue.

Contract liabilities of HK\$29,503,000 (2023: HK\$23,513,000) were classified within "other payables, accruals and contract liabilities". It represents advanced payments received from customers for goods that have not been transferred to the customers. During the year ended 31st December 2024, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue. Increase in contract liabilities is mainly due to the increase in sales orders with advanced payments.

The provision for slow moving inventories written back for the year ended 31st December 2024 are HK\$1,563,000 (2023: charged HK\$3,660,000).

The net impairment losses on financial assets written back for the year ended 31st December 2024 are HK\$1,263,000 (2023: charged HK\$2,964,000).

The total depreciation of plant and equipment and right-of-use assets for the year ended 31st December 2024 are HK\$7,307,000 (2023: HK\$8,038,000).

Segment assets

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets:		
Mainland China	382,717	409,020
Hong Kong	290,351	325,749
Other countries and territories (<i>Note (a)</i>)	<u>64,250</u>	<u>86,014</u>
	<u>737,318</u>	<u>820,783</u>

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

Segment liabilities

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment liabilities:		
Mainland China	207,087	233,277
Hong Kong	59,154	54,036
Other countries and territories (<i>Note (a)</i>)	<u>26,029</u>	<u>55,328</u>
	<u>292,270</u>	<u>342,641</u>

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

Capital expenditure

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure:		
Mainland China	660	281
Hong Kong	–	1,341
Other countries and territories (<i>Note (a)</i>)	99	7
	<u>759</u>	<u>1,629</u>

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

Capital expenditure comprises mainly additions to plant and equipment.

Note:

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

3. OTHER INCOME AND GAINS – NET

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative instruments – forward contracts:		
– Realised and unrealised net fair value loss	–	(402)
Rental income	3,653	3,305
Reward income	451	423
Net fair value losses on investment properties	(7,347)	(3,970)
Net fair value gains on financial assets at fair value through profit and loss	21,539	5,704
Government grants	244	396
Gain on dissolution of a subsidiary	–	2,402
Others	129	606
	<hr/> 18,669 <hr/>	<hr/> 8,464 <hr/>

4. EXPENSES BY NATURE

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration		
– Audit services	1,163	1,390
– Non-audit services	530	938
Cost of inventories sold	421,837	535,664
Depreciation on plant and equipment	2,198	2,239
Depreciation on right-of-use assets	5,109	5,799
Short-term leases	1,136	1,893
(Reversal of provision)/provision for slow moving inventories	(1,563)	3,660
Foreign exchange loss	5,200	1,515
Employee benefits expenses (including directors' remuneration)	59,364	60,952
Other expenses	43,081	50,796
	<hr/>	<hr/>
Total cost of goods sold, selling and distribution costs and administrative expenses	<u>538,055</u>	<u>664,846</u>

5. INCOME TAX EXPENSE

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	2,591	7,412
– PRC and overseas taxation	55	138
Deferred income tax	1,123	(5,635)
	<hr/>	<hr/>
	<u>3,769</u>	<u>1,915</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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% (2023: 25%) on the estimated assessable profit for the year with certain preferential provisions.

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

6. DIVIDENDS

Final dividend was proposed at HK3.0 cents (2023: HK3.5 cents) per ordinary share for the shareholders of the Company for the year ended 31st December 2024.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Special dividend, paid, HK10 cents during the year (2023: Nil) per ordinary share	23,008	–
Interim dividend, paid, HK3.0 cents (2023: HK1.0 cent) per ordinary share	6,902	2,301
Final dividend, proposed, of HK3.0 cents (2023: HK3.5 cents) per ordinary share	6,902	8,053
	<u>36,812</u>	<u>10,354</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.

	2024	2023
Profit attributable to owners of the Company (HK\$'000)	<u>20,909</u>	<u>11,288</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>230,076</u>	<u>230,076</u>
Basic earnings per share attributable to equity owners of the Company (HK cents per share)	<u>9.09</u>	<u>4.91</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share options. There are no share options issued/ outstanding during the year ended 31st December 2024 and 2023, hence no diluted earnings per share was presented.

8. INVESTMENT PROPERTIES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At fair value		
Opening balance at 1st January	77,722	77,123
Transfer from right-of-use assets	3,271	4,400
Net losses from fair value adjustment	(7,347)	(3,970)
Exchange difference	(3)	169
	<u>73,643</u>	<u>77,722</u>
Closing balance at 31st December	<u><u>73,643</u></u>	<u><u>77,722</u></u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	<u>3,653</u>	<u>3,305</u>

The direct operating expenses from investment properties were not significant for the years ended 31st December 2024 and 2023.

As at 31st December 2024, the Group had no unprovided contractual obligations for further repairs and maintenance (2023: Nil).

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

The investment property located in Hong Kong was revalued as at 31st December 2024 and 2023 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 2024 and 2023 by PropNex Realty Pte Ltd. and Dickson Property Consultants Pte Ltd. respectively, independent firm of professional valuers.

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

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

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

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

	Significant unobservable inputs	Price per square foot (Weighted average)	Relationship of unobservable inputs to fair value
As at 31st December 2024			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$2,861 – HK\$7,614 (HK\$6,163)	The higher the price per square foot, the higher the fair value
Land and building in the PRC	Market unit sale price (per square foot)	HK\$2,902	The higher the price per square foot, the higher the fair value
Land and building in Singapore	Market unit sale price (per square foot)	HK\$1,025	The higher the price per square foot, the higher the fair value
As at 31st December 2023			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$3,070 – HK\$8,728 (HK\$7,056)	The higher the price per square foot, the higher the fair value
Land and building in Singapore	Market unit sale price (per square foot)	HK\$1,026	The higher the price per square foot, the higher the fair value

Bank borrowings are secured on investment properties with a carrying amount of HK\$16,860,000 (2023: HK\$64,650,000).

9(a). INVESTMENTS IN ASSOCIATES

Movements of investments in associates are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January	47,061	62,243
Share of post-tax losses of associates	(9,573)	(15,916)
Currency translation difference	(1,671)	734
	<hr/>	<hr/>
At 31st December	<u>35,817</u>	<u>47,061</u>

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

Details of investment in associates as at 31st December 2024 and 2023 are as follows:

Company name	Place of business/ country of incorporation	Effective % of ownership interest		Principal activities
		2024	2023	
OPS-Ingersoll Holding GmbH (“OPS”)	Germany/Germany	33.84	33.84	Manufacturing of metal working machinery
Prima Power Suzhou Co., Ltd. (“Prima”)	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 rate at 6% per annum and will not be repaid within the next twelve months from the reporting date (2023: the terms of loan agreement is under negotiation). During the year, interest received from OPS amounted to HK\$810,000 (2023: HK\$760,000).

As at 31st December 2024, the carrying value of the loan to an associate was HK\$16,803,000 (2023: HK\$15,792,000). Expected credit loss of HK\$1,000,000 (2023: HK\$624,000) was recognised as of 31st December 2024.

10. TRADE AND BILLS RECEIVABLES

As at 31st December 2024 and 2023, the ageing analysis of trade and bills receivables by invoice date are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	145,397	177,823
4-6 months	31,902	7,443
7-12 months	1,795	14,564
Over 12 months	29,638	15,883
	208,732	215,713
Less: provision for impairment	(2,360)	(5,918)
	<u>206,372</u>	<u>209,795</u>

As at 31st December 2024 and 2023, the ageing analysis of trade and bills receivables by payment due date are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	196,041	186,529
1-3 months	9,266	12,510
4-6 months	611	5,871
7-12 months	501	4,918
Over 12 months	2,313	5,885
	208,732	215,713
Less: provision for impairment	(2,360)	(5,918)
	<u>206,372</u>	<u>209,795</u>

The Group generally grants credit terms of a range 30 to 90 days to its customers. Longer payment terms might be granted to those customers who have good payment history and long-term business relationship with the Group.

11. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1st January 2024	23,007	282,485	177,167	482,659	(4,517)	478,142
Comprehensive income						
Profit for the year	-	-	20,909	20,909	(2)	20,907
Other comprehensive loss						
Loss on revaluation of right-of-use assets	-	(7,249)	-	(7,249)	-	(7,249)
Movement of deferred tax	-	1,431	-	1,431	-	1,431
Change of value of financial assets at fair value through other comprehensive income	-	(3,600)	-	(3,600)	-	(3,600)
Release of revaluation reserve upon disposal of right-of-use asset	-	(56,821)	56,821	-	-	-
Currency translation differences	-	(6,288)	-	(6,288)	(332)	(6,620)
Total other comprehensive loss, net of tax	-	(72,527)	56,821	(15,706)	(332)	(16,038)
Total comprehensive income	-	(72,527)	77,730	5,203	(334)	4,869
Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets	-	681	(681)	-	-	-
Transactions with owners of the Company recognised directly in equity						
Dividend paid relating to 2023	-	-	(8,053)	(8,053)	-	(8,053)
Interim dividend paid	-	-	(6,902)	(6,902)	-	(6,902)
Special dividend paid	-	-	(23,008)	(23,008)	-	(23,008)
Total transactions with owners, recognised directly in equity	-	-	(37,963)	(37,963)	-	(37,963)
Balance at 31st December 2024	23,007	210,639	216,253	449,899	(4,851)	445,048

Attributable to owners of the Company

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

12. TRADE AND BILLS PAYABLES

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	61,494	60,599
1-3 months	4,158	6,361
4-6 months	6,113	5,616
7-12 months	1,237	–
Over 12 months	3,676	6,194
	<u>76,678</u>	<u>78,770</u>

13. BORROWINGS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current		
Trust receipt loans	75,963	80,300
Term loans from banks due for repayment within one year	52,108	91,846
	<u>128,071</u>	<u>172,146</u>

As at 31st December 2024, certain land and buildings, investment properties, restricted bank deposits and financial assets at fair value through profit or loss in Hong Kong and Mainland China with an aggregate carrying value of approximately HK\$97,273,000 (2023: HK\$148,961,000) 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 2025.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from 20th June 2025 (Friday) to 25th June 2025 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 Annual General Meeting. In order to be eligible to attend and vote at the 2025 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 19th June 2025 (Thursday); and
- (ii) from 2nd July 2025 (Wednesday) to 3rd July 2025 (Thursday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 30th June 2025 (Monday).

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

BUSINESS REVIEW

Trading

In 2024, the Chinese economy faced a variety of challenges. The GDP growth rate of China for the year stood at 5.0%, a slight decrease from 5.4% in 2023. Despite a 5.7% growth in industrial value, intense competition in the Chinese market led to a 3.3% decline in overall industrial profitability compared to the previous year. The surge in industrial value in 2024 was mainly driven by the emergence of the “new quality productive forces”, which included the upgrade in various sectors such as railways, shipbuilding, general equipment, new energy

vehicles, solar light batteries, robots, medical equipment, aerospace and aircraft. Moreover, the export value of goods in 2024 recorded a satisfactory growth rate of 7.1% compared with 2023. The ASEAN, European Union, USA and China Hong Kong remained the major export regions, with notable growth in exports to the ASEAN region reaching 13.4% in 2024. However, the property market was at a low ebb and the sluggish demand for domestic consumption dragged down the economy.

In 2024, China's automobile production reached 31,436,000 units, including 12,888,000 new energy vehicles. This marked a 3.7% increase in automobile production compared with 2023, with new energy vehicle production experiencing a remarkable 34.4% surge over the previous year.

Throughout 2024, the Group maintained a strong sales volume with new energy vehicle manufacturing industry. This also yielded significant revenue from installation, part sales, and services. However, performance in other customer segments was not as remarkable. In 2024, China saw a 4.1% decrease in the import volume of machine tools compared to 2023. Despite this overall decline, Leeport's Japanese machine tools business excelled in the sales to the new energy vehicle manufacturing industry and achieved a very significant business volume. The import value of cutting tools to China decreased by 2.7% in 2024. Leeport's Japanese cutting tools business sustained a comparable level of performance to that of 2023. In addition, the demand for electronics equipment showed resilience throughout 2024. The Group's electronics equipment sector surpassed its performance in 2023. The overall business environment in 2024 posed ongoing challenges for the Group, particularly in maintaining the gross margins amidst the keen market competition. Moreover, we were cautious about the operating expenses, which contributed to an improvement in profitability.

In 2024, the total order intake of the Group was HK\$1,261,718,000 as compared with HK\$843,939,000 in 2023, representing an increase of 49.5%. The order intake amount including orders from sales of goods, service income and gross up orders from commission income.

Investment

The business of the associated companies, OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited was unsatisfactory in 2024. The weakening economic conditions in Europe, especially Germany, contributed to the disappointing business performance of OPS Ingersoll Funkenerosion GmbH. In China, the lower demand and keen competition for sheet metal machinery, especially import machinery, resulted in a downturn in business for Prima Power Suzhou Company in 2024. The environment remains challenging for the associated companies in 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash and cash equivalents of the Group as at 31st December 2024 was HK\$26,048,000 (31st December 2023: HK\$29,795,000). Lower cash balance is attributable to proactive repayment of bank borrowings to reduce finance costs.

The Group's inventory balance as at 31st December 2024 was HK\$69,993,000 (31st December 2023: HK\$80,209,000). The turnover days of inventory were 61 at the end of December 2024, compared with 54 at the end of December 2023. The decrease in inventory balance has reflected the Group's effort in actively accelerating sell-through of inventory to enhance cash flow and to reduce inventory risk.

The balance of trade receivable and bills receivable was HK\$206,372,000 as at 31st December 2024 (31st December 2023: HK\$209,795,000). The turnover days of trade receivable were 125 at the end of December 2024, compared with 135 at the end of December 2023. The change in trade receivable balance and receivable days is attributable to change in trade mix.

The balance of trade payable and bills payable was HK\$76,678,000 as at 31st December 2024 (31st December 2023: HK\$78,770,000). The turnover days of trade payable were 66 at the end of December 2024, compared with 53 at the end of December 2023. The change in trade payable balance and payable days is attributable to change in purchase mix.

The balance of short-term borrowings was HK\$128,071,000 as at 31st December 2024 (31st December 2023: HK\$172,146,000). The lower level of bank borrowings was resulted from the Group's effort in cash flow enhancement.

The Group's net gearing ratio was approximately 21.7% as at 31st December 2024 (31st December 2023: 28.7%). The net gearing ratio was lower than in 2023, due to the lower borrowing level in 2024. The net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent and restricted bank deposits.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31st December 2024, the Group had aggregate banking facilities of approximately HK\$226,538,000, of which approximately HK\$140,281,000 was utilised, bearing interest at prevailing market rates and secured by certain land and buildings, investment property, restricted bank deposits and an financial asset at fair value through profit and loss of the Group in Hong Kong, Mainland China, with an aggregate carrying amount of HK\$97,273,000 (31st December 2023: HK\$148,961,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

FINANCIAL KEY PERFORMANCE INDICATORS

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

The GP ratio measures the Group’s ability to cover its operational expenses by its gross profit. The GP ratio is calculated as gross profit divided by revenue. The Group’s GP ratio was approximately 24.7% of 2024 (2023: 22.6%). The higher GP ratio was attributable to the shift of some new business to the commission income model where only the net income is recognized as revenue.

The NP ratio measures how effectively the Group can convert sales into net income. It reveals the remaining profit after the cost of goods sold, selling and distribution costs, administrative expenses, finance expenses and income tax expenses. It is calculated as profit for this year excluding share of post-tax losses of associates divided by revenue. The Group’s NP ratio was approximately 5.4% in 2024 (2023: 3.9%). The improvement in the NP ratio was contributed by fair value gain on financial asset as well as enhancement in operating cost efficiency.

The ROE ratio measures the efficiency of the Group to utilise the funds from equity holders to generate profit and grow the company. The ROE ratio is calculated as profit for the year divided by average equity. The Group’s ROE ratio was approximately 4.5% in 2024 (2023: 2.5%). The improvement in ROE was attributable primarily to the above-mentioned improvement in profit.

The NG ratio measures the Group’s financial leverage regarding the degree to which its business activities are funded by bank loans. The NG ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent and restricted bank deposits. The Group’s NG ratio was approximately 21.7% as at 31st December 2024 (31st December 2023: 28.7%). The decrease in the NG ratio was attributable to the decrease in bank borrowing to lower finance costs.

FUTURE PLANS AND PROSPECTS

The Chinese Government set a target GDP growth rate of 5% for 2025. The driving force behind the growth will mainly stem from stimulating domestic consumption and further strengthening the development of high-tech industries, especially the artificial intelligence industry. The Chinese Government will continue to promote the “new quality productive forces” to drive more high-tech advancements across various industries. Emerging sectors such as artificial intelligence large language models, quantum computers, humanoid robots, and self-driving automobiles, will bring in additional demand for high-end manufacturing equipment and technology. Furthermore, the sales volume of the new energy vehicle in China (including exports) is estimated to be 16,500,000 units in 2025, representing a 30% increase from 2024.

The Group’s high-end manufacturing equipment would still have good opportunities in the Chinese market. The Group continues to optimize the sales and service team by bringing in fresh and experienced talents. Considering the anticipated revenue growth from after-sales service, the Group has expanded its service team by recruiting more engineers to enhance its technical capabilities.

On the other hand, the recent situation of the tariff war between the US and the rest of the world (including China) has brought a high level of uncertainty into the global economy, casting a shadow over the business of the Group. The unsatisfactory performance of the associated companies in Germany and China is also adversely affecting the financial performance of the Group. Despite these challenges, the management of Leeport remains confident in its products and market. The Group also starts to introduce different grades of products to expand our market share. Through the enhancement of sales management and the addition of new products, the Group has confidence that we can achieve a better performance in 2025.

EMPLOYEES

As at 31st December 2024, the Group had 233 employees (31st December 2023: 226). Of these, 41 were based in Hong Kong, 180 were based in mainland China, and 12 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, pension scheme contribution in different countries, the Group offered staff benefits including medical schemes, education subsidies and discretionary performance bonuses.

SHARE CAPITAL

Share capital

	2024	2023
	<i>HK\$'000</i>	<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	Number of
	shares	shares
	<i>(in thousand)</i>	<i>(in thousand)</i>
Issued and fully paid:		
At 1st January 2024 and 31st December 2023 and 2024		
230,076,062 ordinary shares of HK\$0.10 each	<u>230,076</u>	<u>230,076</u>

Share option scheme

The share option scheme of the Company has expired on 14th May 2023. As at 31st December 2024 and the date of this announcement, the Company has no share option scheme.

No share options were granted, cancelled, exercised or lapsed during the year ended 31st December 2024 and 2023.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 31st December 2024, certain land and buildings, investment properties, restricted bank deposits and financial asset at fair value through profit and loss in Hong Kong and Mainland China, with an aggregate carrying value of approximately HK\$97,273,000 (31st December 2023: HK\$148,961,000), were pledged to secure the banking facilities of the Group.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the year 2024, the Group spent a total of HK\$759,000 (31st December 2023: HK\$1,629,000) in capital expenditure, primarily consisting of leasehold improvement and plant and equipment. As at 31st December 2024 and 31st December 2023, the Group had no capital commitment. In the meantime, a total of HK\$3,811,000 (31st December 2023: HK\$18,107,000) in contingent liabilities in respect of letters of guarantee was given to customers.

EXPOSURE OF FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

As at 31st December 2024 and 31st December 2023, the Group had no outstanding gross-settled foreign currency forward contract.

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.

The Company did not have any treasury shares (as defined under the Listing Rules) as at 31st December 2024 and as at the date of this announcement.

CORPORATE GOVERNANCE

During the year ended 31st December 2024, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the Code Provision C.2.1.

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

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

For the year ended 31st December 2024, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31st December 2024 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 Salvatore and Mr. KARCHT Jurgen Ernst Max has reviewed the accounting principles and practices adopted by the Group with the management and has discussed risk management and internal control systems and financial reporting matters, including a review of the consolidated financial statements for the year ended 31st December 2024 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 2024. 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 2024 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.

2025 ANNUAL GENERAL MEETING

It is proposed that the 2025 Annual General Meeting of the Company will be held on 25th June 2025 (Wednesday). A notice convening the 2025 Annual General Meeting will be published on the websites of the Stock Exchange and the Company in due course and will be dispatched to the shareholders of the Company accordingly.

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

Hong Kong, 25th March 2025

As at the date of this announcement, the board of directors comprises 3 executive directors, namely Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley and Mr. POON Yiu Ming; the non-executive Director Ms. TSE Sui Yin, Sally and the independent non-executive Directors are Mr. ZAVATTI Salvatore, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max.

* *For identification purpose only*