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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 2022

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 2022, together with the comparative figures for the year ended 31st December 2021. The annual results have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Sales

In 2022, despite the complicated economic situation in China, which was due especially to the Government’s strict control measures related to the in COVID-19 pandemic, the Group still achieved an order intake of HK\$1,046,432,000 and an invoice sales amount of HK\$874,011,000. This outstanding business performance is attributed to the boom in the manufacturing of new energy cars in the year.

The Group’s sales amounted to HK\$874,011,000 in 2022, compared with HK\$707,752,000 in 2021, representing an increase of 23.5%. The Group’s gross profit amounted to HK\$133,205,000, compared with HK\$100,918,000 in 2021, representing an increase of 32.0%. The gross profit was 15.2% of sales in 2022, compared with 14.3% in 2021. The higher gross profit ratio was due to the favourable mix in sales and products.

* *For identification purpose only*

Other Income and Gains – Net

The total value of other income and gains was HK\$6,311,000 in 2022, compared with HK\$10,221,000 in 2021, representing a decrease of 38.3%.

The Group recorded a realized and unrealized net fair value loss on derivative instruments of HK\$8,220,000, compared with a loss of HK\$647,000 in 2021.

Service income was HK\$6,067,000 in 2022, compared with HK\$7,637,000 in 2021, representing a decrease of 20.6%. Commission income was HK\$313,000 in 2022, compared with HK\$408,000 in 2021, representing a decrease of 23.3%.

The Group received HK\$2,026,000 from the Employment Support Scheme of the Hong Kong Government and a subsidy from the Chinese Government in 2022, compared with HK\$456,000 received in 2021.

The Group received HK\$2,314,000 dividend income from Prima Industrie S.p.A. (“Prima”), a company incorporated in Italy with limited liability, the shares of which are listed on the Milan Exchange (Stock Code: PRI:IM). There was no dividend declared by Prima Industrie S.p.A. in 2021.

In 2022, the Group recorded a revaluation gain of investment properties of HK\$2,771,000, compared with a revaluation loss of investment properties of HK\$292,000 in 2021.

Operating Expenses

Selling and distribution costs were HK\$25,248,000 in 2022, compared with HK\$23,163,000 in 2021, representing an increase of 9.0%, which was smaller than the year-over-year sales increase of 23.5%. The cost increase was attributable primarily to an increase in variable costs in the supply chain, driven by an increase in the volume of sales.

Administrative expenses amounted to HK\$97,584,000 in 2022, compared with HK\$96,607,000 in 2021, representing an increase of 1.0%, which was smaller than the year-over-year sales increase of 23.5%, reflecting a better leverage of economy of scale in 2022.

Finance Expenses – Net

Finance expenses net of finance income were HK\$8,671,000 in 2022, compared with HK\$2,973,000 in 2021, representing an increase of 191.7%. Finance income in 2022 was HK\$927,000, compared with HK\$950,000 in 2021, representing a decrease of 2.4%. Interest income derived from the loan to OPS Ingersoll Funkenerosion GmbH was HK\$842,000 in 2022, compared with the similar amount of HK\$822,000 in 2021.

Finance expenses were HK\$9,598,000 in 2022, compared with HK\$3,923,000 in 2021, representing an increase of 144.7%. This increase was due to the higher interest rate in the market in 2022 as well as an increase in the amount of bank borrowings to support business growth.

Share of Post-tax Profits of Associates

The business of both OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited has been gradually recovering from the negative impact of the COVID-19 pandemic. The Group's share of post-tax profits of OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited in 2022 was HK\$3,885,000, compared with share of post-tax profits of HK\$3,526,000 in 2021, representing an increase of 10.2%.

Income Tax Expenses

Income tax expenses in 2022 were HK\$3,355,000, compared with HK\$4,625,000 in 2021, representing a decrease of 27.5%.

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

The profit attributable to owners of the Company was HK\$8,317,000 in 2022, compared with the loss attributable to owners of the Company of HK\$38,984,000 in 2021. Apart from the year-over-year increase in sales and operating profit in 2022, the loss attributable to owners of the Company in 2021 was due mainly to the one-off reclassification of the HK\$26,343,000 cumulative amount of exchange reserve from equity to profit or loss on the dissolution of a subsidiary in Macao, namely Leeport Macao Commercial Offshore Limited, in compliance with the requirements of the Macao SAR Government's law regarding the termination of all offshore business licences in Macao, which no longer had any financial impact on the Group in 2022.

The operating profit for the Group was HK\$16,329,000 in 2022, compared with an operating loss of HK\$9,332,000 in 2021.

The basic earnings per share was HK3.61 cents in 2022, compared with a basic losses per share of HK16.94 cents in 2021.

Total Comprehensive Income Attributable to Owners of the Company

The total comprehensive income attributable to owners of the Company was HK\$27,101,000 in 2022, compared with the total comprehensive income attributable to owners of the Company of HK\$19,330,000 in 2021. The increase in the total comprehensive income attributable to owners of the Company was due mainly to the fact that the Company recorded a loss for the year of 2021. The one-off reclassification of the HK\$26,343,000 cumulative amount of exchange reserve from equity to profit or loss on the dissolution of a subsidiary in Macao, namely Leeport Macao Commercial Offshore Limited, has had no impact on the total comprehensive income attributable to owners of the Company in 2022.

DIVIDEND

The Directors recommend the payment of a final dividend of HK1.0 cent per ordinary share for the year ended 31st December 2022 totaling HK\$2,301,000. Including the special dividend of HK8.0 cents per ordinary share paid on 4 January 2023, the total dividend for the year ended 31st December 2022 will amount to HK9.0 cents per share (in 2021, HK5.0 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 16 June 2023 (Friday). Upon the approval of the shareholders, the final dividend warrant will be payable on or before 7 July 2023 (Friday) to the shareholders of the Company whose names appear on the register of members on 26 June 2023.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales	2	874,011	707,752
Cost of goods sold	4	(740,806)	(606,834)
Gross profit		133,205	100,918
Other income and gains – net	3	6,311	10,221
Selling and distribution costs	4	(25,248)	(23,163)
Administrative expenses	4	(97,584)	(96,607)
Net impairment losses on financial assets		(355)	(701)
Operating profit/(loss)		16,329	(9,332)
Finance income		927	950
Finance expenses		(9,598)	(3,923)
Finance expenses – net		(8,671)	(2,973)
Release of exchange reserve upon dissolution of a subsidiary		–	(26,343)
Share of post-tax profits of associates	9(a)	3,885	3,526
Profit/(loss) before income tax		11,543	(35,122)
Income tax expense	5	(3,355)	(4,625)
Profit/(loss) for the year		8,188	(39,747)
Profit/(loss) attributable to:			
Owners of the Company		8,317	(38,984)
Non-controlling interests		(129)	(763)
		8,188	(39,747)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company			
Basic earnings/(losses) per share (Hong Kong cents)	7	HK3.61 cents	(HK16.94 cents)
Diluted earnings/(losses) per share (Hong Kong cents)	7	N/A	N/A

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year	8,188	(39,747)
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain on revaluation of land and buildings	2,973	6,774
Movement of deferred tax	141	4,649
Change in value of financial assets at fair value through other comprehensive income, net of tax	24,622	15,769
	27,736	27,192
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(8,621)	4,494
Release of exchange reserve upon dissolution of a subsidiary	–	26,343
	(8,621)	30,837
Other comprehensive income for the year, net of tax	19,115	58,029
Total comprehensive income for the year	27,303	18,282
Total comprehensive income attributable to owners of the company	27,101	19,330
Total comprehensive income/(loss) attributable to non-controlling interests	202	(1,048)
	27,303	18,282

**CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2022**

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment		10,805	11,893
Right-of-use assets		249,227	260,962
Investment properties	<i>8</i>	77,123	69,789
Investments in associates	<i>9(a)</i>	62,243	63,009
Loan to an associate	<i>9(b)</i>	16,673	17,717
Financial assets at fair value through other comprehensive income		8,389	8,689
Financial asset at fair value through profit and loss		6,408	–
Prepayment for acquisition of financial asset		42,095	–
		<u>472,963</u>	<u>432,059</u>
Current assets			
Inventories		92,890	111,908
Trade and bills receivables	<i>10</i>	263,661	109,980
Other receivables, prepayments and deposits		92,730	42,596
Financial assets at fair value through other comprehensive income		–	110,865
Derivative financial instruments	<i>11</i>	823	25
Restricted bank deposits		11,022	10,917
Cash and cash equivalents		63,438	65,522
		<u>524,564</u>	<u>451,813</u>
Assets classified as held for sale		<u>–</u>	<u>1,451</u>
Total current assets		<u>524,564</u>	<u>453,264</u>
Total assets		<u>997,527</u>	<u>885,323</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <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>	282,879	303,644
Retained earnings		169,117	145,409
		<u>475,003</u>	<u>472,060</u>
Non-controlling interests		(5,113)	(5,315)
		<u>469,890</u>	<u>466,745</u>
LIABILITIES			
Non-current liabilities			
Other payables		1,212	3,212
Lease liabilities		50	1,175
Deferred income tax liabilities		30,244	30,385
		<u>31,506</u>	<u>34,772</u>
Current liabilities			
Trade and bills payables	<i>13</i>	163,706	111,331
Other payables, accruals and contract liabilities		78,834	66,661
Derivative financial instruments	<i>11</i>	–	657
Borrowings	<i>14</i>	231,948	199,867
Lease liabilities		46	962
Dividend payable		18,406	–
Tax payable		3,191	4,051
		<u>496,131</u>	<u>383,529</u>
Liabilities directly associated with assets classified as held for sale		<u>–</u>	<u>277</u>
Total current liabilities		<u>496,131</u>	<u>383,806</u>
Total liabilities		<u>527,637</u>	<u>418,578</u>
Total equity and liabilities		<u>997,527</u>	<u>885,323</u>

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 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. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(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 2022.

Annual improvement project (Amendments)	Annual Improvements to HKFRSs 2018–2020
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021
HKAS 16 (Amendment)	Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Costs of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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 2022 reporting period and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
HKFRS 17	Insurance Contracts	1st January 2023
HKFRS 17 (Amendment)	Amendments to HKFRS 17	1st January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1st January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1st January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1st January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

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, Germany, 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 sales by geographical location are determined by the country in which the customer is located.

For the year ended 31st December 2022

	Mainland China HK\$'000	HK HK\$'000	Others HK\$'000	Total HK\$'000
Sales	<u>819,158</u>	<u>33,614</u>	<u>21,239</u>	<u>874,011</u>
Segment results	<u>17,487</u>	<u>(894)</u>	<u>(264)</u>	16,329
Finance income				927
Finance expenses				(9,598)
Share of post-tax profits of associates				<u>3,885</u>
Profit before income tax				11,543
Income tax expenses				<u>(3,355)</u>
Profit for the year				<u>8,188</u>

For the year ended 31st December 2021

	Mainland China HK\$'000	HK HK\$'000	Others HK\$'000	Total HK\$'000
Sales	<u>667,811</u>	<u>27,518</u>	<u>12,423</u>	<u>707,752</u>
Segment results	<u>(9,264)</u>	<u>3,049</u>	<u>(3,117)</u>	(9,332)
Finance income				950
Finance expenses				(3,923)
Share of post-tax profits of associates				3,526
Release of exchange reserve upon dissolution of a subsidiary				<u>(26,343)</u>
Loss before income tax				(35,122)
Income tax expenses				<u>(4,625)</u>
Loss for the year				<u>(39,747)</u>

During the year ended 31st December 2022, sales of approximately HK\$295,607,000 (2021: Nil) were derived from one customer (2021: Nil), which individually accounted for over 10% of the Group's total revenue.

Contract liabilities of HK\$59,328,000 (2021: HK\$46,543,000) 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 2022, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as sales. Increase in contract liabilities is mainly due to the increase in sales orders with advanced payments.

The provision for slow moving inventories charged for the year ended 31st December 2022 are HK\$5,023,000 (2021: HK\$3,686,000).

The net impairment losses on financial assets charged for the year ended 31st December 2022 are HK\$355,000 (2021: HK\$701,000).

The total depreciation of plant and equipment and right-of-use assets for the year ended 31st December 2022 are HK\$8,130,000 (2021: HK\$9,400,000).

Segment assets

	2022	2021
	HK\$'000	HK\$'000
Total assets:		
Mainland China	534,598	404,247
Hong Kong	376,034	285,982
Other countries and territories (<i>Note (a)</i>)	86,895	195,094
	997,527	885,323

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

Segment liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total liabilities:		
Mainland China	395,474	302,960
Hong Kong	103,973	88,172
Other countries and territories (<i>Note (a)</i>)	28,190	27,446
	<u>527,637</u>	<u>418,578</u>

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

Capital expenditure

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital expenditure:		
Mainland China	423	1,130
Hong Kong	894	7,251
Other countries and territories (<i>Note (a)</i>)	–	160
	<u>1,317</u>	<u>8,541</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 Italy, Germany, Finland, Taiwan, Singapore, Indonesia and Malaysia.

3. OTHER INCOME AND GAINS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Derivative instruments – forward contracts:		
– Realised and unrealised net fair value loss	(8,220)	(647)
Rental income	2,973	2,629
Service income	6,067	7,637
Commission income	313	408
Net fair value gain/(loss) on an investment properties	2,771	(292)
Net fair value loss on financial asset at fair value through profit and loss	(1,833)	–
Other (loss)/income	(100)	30
Government grants	2,026	456
Dividend income from financial asset at fair value through other comprehensive income	2,314	–
	<u>6,311</u>	<u>10,221</u>

4. EXPENSES BY NATURE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration		
– Audit services	2,000	1,800
– Non-audit services	675	351
Cost of inventories sold	728,222	602,246
Depreciation on plant and equipment	2,137	1,942
Depreciation on right-of-use assets	5,993	7,458
Short-term leases	1,449	300
Provision for slow moving inventories	5,023	3,686
Foreign exchange loss	637	3,707
Employee benefits expenses (including directors' remuneration)	60,988	56,756
Other cost of goods sold, selling and distribution costs and administrative expenses	56,514	48,358
	<u>863,638</u>	<u>726,604</u>

5. INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	–	–
– PRC and overseas taxation	3,355	4,625
Deferred income tax	–	–
	<u>3,355</u>	<u>4,625</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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% (2021: 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

The dividends paid in 2022 and 2021 were HK\$5,752,000 (HK2.5 cents per share) and HK\$13,805,000 (HK6.0 cents per share) respectively.

Final dividend was proposed at HK1.0 cents (2021: HK2.5 cents) per ordinary share for the shareholders of the Company for the year ended 31st December 2022.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Special dividend, declared of HK8 cents (2021: paid of HK2.5 cents) per ordinary share	18,406	5,752
Final dividend, proposed, of HK1.0 cents (2021: HK2.5 cents)	2,301	5,752
	<u>20,707</u>	<u>11,504</u>

7. EARNINGS/(LOSSES) PER SHARE

(a) Basic

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

	2022	2021
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u>8,317</u>	<u>(38,984)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>230,076</u>	<u>230,076</u>
Basic earnings/(losses) per share attributable to equity owners of the Company (HK cents per share)	<u>3.61</u>	<u>(16.94)</u>

(b) Diluted

Diluted earnings/(losses) 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/(losses) per share. There are no share options issued/outstanding during the year ended 31st December 2022 and 2021, hence no diluted earnings/(losses) per share was presented.

8. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At fair value		
Opening balance at 1st January	69,789	70,205
Transfer from right-of-use assets	4,500	–
Net gain/(loss) from fair value adjustment	2,771	(292)
Exchange difference	<u>63</u>	<u>(124)</u>
Closing balance at 31st December	<u>77,123</u>	<u>69,789</u>

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	<u>2,973</u>	<u>2,629</u>

The direct operating expenses from investment properties was not significant for the years ended 31st December 2022 and 2021.

As at 31st December 2022, the Group had no unprovided contractual obligations for further repairs and maintenance (2021: Nil).

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 2022 and 2021 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 2022 by Dickson Property Consultants Pte Ltd. (2021: Dickson Property Consultants Pte Ltd.), 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 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 2022			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$3,419– HK\$9,378 (HK\$7,878)	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\$1,006	The higher the price per square foot, the higher the fair value
As at 31st December 2021			
Land and buildings in Hong Kong	Market unit sale price (per square foot)	HK\$3,652 – HK\$9,192 (HK\$8,060)	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\$897	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\$67,110,000 (2021: HK\$62,210,000).

9(a). INVESTMENTS IN ASSOCIATES

Movements of investments in associates are as follows:

	2022	2021
	HK\$'000	HK\$'000
At 1st January	63,009	61,397
Share of post-tax profits of associates	3,885	3,526
Currency translation difference	(4,651)	(1,914)
	<hr/>	<hr/>
At 31st December	62,243	63,009

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 2022 and 2021 are as follows:

Company name	Place of business/ country of incorporation	Effective % of ownership interest		Principal activities and place of operation
		2022	2021	
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 bearing at 6% per annum (2021: HIBOR plus 4.5% per annum) and will not be repaid within the next twelve months from the reporting date. During the year, interest received from OPS amounted to HK\$842,000 (2021: HK\$822,000).

As at 31st December 2022, the carrying value of the loan to an associate was HK\$16,673,000 (2021: HK\$17,717,000). Expected credit loss of HK\$165,000 (2021: HK\$160,000) was recognised as of 31st December 2022.

10. TRADE AND BILLS RECEIVABLES

As at 31st December 2022 and 2021, the ageing analysis of trade and bills receivables by invoice date are as follows:

	2022 HK\$’000	2021 HK\$’000
Within 3 months	238,785	90,742
4-6 months	11,934	8,360
7-12 months	8,543	6,412
Over 12 months	7,868	7,499
	<u>267,130</u>	<u>113,013</u>
Less: provision for impairment	<u>(3,469)</u>	<u>(3,033)</u>
	<u>263,661</u>	<u>109,980</u>

As at 31st December 2022 and 2021, the ageing analysis of trade and bills receivables by payment due date are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	246,258	86,510
1-3 months	6,595	10,284
4-6 months	5,510	4,622
7-12 months	3,161	3,979
Over 12 months	5,606	7,618
	267,130	113,013
Less: provision for impairment	(3,469)	(3,033)
	263,661	109,980

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.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Forward foreign exchange contracts				
– non-hedge instruments	823	–	25	657

Derivatives held for trading purpose are classified as a current asset or liability. As at 31st December 2022, the Group had outstanding gross-settled foreign currency forward contracts to buy JPY332,880,000 for HK\$18,993,000 (2021: buy EUR1,115,000 for HK\$10,057,000 and JPY373,680,000 for HK\$25,786,000).

**12. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Attributable to owners of the Company				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1st January 2022	<u>23,007</u>	<u>303,644</u>	<u>145,409</u>	<u>472,060</u>	<u>(5,315)</u>	<u>466,745</u>
Comprehensive income						
Profit for the year	-	-	8,317	8,317	(129)	8,188
Other comprehensive income/(loss)						
Gain on revaluation of right-of-use assets	-	2,973	-	2,973	-	2,973
Movement of deferred tax	-	141	-	141	-	141
Change of value of financial assets at fair value through other comprehensive income	-	24,622	-	24,622	-	24,622
Currency translation differences	-	(8,952)	-	(8,952)	331	(8,621)
Total other comprehensive income, net of tax	-	<u>18,784</u>	-	<u>18,784</u>	<u>331</u>	<u>19,115</u>
Total comprehensive income	-	<u>18,784</u>	<u>8,317</u>	<u>27,101</u>	<u>202</u>	<u>27,303</u>
Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets	-	(2,751)	2,751	-	-	-
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income to retained earnings	-	(36,798)	36,798	-	-	-
Transactions with owners of the Company recognised directly in equity						
Special dividend payable	-	-	(18,406)	(18,406)	-	(18,406)
Dividend paid relating to 2021	-	-	(5,752)	(5,752)	-	(5,752)
Total transactions with owners, recognised directly in equity	-	-	<u>(24,158)</u>	<u>(24,158)</u>	-	<u>(24,158)</u>
Balance at 31st December 2022	<u>23,007</u>	<u>282,879</u>	<u>169,117</u>	<u>475,003</u>	<u>(5,113)</u>	<u>469,890</u>

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1st January 2021	23,007	260,883	182,645	466,535	(4,267)	462,268
Comprehensive loss						
Loss for the year	–	–	(38,984)	(38,984)	(763)	(39,747)
Other comprehensive income/(loss)						
Gain on revaluation of right-of-use assets	–	6,774	–	6,774	–	6,774
Movement of deferred tax	–	4,649	–	4,649	–	4,649
Change of value of financial assets at fair value through other comprehensive income	–	15,769	–	15,769	–	15,769
Currency translation differences	–	4,779	–	4,779	(285)	4,494
Release of exchange reserve upon dissolution of subsidiary	–	43,100	(16,757)	26,343	–	26,343
Release of revaluation reserve upon disposal of land and building	–	(29,451)	29,451	–	–	–
Total other comprehensive income/ (loss), net of tax	–	45,620	12,694	58,314	(285)	58,029
Total comprehensive income/(loss)	–	45,620	(26,290)	19,330	(1,048)	18,282
Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets	–	(2,859)	2,859	–	–	–
Transactions with owners of the Company recognised directly in equity						
Special dividend paid	–	–	(5,752)	(5,752)	–	(5,752)
Dividend payable relating to 2020	–	–	(8,053)	(8,053)	–	(8,053)
Total transactions with owners, recognised directly in equity	–	–	(13,805)	(13,805)	–	(13,805)
Balance at 31st December 2021	23,007	303,644	145,409	472,060	(5,315)	466,745

13. TRADE AND BILLS PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current	138,088	87,454
1-3 months	15,056	13,265
4-6 months	1,061	1,991
7-12 months	1,021	114
Over 12 months	8,480	8,507
	163,706	111,331

14. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Trust receipt loans	86,832	78,936
Term loans from banks due for repayment within one year	145,116	120,931
Total borrowings	231,948	199,867

As at 31st December 2022, certain land and buildings, investment properties, restricted bank deposits and financial assets at fair value through profit and loss in Hong Kong, Mainland China and Singapore with an aggregate carrying value of approximately HK\$320,633,000 (2021: HK\$259,520,000) 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 2023.

15. SUBSEQUENT EVENT

Equity investment

Reference to the conditional sale and purchase agreement dated 17th August 2022 entered into between a subsidiary of the Group and Femto Technologies S.p.A., a joint-stock company incorporated under the laws of Italy (“**Femto Technologies**”) in relation to the sale of 649,921 equity instruments held by the Group (the “**Sale and Purchase Agreement**”) in Prima Industrie S.p.A.. At the same time, the Group and other investors who are independent third party entered into a contribution agreement with Femto S.à.r.l., a limited liability company incorporated under the laws of Luxembourg (the “**Target Company**”) on 27th February 2023, under which the Group will acquire a maximum of 2.5% equity interest in the Target Company pursuant to the terms of the Sale and Purchase Agreement. The total investment amount is EUR5,000,000 (equivalent to approximately HK\$42,409,000), which is settled by the assignment to the Target Company the receivable against Femto Technologies for the remaining balance of the sales price under the Sale and Purchase Agreement.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from 13 June 2023 (Tuesday) to 16 June 2023 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2023 Annual General Meeting. In order to be eligible to attend and vote at the 2023 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 12 June 2023 (Monday); and
- (ii) from 23 June 2023 (Friday) to 26 June 2023 (Monday), 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 21 June 2023 (Wednesday).

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

BUSINESS REVIEW

Trading

In 2022, the economy of most countries in the world faced the challenge of high inflation and stagnation. China was not able to avoid the influence of the global economic and political situation. Also, the Government's strict measures of control over the COVID-19 pandemic in China adversely affected the economic activities of the country. The tense relationship between the U.S. and China also hindered the growth of the Chinese economy. The GDP growth rate was only 3.0% in 2022, compared with 8.1% in 2021; the value of production grew by 3.4% in 2022, compared with 10.4% in 2021, and the value of exports grew by 10.5% in 2022, compared with 21.2% in 2021.

In 2022, the business of the Machine Tool and Electronics Equipment divisions of the Group was successful, attributed to the new energy car industry. The production volume of the automotive industry in China in 2022 was 27 million units, 3.5% higher than in 2021 and including 7 million units of new energy cars. The production of new energy cars grew by 90.5% in 2022, which was a tremendous increase compared with previous years. On the other hand, one of the major customer segments of the Group, mobile phone manufacturing, recorded negative growth of 6.1% in 2022. The consumption value of machine tools in China was RMB 184.4 billion in 2022, 1.9% lower than in 2021. The business for other divisions of the Group in general was not satisfactory, to a certain extent due to the weakening market in the second half of 2022. With the exception of a few industries, the manufacturing industries in China were not as vigorous in 2022 as in previous years.

The total order intake of the Group was HK\$1,046,432,000 in 2022, compared with HK\$887,485,000 in 2021, representing a 17.9% increase. This result was actually outstanding, given the difficult situation of the market in China. The value of outstanding orders of the Group was HK\$319,582,000 as at the end of February 2023, compared with HK\$830,509,000 in the same period last year.

Investment

The economy in Europe, including Germany, was also weak in 2021. The business of the Group's associated company, OPS Ingersoll Funkenerosion GmbH, in 2022 was barely close to the level of 2021. The business of another associated company, Prima Power Suzhou Company Limited, was better in 2022 than in 2021 because of the good business with the automotive manufacturing industry in China. The share of net profit of the associated companies was HK\$3,885,000 in 2022, compared with HK\$3,526,000 in 2021, representing a 10.2% increase.

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash of the Group as at 31st December 2022 was HK\$63,438,000, a similar amount to that of last year (31st December 2021: HK\$65,522,000).

The Group's inventory balance as at 31st December 2022 was HK\$92,890,000 (31st December 2021: HK\$111,908,000). The turnover days of inventory were 46 at the end of December 2022, compared with 67 at the end of December 2021. The decrease in inventory was due in part to the favourable mix in sales and products.

The balance of trade receivable and bills receivable was HK\$263,661,000 as at 31st December 2022 (31st December 2021: HK\$109,980,000). The turnover days of trade receivable were 110 which was more than last year (31st December 2021: 57). The increase in turnover days of trade receivable was attributable to the increase in sales to the new energy car industry segment with longer sales cycle before the collection of amounts receivable.

The balance of trade payable and bills payable was HK\$163,706,000 as at 31st December 2022 (31st December 2021: HK\$111,331,000). The higher balance of trade payable as at 31st December 2022 was due to the increase in purchases to support the growth in sales.

The balance of short-term borrowings was HK\$231,948,000 as at 31st December 2022 (31st December 2021: HK\$199,867,000). The higher borrowing level in 2022 was required in order to satisfy the deposit payments to suppliers to support the growth in sales.

The Group's net gearing ratio was approximately 33.5% as at 31st December 2022 (31st December 2021: 26.4%). The net gearing ratio was higher than in 2021, due to the higher borrowing level in 2022. 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 2022, the Group had aggregate banking facilities of approximately HK\$446,018,000, of which approximately HK\$262,877,000 was utilised, bearing interest at prevailing market rates and secured by certain land and buildings, investment property, restricted bank deposits and financial asset at fair value through profit and loss of the Group in Hong Kong, Mainland China and Singapore, with an aggregate carrying amount of HK\$320,633,000 (31st December 2021: HK\$259,520,000). 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 sales. The Group's GP ratio was approximately 15.2% of 2022 (2021: 14.3%). The higher GP ratio was due to the favourable mix in sales and products.

The NP ratio measures how effectively the Group can convert sales into net income, and the performance of the Group's associates. 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 divided by sales. The Group's NP ratio was approximately 1.0% in 2022 (2021: (5.5%)). The improvement in the NP ratio was attributable primarily to: (i) the increase in sales especially to the new energy car industry, and (ii) the fact that the loss resulting from the one-off reclassification of the HK\$26,343,000 cumulative amount of exchange reserve from equity to profit or loss on the dissolution of a subsidiary of the Company in Macao for the year ended 31st December 2021 no longer had any financial impact on the Group for the year ended 31st December 2022.

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 1.7% in 2022 (2021: (8.6%)). 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 33.5% as at 31st December 2022 (31st December 2021: 26.4%). The increase in the NG ratio was attributable to the increase in bank borrowing to support sales growth.

FUTURE PLANS AND PROSPECTS

The Chinese Government cancelled all the COVID-19 isolation measures on 8 January 2023. Domestic travel within the country and arrivals by overseas visitors are returning to normal. After the announcement of the Chinese Government's new ruling team in early March, the country looks ready to focus once again on the advancement of economic development. The Government has set a target of a 5% GDP growth rate in 2023. At the beginning of the year 2023, the manufacturing PMI (Purchasing Managers' Index) in January and February was 50.5% and 52.6% respectively. In particular, the PMI in February 2023 was the highest since April 2022. This is an encouraging sign for the economic situation in China.

The direction of the Group in 2023 will continue to focus mainly on the new energy car industry. The Chinese Government will continue to support that industry, including through the development of advanced application technology, further advancements in the production of car batteries and chips, the establishment of infrastructure for electric charging, and the new measure of tax reductions for the purchase of new energy cars. Also, the green energy industry, including wind power and solar power, will receive significant support from the Chinese Government, and will be another business focus for the Group in 2023. We have confidence in the recovery of the Chinese economy, so the Group will speed up the pace for the expansion of our sales and technical forces. This strategy will also enable us to achieve better business results in the coming few years.

The economic recovery in China is expected to speed up after the first quarter of the year. We are optimistic about the business of the Group in China in 2023, especially in the second half of the year. Most of the major currencies in the world in 2023 will be less volatile than in 2022, which will reduce our exchange exposure and the risk of exchange losses. We are confident that the financial performance of the Group will be better in 2023 than in 2022.

EMPLOYEES

As at 31st December 2022, the Group had 237 employees (31st December 2021: 250). Of these, 48 were based in Hong Kong, 177 were based in mainland China, and 12 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

	2022 <i>HK\$'000</i>	2021 <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 (in thousand)	Number of shares (in thousand)
Issued and fully paid:		
At 1st January 2022 and 31st December 2021 and 2022		
230,076,062 ordinary shares of HK\$0.10 each	<u>230,076</u>	<u>230,076</u>

Share options

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

Pursuant to the 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 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 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 Scheme shall be valid and effective for a period of 10 years commencing from 15th May 2013, the date of the approval of the Scheme.

The Group has no legal or constructive obligation to repurchase or settle the options in cash. No share options were outstanding at the end of the year.

No share options were granted, exercised or lapsed during the year ended 31st December 2022 and 2021.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 31st December 2022, certain land and buildings, investment properties, restricted bank deposits and financial asset at fair value through profit and loss in Hong Kong, Mainland China and Singapore, with an aggregate carrying value of approximately HK\$320,633,000 (31st December 2021: HK\$259,520,000), were pledged to secure the banking facilities of the Group.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the year 2022, the Group spent a total of HK\$1,317,000 (31st December 2021: HK\$8,541,000) in capital expenditure, primarily consisting of leasehold improvement and plant and equipment. As at 31st December 2022 and 31st December 2021, the Group had no capital commitment. In the meantime, a total of HK\$2,109,000 (31st December 2021: HK\$3,676,000) 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 2022, the Group had outstanding gross-settled foreign currency forward contracts to buy JPY332,880,000 for HKD18,993,000 (2021: buy EUR1,115,000 for HKD10,057,000 and JPY373,680,000 for HKD25,786,000).

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 2022, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the then 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 2022, 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 2022 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 Mario 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 2022 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 2022. 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 2022 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.

2023 ANNUAL GENERAL MEETING

It is proposed that the 2023 Annual General Meeting of the Company will be held on 16 June 2023. A notice convening the 2023 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, 24th March 2023

As at the date of this announcement, the board of directors comprises 2 executive directors, namely Mr. LEE Sou Leung, Joseph and Mr. CHAN Ching Huen, Stanley; and 3 independent non-executive directors, namely Mr. ZAVATTI Samuel Mario, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max.

* *For identification purpose only*