

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Leeport (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF PROPERTY;
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined under the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter from Cinda, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular.

A notice convening the SGM to be held at 1st Floor, Block 1, Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 26 June 2024 at 4:30 p.m. (or immediately after conclusion of the Annual General Meeting to be held on the same date or any adjournment thereof) is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you intend to attend the SGM, you are advised to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at 3:00 p.m. on Wednesday, 26 June 2024 at 1st Floor, Block 1 Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Leeport (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 387)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	HK\$53,000,000, being the consideration for the Disposal payable by the Purchaser to the Vendor
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Disposal

DEFINITIONS

“Independent Financial Adviser” or “Cinda”	Cinda International Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Independent Shareholder(s)”	the Shareholder(s) who do not have material interest in the transactions contemplated under the Sale and Purchase Agreement or the declaration of the Special Dividend
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“J AND LEM”	J AND LEM Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by the Purchaser
“Latest Practicable Date”	31 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Peak Power”	Peak Power Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the property situated at Flat No. 67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Park Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong
“Purchaser”	Mr. LEE Sou Leung, Joseph, an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board

DEFINITIONS

“Sale and Purchase Agreement”	the agreement for sale and purchase dated 10 May 2024 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the transactions as contemplated under the Sale and Purchase Agreement, and the Special Dividend
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special Dividend”	the special cash dividend of HK\$0.1 per Share to be declared and paid by the Company to the Shareholders subject to the passing of an ordinary resolution by the Independent Shareholders at the SGM and Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation”	the valuation of the Property performed by the Valuer as at 31 March 2024 as stated in the Valuation Report
“Valuation Report”	the valuation report issued by the Valuer in relation to the Valuation, which is set out in Appendix II to this circular
“Valuer”	Jones Lang LaSalle Limited, an independent qualified valuer
“Vendor”	Leeport Machine Tool Company Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

Leeport
LLEPORT (HOLDINGS) LIMITED
力豐 (集團) 有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 387)

Executive Directors:

LEE Sou Leung, Joseph (*Chairman*)
CHAN Ching Huen, Stanley
POON Yiu Ming

Independent Non-Executive Directors:

ZAVATTI Salvatore
WONG Tat Cheong, Frederick
KRACHT Jurgen Ernst Max

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

1st Floor, Block 1
Golden Dragon Industrial Centre
152-160 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

3 June 2024

To the Shareholders

Dear Sir/Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF PROPERTY;
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 10 May 2024 whereby the Board announced that the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$53,000,000.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things:

- (i) further details in relation to the Disposal;
- (ii) the proposed declaration of the Special Dividend;
- (iii) the recommendation of the Independent Board Committee in relation to the Disposal;
- (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal;
- (v) other information required under the Listing Rules; and
- (vi) a notice convening the SGM.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

10 May 2024

Parties

- (i) the Vendor
- (ii) the Purchaser

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property, which is located at Flat No. 67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Park Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong. The Property comprises a domestic unit for residential use together with a car parking space, with saleable area of approximately 2,087 square feet. The Property is currently occupied by the Purchaser as staff quarters for residential purposes.

LETTER FROM THE BOARD

Consideration and payment terms

The Consideration is HK\$53,000,000, which shall be payable by the Purchaser to the Vendor in the following manner:

- (i) HK\$10,000,000, representing approximately 18.9% of the Consideration, has been paid by the Purchaser to the Vendor before the signing of the Sale and Purchase Agreement as deposit; and
- (ii) the remaining balance of HK\$43,000,000, representing approximately 81.1% of the Consideration, shall be paid by the Purchaser to the Vendor upon Completion, which is scheduled to take place on or before 15 July 2024.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the fair market valuation of the Property made by the Valuer as at 31 March 2024 of HK\$53,000,000.

In order to determine a fair and reasonable consideration, the Company engaged the Valuer to perform the Valuation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, it is not aware of any relationships or interests between the Valuer and the Group, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Apart from normal professional fees payable to the Valuer in connection with the Valuation, no arrangement exists whereby the Valuer will receive any fees or benefits from the Company, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and it is not aware of the existence of or change in any circumstances that would affect their independence. The Valuer has confirmed to the Company of their independence. Accordingly, the Directors considered that the Valuer is eligible to independently perform the Valuation.

The Valuation Report, as set out in Appendix II to this circular, was prepared with oversight by Mr. Alkan Au. The Directors have assessed the qualification, experience and the track record of the Valuer and are of the view that Mr. Alkan Au, the senior director of the valuation advisory services department of the Valuer who is a qualified general practice surveyor and has over 30 years of experience in the valuation of properties in Hong Kong, are qualified, experienced and competent in performing the Valuation.

LETTER FROM THE BOARD

As stated in the Valuation Report, the Valuation is prepared in accordance with the Valuation Standards 2020 published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). The Valuation is made on the basis of market value as defined by IVSC.

As stated in the Valuation Report, the key assumptions made mainly cover (i) no allowance for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting the sales; (ii) the Vendor sells the Property in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property; and (iii) the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the Property. The Directors are of the view that the adoption of these key assumptions is fair and reasonable as based on their experience and knowledge, these are commonly used in the valuation of the properties in the market which are considered as appropriate and necessary.

The Valuer has adopted the direct comparison method in performing the Valuation, which is a method of valuation based on comparing the Property directly with other comparable properties recently transacted. The Directors were given the understanding as data on comparable properties in the Hong Kong property market are mostly publicly available, the adoption of the direct comparison method is considered as the most appropriate valuation method for valuing most forms of property in Hong Kong as it would provide a more objective result. As stated in the Valuation Report, comparable premises are generally located in surrounding areas or in other sub-markets which are comparable to the Property, with appropriate adjustments made to allow for any qualitative and quantitative differences which may affect the price or rent achieved by the Property. In adopting the direct comparison method, the Valuer considered recent sale transactions of comparable properties in Hong Kong Parkview.

The Directors have reviewed the selection criteria and the comparable properties to which the Valuer had made reference to. The comparable properties were selected as they shared the same configuration of one flat and one car parking space and similar size, usage and condition to the Property. The Directors noted that the sales of the comparable properties are recent during 2023 and 2024 and are in the same private housing estate in which the Property is situated. Considering the above, the Directors considered the selection criteria to be appropriate. The Directors also understood that, after selection of the comparable properties, the Valuer has considered the different attributes between the Property and the comparable properties in terms of transaction date, floor level, configuration, orientation, and other relevant factors, and then carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the saleable unit rate of the Property. Accordingly, the Directors considered the comparable properties are representative, fair and objective comparisons.

LETTER FROM THE BOARD

In light of the above, having reviewed the Valuation Report, the Directors believed that the Valuation is an appropriate reference when determining the Consideration. Accordingly, the Consideration was determined at HK\$53,000,000, representing a unit rate of HK\$25,395 per square foot, and the Board is of the view that the Consideration is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

COMPLETION

Completion is subject to the approval of the Disposal by the Independent Shareholders at the SGM. Completion is expected to take place on or before 15 July 2024.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company is incorporated in Bermuda with limited liability. The principal activities of the Group comprise the distribution and maintenance of a wide range of machine tools, sheetmetal machinery, electronics equipment, precision measuring instruments, cutting tools, professional tools and other equipment for the manufacturing industry in Hong Kong, the PRC and Southeast Asia.

The Vendor is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board has evaluated the property market and reviewed the Group's property portfolio in Hong Kong. After considering the uncertain prospects of the property market in Hong Kong, as well as taking into account the Group's current financial position, the Directors are of the view that the Disposal presents an advantageous opportunity for the Group.

The Vendor acquired the Property in 2002 at a consideration of HK\$12,000,000. By disposing of the Property, the Group will be able to realise and lock in the appreciated value it has gained over time. The Disposal will generate additional working capital for the Group, reduce gearing and finance costs of the Company and allow the Group to allocate more resources to the other existing businesses.

Following the Completion, (i) the Group's net gearing ratio is expected to be reduced from approximately 28.7% as at 31 December 2023 to approximately 23.7%; and (ii) taking into account that approximately HK\$29,612,000 of the net proceeds will be utilised as general working capital of the Group as detailed below which will in turn reduce the need of bank borrowing to the same extent, the finance cost is expected to be reduced by approximately HK\$868,000.

LETTER FROM THE BOARD

As the Property is currently being used by the Group for residential purposes as a staff benefit, the Disposal will also allow the Group to cut its ongoing expenses incurred from provision of the said benefit. As disclosed in the Company's annual report, for the year ended 31 December 2023, the allowances and benefits provided to the Purchaser amounted to HK\$1,747,000, of which approximately HK\$830,000 was the rateable value of the Property and approximately HK\$109,000 was the sundry expenses incurred for the provision of the Property as staff quarters to the Purchaser. The aforesaid allowances and benefits provided to the Purchaser by the Company in relation to the Property will be forfeited after the Disposal. In addition, after Completion, the Company will be able to return to its Shareholders a Special Dividend of HK\$0.1 per Share.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiation between the Vendor and the Purchaser. Based on the foregoing, the Directors (including the independent non-executive Directors who have separately provided their view in the Letter from the Independent Board Committee of this circular after considering the opinion of the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The carrying value of the Property as shown in the audited consolidated accounts of the Company as at 31 December 2023 was HK\$53,000,000. Immediately after Completion, the Company will cease to have any interest in the Property and the value of the Property will no longer be recognised in the audited consolidated accounts of the Company.

Subject to review and confirmation by the auditors, based on the Consideration of HK\$53,000,000 less the carrying value of the Property as at 31 December 2023 before any related expenses, the Directors do not expect to recognise any gain or loss from the Disposal. It is estimated that the net proceeds from the Disposal (after deduction of professional fees and ancillary expenses) would be approximately HK\$52,620,000.

The Company intends to use the net proceeds from the Disposal in the following manner:

- (i) approximately HK\$29,612,000, representing approximately 56.3% of the net proceeds, will be used as general working capital of the Group; and
- (ii) approximately HK\$23,008,000, representing approximately 43.7% of the net proceeds, will be used for distribution of the Special Dividend to the Shareholders.

As of 31 December 2023, the Group had term loans from banks that are due for repayment within one year of approximately HK\$91.8 million. These loans are all revolving loans and have been kept rolling over with the banks without the need for permanent repayment. Considering the revolving nature of these loans coupled with additional unutilised loan facilities offered by the banks, the Board is of the view that declaring the Special Dividend, rather than applying the entire proceeds from the Disposal solely for general working capital, would be more favorable for the Shareholders as it will generate immediate return to them.

LETTER FROM THE BOARD

PROPOSED DECLARATION OF SPECIAL DIVIDEND

The Board intends to declare a Special Dividend of HK\$0.1 per Share, totalling approximately HK\$23,008,000. Payment of the Special Dividend is conditional upon Completion, which in turn is conditional upon, among other things, the passing of the relevant ordinary resolution by the Independent Shareholders at the SGM.

The Special Dividend (if made) is expected to be made on Wednesday, 31 July 2024 to all Shareholders whose name appear in the register of members of the Company on the record date at the close of business on Friday, 5 July 2024. In order to qualify for the Special Dividend, all transfer documents and the accompanying share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 2 July 2024. The last day for trading in Shares with entitlements to the Special Dividend is expected to be Thursday, 27 June 2024.

The Special Dividend will be paid out of the proceeds from the Disposal. The Special Dividend will allow the Shareholders to immediately realise part of the value from their shareholdings in the Company.

If the ordinary resolution to approve the Sale and Purchase Agreement is not passed by the Independent Shareholders at the SGM or if Completion does not take place for any reason, the Special Dividend will not be paid to the Shareholders. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares.

IMPLICATIONS OF THE LISTING RULES

The Purchaser is an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board. As such, under Chapter 14A of the Listing Rules, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major disposal of the Company under Chapter 14 of the Listing Rules, and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the Purchaser is considered to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and the proposed declaration of the Special Dividend, he has abstained from voting on the relevant Board resolutions. Save for the Purchaser, none of the Directors have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder or the proposed declaration of the Special Dividend and have abstained from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

SGM

The SGM will be held at 1st Floor, Block 1 Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 26 June 2024 at 4:30 p.m. (or immediately after conclusion of the Annual General Meeting to be held on the same date or any adjournment thereof), to obtain the Independent Shareholders' approval regarding (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the proposed declaration of the Special Dividend. A form of proxy and the reply slip for use at the SGM are enclosed with this circular.

Any Shareholders who are involved in or interested in the Sale and Purchase Agreement are required to abstain from voting on the relevant ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder, and the proposed declaration of the Special Dividend.

As at the Latest Practicable Date, the Purchaser was interested in a total of 171,205,982 Shares (representing approximately 74.41% of the total issued share capital of the Company), of which (i) 25,176,000 Shares were directly held by him; (ii) 1,500,000 Shares were held through J AND LEM; and (iii) 144,529,982 Shares were held by Peak Power in its capacity as the trustee of The Lee Family Unit Trust holding the same for the benefit of holders of units issued by The Lee Family Unit Trust. Therefore, the Purchaser, J AND LEM and Peak Power are required to abstain from voting at the SGM on the resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, and the proposed declaration of the Special Dividend.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, save for the Purchaser, J AND LEM and Peak Power, no Shareholders or their respective associates have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder or the proposed declaration of the Special Dividend and are required to abstain from voting at the SGM on the resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, and the proposed declaration of the Special Dividend.

The notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular. For those who intend to direct a proxy to attend the SGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the SGM or any adjournment thereof.

You are urged to complete and return the form of proxy and reply slip whether or not you will attend the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. ZAVATTI Salvatore, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max, has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the Disposal. Cinda International Capital Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in such regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular, which contains its advice to the Independent Shareholders, and the letter from Independent Financial Adviser set out on pages 15 to 28 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

RECOMMENDATION

The Board (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole, notwithstanding that the Disposal is not in the ordinary and usual course of business of the Group. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

VOTING BY WAY OF POLL AT THE SGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the SGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the SGM will demand a poll for each and every resolution put forward at the SGM pursuant to the articles of association of the Company. An announcement on the poll vote results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Leeport (Holdings) Limited
Chan Ching Huen, Stanley
Executive Director and Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.

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

3 June 2024

To the Independent Shareholders

Dear Sir/Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF PROPERTY; AND
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND**

We refer to the circular dated 3 June 2024 (the “Circular”) of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the Disposal, and to advise the Independent Shareholders as to whether, in our opinion, the Disposal is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Cinda International Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Disposal and the transactions contemplated thereunder and whether the Disposal and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 12 of the Circular which contains, among others, information on the Disposal as well as the letter from Independent Financial Adviser as set out on pages 15 to 28 of the Circular which contains its advice in respect of the Disposal.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the reasons for and the benefits of the Disposal, and the advice of the Independent Financial Adviser, we consider that the Disposal (although not being in the ordinary and usual course of business of the Group) is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM for approving the Disposal.

Yours faithfully,
Independent Board Committee

Mr. ZAVATTI Salvatore
*Independent Non-executive
Director*

**Mr. WONG Tat Cheong,
Frederick**
*Independent Non-executive
Director*

**Mr. KRACHT Jurgen Ernst
Max**
*Independent Non-executive
Director*

LETTER FROM CINDA

The following is the full text of the letter from Cinda International Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

3 June 2024

To the Independent Board Committee and the Independent Shareholders of Leeport (Holdings) Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF PROPERTY

INTRODUCTION

We refer to our engagement as the independent financial adviser (the “**Independent Financial Adviser**”) to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) dated 3 June 2024 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 10 May 2024 that on 10 May 2024 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the consideration of HK\$53,000,000.

The Purchaser is Mr. LEE Sou Leung, Joseph who is an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board. As such, under Chapter 14A of the Listing Rules, Mr. LEE Sou Leung, Joseph is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 14 of the Listing Rules, and is subject to reporting, announcement, circular and Independent Shareholders’ approval requirements under the Listing Rules.

LETTER FROM CINDA

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, all the independent non-executive Directors, namely Mr. ZAVATTI Salvatore, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max, has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the Disposal. We, Cinda International Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial shareholders, directors or chief executives, or any of their respective associates and we are not aware any circumstance as set out in Rule 13.84, that could reasonably be regarded as relevant to our independence to act as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal. In the last two years, we have not acted as any financial adviser role to the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling shareholders that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Disposal.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, including but not limited to, (i) the annual report 2022 of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), (ii) the annual report 2023 of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), (iii) the Sale and Purchase Agreement, (iv) the announcement of the Company dated 10 May 2024 in relation to the Disposal and the proposed declaration of the Special Dividend, (v) the valuation report of the Property (the “**Valuation Report**”) issued by an independent qualified valuer, Jones Lang LaSalle Limited (the “**Valuer**”), in respect of the market value of the Property as at 31 March 2024, (vi) other information set out in the Circular.

LETTER FROM CINDA

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, the Independent Shareholders would be notified as soon as possible.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement contained in the Circular, including this letter, misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in the Circular, the omission of which would make any statement herein misleading.

We consider that we have been provided with sufficient information to reach an informed view and to form a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor conducted any independent investigation into the business affairs, financial conditions or future prospects of the Group or its future prospects.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our view on the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken into consideration the principal factors and reasons as set out below.

Background information of the Group, Vendor and Purchaser

The Company is incorporated in Bermuda with limited liability. The principal activities of the Group comprise the distribution and maintenance of a wide range of machine tools, sheetmetal machinery, electronics equipment, precision measuring instruments, cutting tools, professional tools and other equipment for the manufacturing industry in Hong Kong, the PRC and Southeast Asia.

LETTER FROM CINDA

The Vendor, Leepport Machine Tool Company Limited, is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Purchaser, Mr. LEE Sou Leung, Joseph is an executive Director, the Chief Executive Officer of the Group and the Chairman of the Board.

The following table summarises the financial information of the Group for the two years ended 31 December 2022 (the “FY2022”) and 2023 (the “FY2023”) as extracted from the 2022 Annual Report and the 2023 Annual Report published on 28 April 2023 and 29 April 2024, respectively:

	For the year ended	
	31 December	
	2023	2022
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	701,552	874,011
Cost of goods sold	(542,687)	(740,806)
Gross Profit	158,865	133,205
Profit for the year	11,754	8,188
	<u>11,754</u>	<u>8,188</u>
	As at 31 December	
	2023	2022
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	820,783	997,527
- Non-current assets	464,369	472,963
- Current assets	<u>356,414</u>	<u>524,564</u>
Total liabilities	342,641	527,637
- Non-current liabilities	30,249	31,506
- Current liabilities	<u>312,392</u>	<u>496,131</u>
Net current assets	<u>44,022</u>	<u>28,433</u>
Net assets	<u>478,142</u>	<u>469,890</u>

LETTER FROM CINDA

According to 2023 Annual Report, the Group recorded a total revenue of approximately HK\$701.6 million for the year ended 31 December 2023, representing a decrease of approximately 19.7% as compared to approximately HK\$874.0 million for the year ended 31 December 2022. The gross profit of the Group was approximately HK\$158.9 million for the year ended 31 December 2023, representing an increase of approximately HK\$25.7 million or 19.3%, as compared to approximately HK\$133.2 million for the year ended 31 December 2022. The contrasting trend in year-over-year revenue growth versus change in gross profit % was attributable to the shift of some new business to the commission income model where only the net income was recognized as revenue.

The Group recorded the increase in profit for the year from approximately HK\$8.2 million for the year ended 31 December 2022 to approximately HK\$11.8 million for the year ended 31 December 2023, representing an increase of approximately HK\$3.6 million or 43.9%. Such increase in profit for the year was mainly attributable to the increase in gross profit of approximately HK\$25.7 million as mentioned above, and partially offset by the share of post-tax losses of associates amounted to approximately HK\$15.9 million for the year ended 31 December 2023 whereas the share of post-tax profits of associates amounted to approximately HK\$3.9 million was recorded for the year ended 31 December 2022.

As at 31 December 2023, the Group recorded the current assets of approximately HK\$356.4 million as compared to the current assets of approximately HK\$524.6 million as at 31 December 2022. The decrease in the Group's current assets of approximately HK\$168.2 million was mainly due to i) the decrease in trade and bills receivables of approximately HK\$53.9 million; ii) the decrease in other receivables, payments and deposits of approximately HK\$61.2 million; and iii) the decrease in cash and cash equivalents of approximately HK\$33.6 million.

As at 31 December 2023, the Group recorded the non-current assets of approximately HK\$464.4 million as compared to the Group's non-current assets of approximately HK\$473.0 million as at 31 December 2022. The decrease in non-current assets of approximately HK\$8.6 million was mainly due to i) the decrease in prepayment for acquisition of financial asset of approximately HK\$42.1 million; ii) the decrease in investment in associates of approximately HK\$15.2 million; and iii) the decrease in right-of-use assets of approximately HK\$7.1 million which was partially offset by i) the increase in financial asset at fair value through profit or loss of approximately HK\$48.8 million; and ii) the increase in deferred income tax assets of approximately HK\$5.7 million.

LETTER FROM CINDA

As such, the Group's total assets amounted to approximately HK\$820.8 million as at 31 December 2023, which decreased by approximately HK\$176.7 million or 17.7%, as compared to the total assets of approximately HK\$997.5 million as at 31 December 2022. Such decrease was mainly due to the decrease in current and non-current assets as the reasons mentioned above.

The Group's total liabilities decreased from approximately HK\$527.6 million as at 31 December 2022 to approximately HK\$342.6 million as at the 31 December 2023. The decrease in total liabilities of approximately HK\$185.0 million was mainly due to the decrease in current liabilities of approximately HK\$183.7 million which primarily resulted from i) the decrease in trade and bills payables of approximately HK\$84.9 million; ii) the decrease in borrowings of approximately HK\$59.8 million; iii) the decrease in other payables, accruals and contract liabilities of approximately HK\$27.0 million; and iv) the decrease in dividend payable of approximately HK\$18.4 million.

The Group's net assets were approximately HK\$478.1 million, as at 31 December 2023, representing a slight increase of approximately 1.7% from approximately HK\$469.9 million as at 31 December 2022.

Background information of the Property

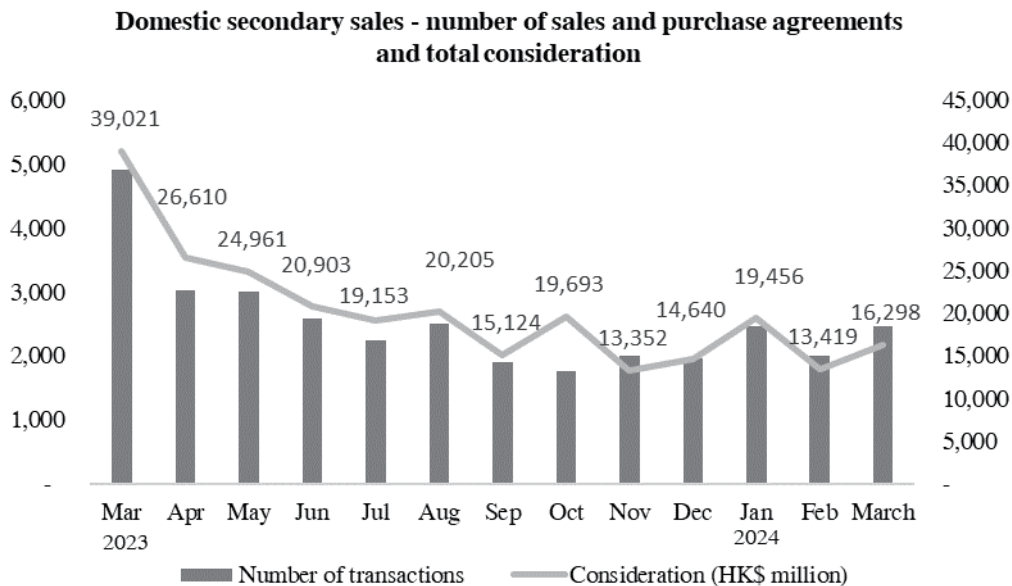
As at Latest Practicable Date and immediately before the Completion, the Property was wholly owned by the Vendor. Details of the Property is set out below:

Address	Usage	Approximate saleable area of the domestic unit of the Property
Flat No. 67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Park Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong	The Property was utilized by the Group as staff quarters for residential purposes	Approximately 2,087 square feet

LETTER FROM CINDA

Reasons for and benefits of the Disposal

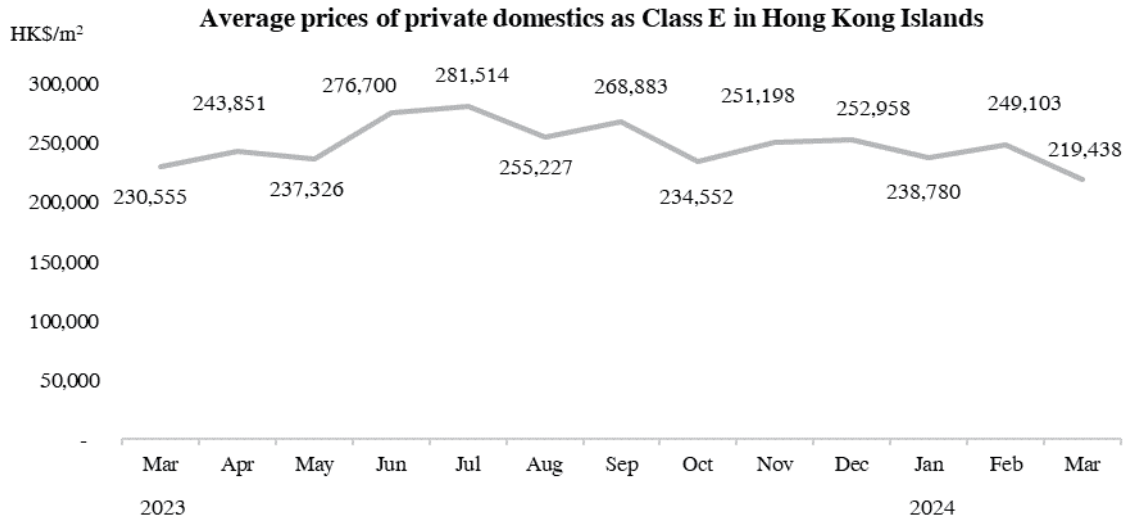
The recent Hong Kong's residential properties market is becoming unstable with downward trend in general in terms of total transaction volume and total consideration. With reference to the recent transaction volume and total consideration of secondary sales of domestic properties published by the Land Registry, the transaction volume significantly decreased by approximately 49.6% from 4,903 in March 2023 to 2,472 in March 2024, while the total consideration significantly decreased by approximately 58.2% from HK\$39,021 million in March 2023 to HK\$16,298 million in March 2024. The following chart sets forth number of sales and purchase agreements and total consideration of secondary sales of domestic properties during the period from March 2023 to March 2024:



Sources: the Land Registry of the government of HKSAR

LETTER FROM CINDA

Furthermore, the pricing of residential premises with a relatively large size in Hong Kong Islands (the area of the Property located) has been fluctuating, and it has been on a downward trend since July 2023. With reference to floor area, private domestics are sub-divided by the Rating and Valuation Department into five classes, in which the private domestic units with saleable area of 160 square meters or above is classified as Class E. The saleable area of the Property is approximately 2,087 square feet, which is equivalent to approximately 194 square meters. Therefore, the Property is classified as Class E. According to the recent statistics published by the Rating and Valuation Department, the average prices of private domestics as Class E in Hong Kong Islands experienced a gradual decrease from approximately HK\$281,514 per square meter in July 2023 to approximately HK\$219,438 per square meter in March 2024, representing a decrease of approximately 22.1%. The following chart sets forth the average prices of private domestics as Class E in Hong Kong Islands for the period from March 2023 to March 2024:



Note: the figures from January 2024 to March 2024 are provisional figures

Source: the Rating and Valuation Department of the government of HKSAR

In view of the abovementioned recent fluctuating property market condition, we concur with the view of the Directors on the disposal of some of the Group's properties in order to mitigate the risk on the potential fall in property prices of the Group's self-owned properties.

LETTER FROM CINDA

As stated in the Letter from the Board, approximately HK\$29.6 million, representing approximately 56.3% of the net proceeds from the Disposal, will be used as general working capital of the Group. The Directors consider that such proceeds to be generated from the Disposal may enable the Group to enhance their working capital position for their business operation. As at 31 December 2023, the net current assets and current ratio of the Group were approximately HK\$44.0 million and 1.14 times, respectively. Upon Completion, it is expected that the net current assets of the Group would increase by approximately HK\$29.6 million and the current ratio of the Group would increase from approximately 1.14 times to approximately 1.24 times. Therefore, the liquidity of the Group would be enhanced for the operation after Completion. As advised by the Directors, the Group also intends to use the net proceeds as general working capital of the Group, including the repayment of certain outstanding borrowings of the Group. According to 2023 Annual Report, the Group recorded finance expenses of approximately HK\$13.8 million for the year ended 31 December 2023, representing an increase of approximately 43.8% as compared to approximately HK\$9.6 million for the year ended 31 December 2022 and such increase was primarily due to sharp increase in interest rate in the market in 2023 as mentioned in the 2023 Annual Report. Having considered the expected decrease in debt level of the Group after the repayment of borrowings, we concur with the Directors that the Disposal will generate additional working capital for the Group, reduce gearing and finance costs of the Company and allow the Group to allocate more resources to the other existing businesses.

In further, as stated in the Letter from the Board, HK\$23.0 million, representing approximately 43.7% of the net proceeds, will be used for declaration of the Special Dividend to the Shareholders (representing a special dividend of HK\$0.1 per Share based on the number of total issued Shares of the Company as at the date of the Circular). As advised by the Directors, the Property is currently being utilized by the Group as staff quarters for residential purpose and the Disposal will also allow the Group to cut its ongoing expenses incurred from provision of the said benefit. Furthermore, according to the Annual Report 2023, the Group had term loans that are due for repayment within one year of approximately HK\$91.8 million. As stated in the Letter from the Board, such term loans are revolving loans and has been kept rolling over with the banks without the need for permanent repayment. Therefore, it is expected that there is no immediate working capital need to repay such loans in general. Having considered that (i) the Disposal would not adversely affect the financial performance of the Group; and (ii) the revolving nature of the abovementioned loans coupled with additional unutilized loan facilities offered by the banks as mentioned in the Letter from the Board, we consider it is appropriate for the Group to distribute certain portion of the net proceed from the Disposal through a special dividend as such would allow the Shareholders to realise a value from their shareholding in the Company and receive cash return from the Disposal and the proposed declaration of the Special Dividend, rather than applying the entire proceeds from the Disposal solely for general working capital.

In light of the above, we concur with the Directors that although the Disposal and the proposed declaration of the Special Dividend are not in the ordinary and usual course of business of the Group, it is in the interests of the Company and its Shareholders as a whole.

LETTER FROM CINDA

Principal terms of the Sale and Purchase Agreement

On 10 May 2024 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$53,000,000.

Please refer to the section headed “THE SALE AND PURCHASE AGREEMENT” in the Letter from the Board for further details of the principal terms of the Sale and Purchase Agreement and transactions contemplated thereunder.

The Consideration under the Sale and Purchase Agreement

Background information

Pursuant to the Sale and Purchase Agreement, the consideration for the Disposal payable by the Purchaser to the Vendor is HK\$53,000,000. As mentioned in the Letter from the Board, the Consideration was arrived at arm’s length negotiation between the Vendor and the Purchaser with reference to the valuation of the Property made by an independent qualified valuer as at 31 March 2024 of HK\$53,000,000 based on comparing the Property with other comparable properties recently transacted.

Valuation Report

a) Valuer

We understand that Mr. Au Kin Keung Alkan (“**Mr. Au**”) and Mr. Alex Chan (“**Mr. Chan**”) are the signors of the Valuation Report. Mr. Au and Mr. Chan are senior director and senior manager of the Valuer, respectively. Mr. Au and Mr. Chan are registered professional surveyors and the member of the Hong Kong Institute of Surveyors. Mr. Au is also a member of Royal Institution of Chartered Surveyors. Mr. Au and Mr. Chan have over 30 years and 6 years of experience in the valuation of properties in Hong Kong, respectively. We have also obtained information on the Valuer’s track records on other property valuations and noted that the Valuer is an established property valuer with a large number of completed assignments acting for listed companies with property interests in, among others, Hong Kong. As such, we are of the view that the Valuer, Mr. Au and Mr. Chan are qualified, experienced and competent in performing property valuations and providing a reliable opinion in respect of the valuation of the Property.

LETTER FROM CINDA

We have enquired with the Valuer as to its independence from the Group and the parties to the Sale and Purchase Agreement and were given to understand that the Valuer is an independent third party of the Group and its connected persons. The Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Group or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. The Valuer confirmed to us that apart from normal professional fees payable to it in connection with their engagement for the valuation, they had no other engagement with the Company.

Furthermore, we have also reviewed the terms of engagement letter of the Valuer and noted that the scope of work was appropriate for the Valuer to form the opinion required to be given. There is no limitation on the scope of work, which might adversely impact the degree of assurance given by the Valuer in the Valuation Report.

b) Valuation standards and basis

We have reviewed the Valuation Report and discussed with the Valuer that the report was prepared in accordance with the HKIS Valuation Standards 2020 Edition published by The Hong Kong Institute of Surveyors (the “HKIS”), the International Valuation Standards published by the International Valuation Standards Council (the “IVSC”) and the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors (the “RICS”) subject to variation to meet local established law, and the requirements set out in Chapter 5 of the Listing Rules.

The valuation is made on the basis of market value as defined by IVSC and adopted by HKIS and RICS, set out as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Since no unusual matters had come to our attention that led us to believe that the Valuation Report was not prepared on a reasonable basis, we believe that the valuation fairly represents the market value of the Property and forms a fair and reasonable basis for our further assessment on the consideration for the Disposal.

c) Valuation methodology and assumptions

We have reviewed the Valuation Report on the Property and discussed with the Valuer regarding the methodology, basis and assumptions adopted in arriving at the valuation of the Property as at 31 March 2024.

As stated in the Valuation Report on the Property, the direct comparison method was adopted by the Valuer for the valuation of the Property based on comparing the property directly with other comparable properties which recently transacted. This approach is universally considered as an accepted valuation approach for valuing these types of residential properties for self-use purpose with readily available market price information and the approach is consistent with normal market practice in arriving at the valuation of the Property.

LETTER FROM CINDA

Set out below are our works performed in assessing the fairness, reasonableness and completeness of the methodologies, basis and assumptions adopted in the valuations by the Valuer:

We have reviewed Valuation Report on the Property and discussed with the Valuer in relation to the methodologies adopted for and the basis and assumption used in arriving the market value of the Property. In the course of our discussion with the Valuer, we noted that the Valuer used the direct comparison method with reference to comparable sale transactions as available in the relevant market. The direct comparison method adopted included the market parameters, is straight forward and widely acceptable, and therefore is considered as the most appropriate methodology for the valuation of the Property. According to the Valuer, (i) income approach was considered but not adopted since the Property is owner-occupied and not subjected to tenancy; and (ii) cost approach was not considered due to the availability of market comparable.

We have reviewed the list of comparables and noted that the selection of comparables was based on the following criteria: (i) those transacted properties located in Hong Kong Parkview; (ii) saleable size over 1,500 square feet; and (iii) transactions that occurred from end of May 2023 to the valuation date. We have discussed these criteria with the Valuer and found them fair and reasonable as the comparables are similar to the Property in terms of location, size and recent market activity. The unit rates of the adopted comparables range from HK\$24,519 per square foot to HK\$31,666 per square foot on the basis of saleable area. The unit rate of the Property determined by the Valuer is HK\$25,395 per square foot on the basis of saleable area which is within the range of the comparables' saleable area unit rate. We understand that the Valuer made certain adjustments when adopting those comparables for the market value of the Property, taking into account of differences in transaction time, floor level, size and building age. We have discussed with the Valuer about the rationale and methodology for the adjustments and found that the adjustments are in line with the market practice.

Through our discussion with the Valuer, we noted that data and information about the comparable properties were mostly obtained from online property database subscribed by the Valuer. As confirmed by the Valuer, these comparable properties represent an exhaustive list to the best of their knowledge. Accordingly, we are of the view that the selection of the comparable properties used in the valuation of the Property is fair and reasonable.

Details of the assumptions made by the Valuer for the Valuation Report on the Property are set out in the Appendix II to the Circular. We have discussed with the management and the Valuer, and reviewed the key assumptions made and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the valuing the Property.

Based on the above works performed, we are of the opinion that the methodologies, basis and assumptions adopted by the Valuer are in line with market practice and reasonable in establishing the market values of the Property.

LETTER FROM CINDA

Given that (i) our works performed on the Valuer and the Valuation Report; and (ii) the consideration for the Disposal was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the market value of the Property appraised by the Valuer, we are of the view that the consideration for the Disposal is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

Financial effect of the Disposal and the proposed declaration of the Special Dividend

As noted from the Letter from the Board, upon Completion, the Property will be directly held by the Purchaser and will not be recognised in the Group's consolidated financial statements.

The financial effects of the Disposal and the proposed declaration of the Special Dividend on the Group's earnings, working capital and net asset value are set out below. However, it should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon Completion.

Effect of net asset value and liquidity

Upon Completion, the current assets of the Group are expected to increase by HK\$29.6 million, which is calculated based on the net proceeds from the Disposal after deduction of the amount for the proposed declaration of the Special Dividend. The non-current assets of the Group is expected to decrease by HK\$53.0 million, being the net book value of the Property as at 31 December 2023, given the Property will be no longer held by the Group. As such, the net assets of the Group is expected to decrease by approximately HK\$23.4 million.

As at 31 December 2023, the net current assets and current ratio of the Group were approximately HK\$44.0 million and 1.14 times, respectively. Upon Completion, it is expected that the net current assets of the Group would increase by approximately HK\$29.6 million and the current ratio of the Group would increase from approximately 1.14 times to approximately 1.24 times. Therefore, the liquidity of the Group would be enhanced for the operation after Completion.

Nevertheless, the actual impact of the Disposal and the proposed declaration of the Special Dividend to be recognized by the Group will be subject to the then financial position of the Group upon Completion.

Effect of working capital

The working capital of the Group is expected to increase by HK\$29.6 million, being the amount of net proceeds from the Disposal after deduction of the amount for the proposed declaration of the Special Dividend.

LETTER FROM CINDA

Effect of Earnings

As stated in the Letter from the Board, the carrying value of the Property as shown in the audited consolidated accounts of the Group as at 31 December 2023 was HK\$53.0 million, which is equivalent to the Consideration. Therefore, it is expected that there will be no impact on the Group's earnings upon Completion.

In view of the foregoing, in particular, the Disposal which will have positive impact on the Group's liquidity and working capital, we concur with the view of the Directors that the Disposal will not have material adverse impact to the Group.

RECOMMENDATION

Having considered the above principal factors and reasons, we concur with the Directors' view that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, are on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to, and also recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited
Maggie Siu
Managing Director
Head of Investment banking

Ms. Maggie Siu is a licensed person and a responsible officer of Cinda International Capital Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activities under the SFO since 2017. She has over 12 years of experience in the corporate finance industry.

1. INDEBTEDNESS STATEMENT

	<i>HK\$'000</i>
Current:	
Unsecured bank borrowings	8,304
Secured bank borrowings	141,923
Letter of Credit	3,477
Bank Guarantee	17,143
Lease liabilities	29
	29
Total indebtedness	170,876
	170,876

As at 30 April 2024 (being the most recent practicable date for ascertaining information regarding this indebtedness statement), the Group had aggregate outstanding borrowings of approximately HK\$150,227,000, comprising (1) unsecured bank borrowings of approximately HK\$8,304,000; and (2) secured borrowings of approximately HK\$141,923,000 which were secured by certain land and buildings, investment property, restricted bank deposits and financial asset at fair value through profit and loss of the Group.

As at 30 April 2024, the Group had aggregate lease liabilities of approximately HK\$29,000 in respect of lease contracts for certain of properties.

Save as the lease liabilities, all the liabilities disclosed above are under corporate guarantee.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, as at the close of business on 30 April 2024, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or any other term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Chinese Government set the target GDP growth rate of 5% for 2024, with a focus on stimulating domestic consumption including new energy car and electronic products. The strategy to expand new energy car consumption involves developing more users in rural areas and replacing oil-powered cars with electric vehicles in the public transportation industry. The policy for foreign investment restriction in manufacturing sector will be relaxed. The government also promotes the replacement of old home appliance with green products. All these measures are expected to re-activate the manufacturing industry in 2024.

Chinese-made electric cars, lithium-ion batteries and photovoltaic products are known as “new trio” which are fastest-growing products in export. The production value in these industries is substantial and experiencing rapid growth. The Group is committed to further exploring the business opportunities within these sectors. Furthermore, over the past year, the Company has introduced several new products, effectively expanding our product portfolio and market coverage. Moving forward, we are committed to continuously introducing new products in various applications, aiming to keep pace with the advancements in manufacturing technology in the Chinese market. Our focus remains on staying competitive and embracing the evolving landscape of China’s manufacturing industry.

The Sino-US relationship has shown signs of improvement recently. The export value of China has been satisfactory in the beginning of year 2024. Despite potential global economic instability resulting from geopolitical conflicts such as the Russian-Ukrainian and Israel-Palestine wars, we believe that the Chinese economy will surpass its performance in 2023. With this optimistic outlook, we have confidence that the Group’s business performance in 2024 will outperform that of 2023.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful consideration, are of the opinion that, after taking into account of the Group’s internal resources, available credit facilities and successful renewal of existing banking facilities upon expiry, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

4. VALUATION REPORT RECONCILIATION

The table below sets out (i) the reconciliation of the audited net book values of the Property as at 31 December 2023 and the unaudited net book value of the Property as at 31 March 2024; and (ii) the reconciliation of the unaudited net book value of the Property and the valuation of the Property as at 31 March 2024:

	<i>HK\$'000</i>
Net book value of the Property as at 31 December 2023 (audited)	53,000
Movement for the period from 1 January 2024 to 31 March 2024 (unaudited)	
– Depreciation	<u>(260)</u>
Net book value of the Property as at 31 March 2024 (unaudited)	52,740
Fair value change	<u>260</u>
Valuation of the Property as at 31 March 2024	<u><u>53,000</u></u>

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial position or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent property valuer, in connection with its opinion of market value of the Property as at 31 March 2024.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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Licence No: C-030171

3 June 2024

Leeport (Holdings) Limited
1/F, Block 1
Golden Dragon Industrial Centre
Kwai Chung, New Territories
Hong Kong

Dear Sir,

Re: Property valuation for Flat No. 67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Parking Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong

1.0 INTRODUCTION

1.1 Instructions

We refer to your instruction for us to carry out valuation of the property interest of Flat No. 67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Parking Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong (the "**Properties**") assuming sale subject to vacant possession for your public disclosure purposes.

We confirm that we carried out external inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 March 2024 (the "**date of valuation**").

We are external valuers, independent from the client and the property owners, their subsidiaries and their jointly controlled entities (collectively, the "**Group**") and their respective directors and controlling shareholder and that we do not have any direct or indirect interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.

1.2 Basis of Valuation

Unless otherwise stated, our valuation has been prepared in accordance with “HKIS Valuation Standards 2020 Edition” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Our valuation of the property interest is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001: 2015 and our report prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation.

1.3 Valuation Assumptions

Our valuations have been made on the assumption that the owner sells the Properties in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the Properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting the sales. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

1.4 Source of Information

We have also accepted advice given to us on matters such as particulars of ownership and all relevant matters. We have assumed that all information provided to us are correct. However, should it be established subsequently that the details relating to the property interest are incorrect, we reserve the right to adjust the value reported herein. We have also conducted current searches at the Land Registry. We have assumed that all information provided to us is correct. However, should it be established subsequently that the details relating to the Properties are incorrect, we reserve the right to adjust the values reported herein.

The dimensions, measurements and areas included in the report are based on information contained in copies of documents obtained from the Land Registry and Rating and Valuation Department and are therefore approximations. We have not carried out on site measurements to verify the correctness of the floor area of the Properties. We have relied on the Client's confirmation that no material facts have been omitted from the information supplied. We have not been instructed to independently verify the information provided to us. Our valuations are totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made.

1.5 Measurements

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practices and as agreed with the Company, we declare our departure from the "RICS property measurement" published by RICS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

1.6 Title Investigation

We have not been provided with copies of the title documents relating to the Properties but we have arranged to conduct searches at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only.

1.7 Valuation Method

We have adopted the Direct Comparison method in the course of valuation.

The Direct Comparison Method is a method of valuation based on comparing the property directly with other comparable properties which recently transacted. Comparable premises are generally located in the surrounding areas or in other sub-markets which are comparable to the property. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rental likely to be achieved by the property under consideration.

1.8 Property Inspection

We inspected the exterior and the surrounding environment of the Properties on 11 April 2024. The inspection was conducted by Mr. Alex Chan, Senior Manager of Valuation Advisory Services Department of Jones Lang LaSalle Limited in Hong Kong. We have not conducted formal site and structural surveys and, as such we cannot report that the Properties are free from rot, infestation or any other structural defects. We have not carried out building survey, nor have we inspected those parts of the Properties which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of non-inspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within the Properties.

We have not carried out on-site measurements of the Properties at the time of inspection to verify the correctness of the floor areas. The dimensions, measurements and the areas included in the report are based on information contained in marketing brochures in our office and copies of documents obtained from the Land Registry and are therefore only approximations for reference purposes.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Properties, or has since been incorporated, and we are therefore unable to report that the Properties is free from risk in this respect. For the purpose of our valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

1.9 Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded.

1.10 Valuer

This valuation report was prepared by our Mr. Alex Chan, MHKIS & MRICS, Senior Manager and Mr. Ivan Cheung, Valuer with oversight by Mr. Alkan Au, MHKIS, MRICS & RPS (GP), Senior Director of our department. Mr. Alkan Au is a qualified general practice surveyor and has over 30 years of experience in the valuation of properties in Hong Kong.

We confirm that Mr. Alkan Au, Mr. Alex Chan and Mr. Ivan Cheung are in the position to provide an objective and unbiased valuation and are competent to undertake this valuation assignment.

1.11 Report

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the stated use only of Leeport (Holdings) Limited and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificates are attached hereto.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited

Alex Chan
BA(Hons), MHKIS, MRICS
Senior Manager

Au Kin Keung Alkan
BA(Hons), MHKIS, MRICS, RPS (GP)
Senior Director
Licence No.: E-181955

2.0 VALUATION CERTIFICATE

Property	Description, age and tenure	Particulars of occupancy	Market value as at 31 March 2024
Flat No.67 on 2nd Floor of Tower 11 (of Parkview Terrace) and Car Parking Space No. 173 on Car Park Entrance 3 (Level 4) of the garage, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong (the Properties)	Tower 11 (the “ Building ”) of Parkview Terrace of Hong Kong Parkview (the “ Development ”) is a 20-storey residential building constructed of reinforced concrete with mosaic-tiled external walls completed in 1989.	As advised, the Properties were occupied by the Group for domestic use as at the date of valuation.	HK\$53,000,000 (Hong Kong Dollars Fifty Three Million)
An aggregate of 221/190,149 equal and undivided shares of and in Rural Building Lot No. 1051 and The Extension Thereto	The Properties comprise a domestic unit on the 2nd Floor of the Building together with a car parking space on Car Park Entrance 3 (Level 4) of the garage, the Development The saleable area of the domestic unit of the Properties is approximately 2,087ft ² (193.89m ²). The lot is held under the Conditions of Sale No. UB11574 for 75 years renewable for 75 years from 3 December 1981. The annual government rent payable for Rural Building Lot No. 1051 and its extension thereto is both HK\$1,000 per annum.		

Notes:

- (1) As per our Land Registry search record dated 10 April 2024 (“**Land Search Record**”), the registered owner of the Properties is Leepport Machine Tool Company Limited.
- (2) The major encumbrances registered against the Properties are as follows:
 - i. Occupation Permit No. H137/89 dated 13 November 1989 vide Memorial No. UB5078301.
 - ii. Deed of Mutual Covenant with Plan dated 13 November 1991 vide Memorial No. UB5108303.
- (3) We have analyzed properties with similar size transacted between end of May 2023 to the date of valuation and located in the Development. 5 Sales comparables were selected to appraise the market value as at the date of valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

Directors’ interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations

Director		Number of Shares each held				Total Percentage	
		Personal interests	Corporate interests	Other interests	Share options		
Mr. LEE Sou Leung Joseph (“ Mr. Lee ”)	Long position	25,176,000 Shares	1,500,000 Shares (Note (b))	144,529,982 Shares (Note (a))	Nil	171,205,982 Shares	74.41%
Mr. CHAN Ching Huen, Stanley	Long position	1,104,000 Shares	Nil	Nil	Nil	1,104,000 Shares	0.48%
Mr. ZAVATTI Salvatore	Long position	110,000 Shares	Nil	Nil	Nil	110,000 Shares	0.05%

Notes:

- (a) As at the Latest Practicable Date, the 144,529,982 shares were held by Peak Power Technology Limited in its capacity as the trustee of The Lee Family Unit Trust holding the same for the benefit of holders of units issued by The Lee Family Unit Trust. HSBC International Trustee Limited is the trustee of the LMT Trust whose discretionary objects are Ms. Tan Lisa Marie (“**Ms. Tan**”) and Mr. Lee’s family members. The aforesaid shares that Mr. Lee and Ms. Tan are deemed to be interested refer to the same parcel of shares. Ms. Tan is deemed to be interested in all the interests held by Mr. Lee, her husband.
- (b) As at the Latest Practicable Date, the 1,500,000 shares were registered in the name of J AND LEM which is wholly-owned by Mr. Lee. Mr. Lee is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or were deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholder

As at the Latest Practicable Date, no person, other than the Directors or chief executive of the Company had, or was deemed or taken to have, an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by member(s) of the Group and are or may be material:

- (a) the Sale and Purchase Agreement;
- (b) the contribution agreement dated 27 February 2023 entered into between World Leader Limited (“**World Leader**”, a wholly-owned subsidiary of the Company) and other investors with Femto S.à.r.l. (“**Femto**”) in respect of the investment into Femto by acquiring a maximum of 2.5% equity interest in Femto at the consideration of EUR5,000,000, details of which were disclosed in the announcements of the Company dated 30 August 2022 and 2 March 2023, respectively; and
- (c) the sale and purchase agreement dated 17 August 2022 entered into between World Leader (a wholly-owned subsidiary of the Company) as vendor and Femto Technologies S.p.A. as purchaser in relation to the disposal of 649,921 shares of Prima Industrie S.p.A. at the consideration of EUR16,248,025, details of which were disclosed in the circular of the Company dated 21 September 2022.

6. COMPETING INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

7. INTEREST OF DIRECTORS IN ASSETS ACQUIRED OR DISPOSED OF BY OR LEASED TO ANY MEMBER OF THE GROUP

Since the date to which the latest published audited accounts of the Company were made up until the Latest Practicable Date, save as the Sale and Purchase Agreement entered into between Leeport Machine Tool Company Limited as the vendor and Mr. LEE Sou Leung, Joseph as the purchaser (the particulars of which are disclosed in the Letter from the Board), none of the Directors or proposed Directors had or had proposed to acquire or dispose or lease any interest, direct or indirect, in any assets to any member of the Group.

8. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Cinda International Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Limited	Independent qualified valuer

As at the Latest Practicable Date, the above experts have given and have not withdrawn its written consents to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to their names, in the form and context in which they respectively appear. As at the Latest Practicable Date, each of above experts:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The Company's head office and principal place of business in Hong Kong is situated at 1st Floor, Block 1 Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

- (c) The company secretary of the Company is Mr. Chan Ching Huen, Stanley. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, and an associate member of the Chartered Governance Institute in the United Kingdom.
- (d) The principal share registrar and transfer agent of the Company is MUFG Fund Services (Bermuda) Limited at 4th floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the website of the investor relations service provider for the Company (www.irasia.com) for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Board, as set out from pages 4 to 12 in this circular;
- (c) the letter from the Independent Board Committee, as set out from pages 13 to 14 in this circular;
- (d) the letter from Cinda International Capital Limited, the Independent Financial Adviser, as set out from pages 15 to 28 in this circular;
- (e) the Valuation Report as set out in Appendix II to this circular; and
- (f) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix.

NOTICE OF SPECIAL GENERAL MEETING

Leepoort

LLEPORT (HOLDINGS) LIMITED

力豐(集團)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 387)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Leepoort (Holdings) Limited (the “Company”) will be held on Wednesday, 26 June 2024 at 4:30 p.m. (or immediately after conclusion of the annual general meeting of the Company to be held on the same date or any adjournment thereof) at 1st Floor, Block 1, Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the Sale and Purchase Agreement (as defined and described in the circular of the Company dated 3 June 2024 (the “Circular”)), a copy of which is tabled at the SGM and marked “A” and signed by the chairman of the SGM for identification purpose, and all the transactions contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed; and
- (b) any one of the directors of the Company (“Director(s)”) be and is hereby authorised to do all such acts and things, to sign, execute and seal (where required) any such documents, instruments or agreements for and on behalf of the Company as may be deemed by such Director in his absolute discretion to be incidental to, ancillary to or in connection with the Sale and Purchase Agreement and all transactions contemplated thereunder; and
- (c) subject to the completion of the Disposal (as defined and described in the Circular) having taken place, a special cash dividend of HK\$0.1 per ordinary share of the Company be declared and paid by the Company (the “Special Dividend”) to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on the record date at the close of business on Friday, 5 July 2024, and any one of the Directors be and is hereby authorised to take such action, do such things and execute such

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

further documents as he may at his absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Special Dividend.”

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

Hong Kong, 3 June 2024

Notes:

- (1) A member of the Company entitled to attend and vote at the SGM is entitled to appoint one proxy or (if holding two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time fixed for holding the SGM or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting at the SGM, and in such event, the form of proxy shall be deemed to be revoked.
- (4) The register of members of the Company will be closed during the following periods:
 - (i) from 21 June 2024 (Friday) to 26 June 2024 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, 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 20 June 2024 (Thursday); and
 - (ii) from 3 July 2024 (Wednesday) to 5 July 2024 (Friday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to the proposed Special Dividend. In order to establish entitlements to the Special 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 2 July 2024 (Tuesday).

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

- (5) Voting on the resolution set out in this notice will be taken by poll.
- (6) The Chinese translation of this notice (including the contents of the resolution set out in this notice) is for reference only. In case of inconsistency, the English version shall prevail.

As at the date of this notice, the executive Directors are Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley and Mr. POON Yiu Ming and the independent non-executive Directors are Mr. ZAVATTI Salvatore, Mr. WONG Tat Cheong, Frederick and Mr. KRACHT Jurgen Ernst Max.