THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Leeport (Holdings) Limited.

Leeport

LEEPORT (HOLDINGS) LIMITED

力 豐（集 團）有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 387)

VERY SUBSTANTIAL ACQUISITION
NOTICE OF SGM

A notice convening a special general meeting of the Company 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 28 December 2011 at 3:00 p.m. is set out on pages 142 to 143 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

9 December 2011

CONTENTS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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

"Acquisition"	the proposed acquisition of the Sale Shares under the Agreement
"Agreement"	the share purchase agreement dated 21 October 2011 entered into between the Vendor as vendor, and the Purchaser and Greatoo as purchasers and the Project Company in relation to the Acquisition
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Call Option"	the call option granted by the Vendor to the Target Company under the Option Agreement requiring the Vendor to sell the Option Shares I to the Target Company
"Company"	Leeport (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 387)
"Completion"	the completion of sale and purchase of the Sale Shares
"Completion Date"	the fifth (5th) Business Day after the date on which the conditions precedent for Completion under the Agreement are satisfied or waived or such other date as the Vendor and the Purchaser may agree in writing
"Distribution Agreement"	the agreement dated 15 October 2011 entered into between the Purchaser and the Project Company for appointing the Purchaser as distributor for distributing, advertising, promoting and sale of all the products of the Project Company in the territory of the mainland China, Macau, Hong Kong, Taiwan and Southeast Asia
"Directors"	the directors of the Company
"Dr. Lui"	Dr. Lui Sun Wing, an executive Director of the Company
"Greatoo"	Guangdong Greatoo Molds Inc., an Independent Third Party

"Greatoo Completion"	the completion of sale and purchase of the 49.996% of the registered capital of the Target Company by Greatoo
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IKB"	IKB Equity Capital Fund GmbH, the legal and beneficial owner of the OPS Sale Shares
"Independent Third Party(ies)"	(a) party(ies) who is/are not (a) connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and its connected persons (as defined in the Listing Rules)
"Latest Practicable Date"	7 December 2011, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	a loan up to the sum of EUR3,000,000 (approximately HK$32,258,000) to be advanced by the Purchaser or its Nominee to the Target Company pursuant to the terms of the Loan Agreement
"Loan Agreement"	the loan agreement to be entered into between the Purchaser or its Nominee as lender and the Target Company as borrower at Completion in relation to the Loan
"Long Stop Date"	21 April 2012 or such later date to be agreed between the Purchaser, Greatoo and the Vendor in writing
"Managers"	Mr. Matthias Schmidt, Dr. Georg Zander and Mr. Peter Stein, the existing shareholders of the Project Company and Independent Third Parties
"Nominee"	any wholly-owned subsidiary of the Purchaser
"OPS Sale Shares"	the 2 shares of the Project Company representing 44.68% of its registered capital

"Options"	Collectively the Put Option I, Put Option II and Call Option
"Option Agreement"	the put and call option agreement to be entered into between the Vendor, the Target Company, the Seller and the Managers at Completion in relation to the Put Option I, Put Option II and the Call Option
"Option Shares"	collectively the Option Shares I and Option Shares II
"Option Shares I"	Approximately 21.32% of the registered capital of the Project Company now owned by the Vendor and the subject matter of Put Option I and Call Option
"Option Shares II"	Approximately 34% of the registered capital of the Project Company now owned by the Vendor, the Seller and the Managers and the subject matter of Put Option II
"Project Company"	OPS-Ingersoll Funkenerosion GmbH, a company incorporated under the laws of the Germany having its registered office at Daimlerstraβe 22 in 57299 Burbach, Germany
"Purchaser"	Leeport Machine Tool Company Limited, a limited liability company incorporated in Hong Kong and a wholly owned subsidiary of the Company
"Put Option I"	the put option granted by the Target Company in favour of the Vendor under the Option Agreement to sell the Option Shares I to the Target Company
"Sale Shares"	the issued 12,499 shares with a nominal capital of EUR1.00 per share in the registered capital of the Target Company legally and beneficially owned by the Vendor
"Seller"	Mr. Kai-Steffen Jung, one of the existing shareholders of the Project Company and an Independent Third Party
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to approve the Acquisition, the Agreement and the Loan Agreement and the Transactions

"Shares"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	OPS Ingersoll Holding GmbH (formerly known as Platin 752. GmbH), a company incorporated under the laws of Germany and the registered capital of which is held by the Vendor as at the date of this circular
"Target Group"	the Target Company and the Project Company
"Target Group Corporate Reorganisation"	the corporate restructuring to be conducted by the Target Group which includes the acquisition of the OPS Sale Shares
"Transactions"	the transactions contemplated under the Agreement, the Option Agreement and the Loan Agreement
"Vendor"	Reiner Jung OPS GmbH & Co. KG, a limited partnership organised under the laws of Germany and being the vendor under the Agreement
"EUR"	EUR, the official currency of the Institutions of the European Union
"HIBOR"	Hong Kong Interbank Offered Rate
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"IFRS"	International Financial Reporting Standards
"PRC"	the People's Republic of China
"%"	per cent.

For the purposes of this circular, the exchange rate at HK$1.00 = EUR0.093 has been used, where applicable, for the purpose of illustration only.

Leeport

LEEPORT (HOLDINGS) LIMITED
力 豐（集 團）有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 387)

Executive Directors
Mr. LEE Sou Leung, Joseph *(Chairman)*
Ms. TAN Lisa Marie *(Deputy Chairman)*
Mr. CHAN Ching Huen, Stanley
Dr. LUI Sun Wing

Independent Non-executive Directors
Mr. PIKE Mark Terence
Mr. NIMMO Walter Gilbert Mearns
Professor LEE Tai Chiu

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

9 December 2011

To the Shareholders

Dear Sir/Madam,

Reference is made to the announcement of the Company dated 28 October 2011 announcing that on 21 October 2011, the Purchaser, a wholly owned subsidiary of the Company, and Greatoo, an Independent Third Party, as purchasers and the Vendor as vendor and the Project Company entered into the Agreement pursuant to which the Purchaser has agreed:

(1) to acquire, either by itself or through its Nominee, the Sale Shares, representing 49.996% of the registered capital of the Target Company, at a purchase price of EUR13,124 (equivalent to approximately HK$141,000) which will be satisfied in cash; and

(2) to contribute EUR1,500,000 (equivalent to approximately HK$16,129,000) in cash to the capital reserve of the Target Company.

* *For identification purposes only*

Pursuant to the Agreement, the parties will enter or have entered into the following agreements which will take effect at Completion:

(1) the Purchaser (or its Nominee) will enter into the Loan Agreement with the Target Company upon Completion under which it will advance the Loan to the Target Company at Completion; the Target Company, in turn, will use the proceeds of the Loan to advance a loan to the Project Company in order to allow the Project Company to satisfy certain of its financial obligations; and

(2) the Target Company entered into the Option Agreement on 21 October 2011 with the Vendor, the Seller and the Managers of the Project Company which will take effect at Completion for the purpose of granting the Options.

The exercise prices of the Options will be determined in accordance with the future market prices or values of the Option Shares when the Options will be exercised in accordance with the formula as set out in the Option Agreement.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Acquisition and a notice of SGM for the purpose of approving the Agreement, and the Loan Agreement and the Transactions and other information as required under the Listing Rules.

THE AGREEMENT

Date

21 October 2011

Parties to the Agreement

1. the Purchaser

2. Greatoo

3. the Vendor

4. the Project Company

The Company was introduced to Greatoo and the Vendor by Dr. Lui, who has extensive networks in the manufacturing industry. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries including the relationships of Dr. Lui with the other parties and his roles in the Acquisition, each of Greatoo, the Vendor, the Project Company and their respective ultimate beneficial owners is an Independent Third Party.

The Directors also confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, there is no prior transaction with Greatoo, the Vendor or its ultimate beneficial owners which is required to be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Interests to be acquired

The Purchaser has agreed to acquire from the Vendor the Sale Shares, representing 49.996% of the registered capital of the Target Company, together with all rights and interests attaching thereto, which include the right to receive all dividends or distributions declared, made or paid on or after Completion.

The transfer of the Sale Shares after Completion by the Purchaser or its Nominee, as the case may be, will be subject to customary transfer restrictions contained in the articles of association of the Target Company.

As at the Latest Practicable Date, the Target Company is undergoing the Target Group Corporate Reorganisation whereby the Target Company will acquire the OPS Sale Shares from IKB, an Independent Third Party. As revealed from the results of due diligence investigations, IKB acquired the OPS Sales Shares in July 2006 at the consideration of EUR5,252,440.

Completion of the Agreement is conditional upon, inter alia, the completion of the Target Group Corporate Reorganisation, after which the Target Company will hold the OPS Sale Shares which represent 44.68% of the registered capital of the Project Company and the remaining 55.32% of the registered capital of the Project Company will be held by the Vendor as to 41.51%, the Seller as to 8.60% and the Managers as to 5.21%, which are Independent Third Parties as far as the Directors are aware.

Upon Completion, the Purchaser will effectively own approximately 22.338% interests of the Project Company.

Total commitment

The consideration under the Agreement, which will be paid in cash by the Purchaser on Completion, comprises:

(1) EUR13,124 (equivalent to approximately HK$141,000), being the purchase price of the Sale Shares, payable by the Purchaser to the Vendor; and

(2) EUR1,500,000 (equivalent to approximately HK$16,129,000), being the cash contribution payable by the Purchaser to the capital reserve of the Target Company.

The consideration has been arrived at after arm's-length negotiations between the parties to the Agreement with reference to the Company's internal valuation of the Project Company conducted with reference to various factors, including but not limited to its asset value and the historical financial information regarding its performance.

Pursuant to the Loan Agreement, the Purchaser will advance the Loan up to the sum of EUR3,000,000 (equivalent to approximately HK$32,258,000) to the Target Company at Completion.

The exercise prices of the Options will be determined in accordance with the future market prices or values of the Option Shares when the Options will be exercised in accordance with the formula as set out in the Option Agreement.

The total commitment of the Group, which includes the consideration under the Agreement, the Loan and the exercise prices of the Options, will be funded by the internal resources of the Company.

Conditions Precedent

Completion of the Acquisition is conditional upon:

(a) (if required) the Vendor having obtained the approval, confirmation, waiver or consent from the existing shareholders of the Project Company or other third parties in connection with the transfer of the OPS Sale Shares to the Target Company and the transfer of Sale Shares to the Purchaser;

(b) the release of the OPS Sale Shares from all existing charges, pledges or encumbrances;

(c) the successful completion of the Target Group Corporate Reorganisation and the Greatoo Completion; and

(d) the approval by the Shareholders of the Agreement, the Loan Agreement and the Transactions at the SGM in accordance with the Listing Rules.

The Vendor shall use its best endeavours to satisfy the above conditions (except condition (d)) whereas the Purchaser shall use its reasonable endeavours to satisfy the above condition (d) at any time on or before 5 p.m. on the Long Stop Date.

The Purchaser may, at its absolute discretion at any time, waive in writing any of the above conditions (except condition (d)). If all the above conditions have not been satisfied or waived by 5 p.m. on the Long Stop Date then the Agreement shall lapse and has no further effect and the parties shall be released from all obligations under it.

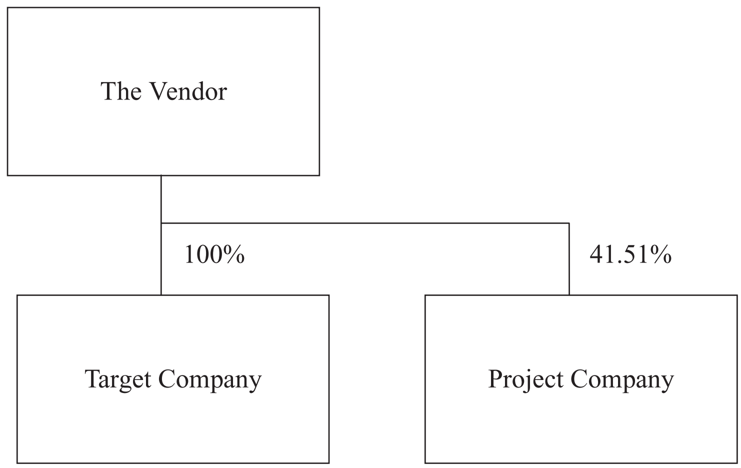
Completion

Subject to the satisfaction or waiver of the above conditions, Completion will take place on the Completion Date.

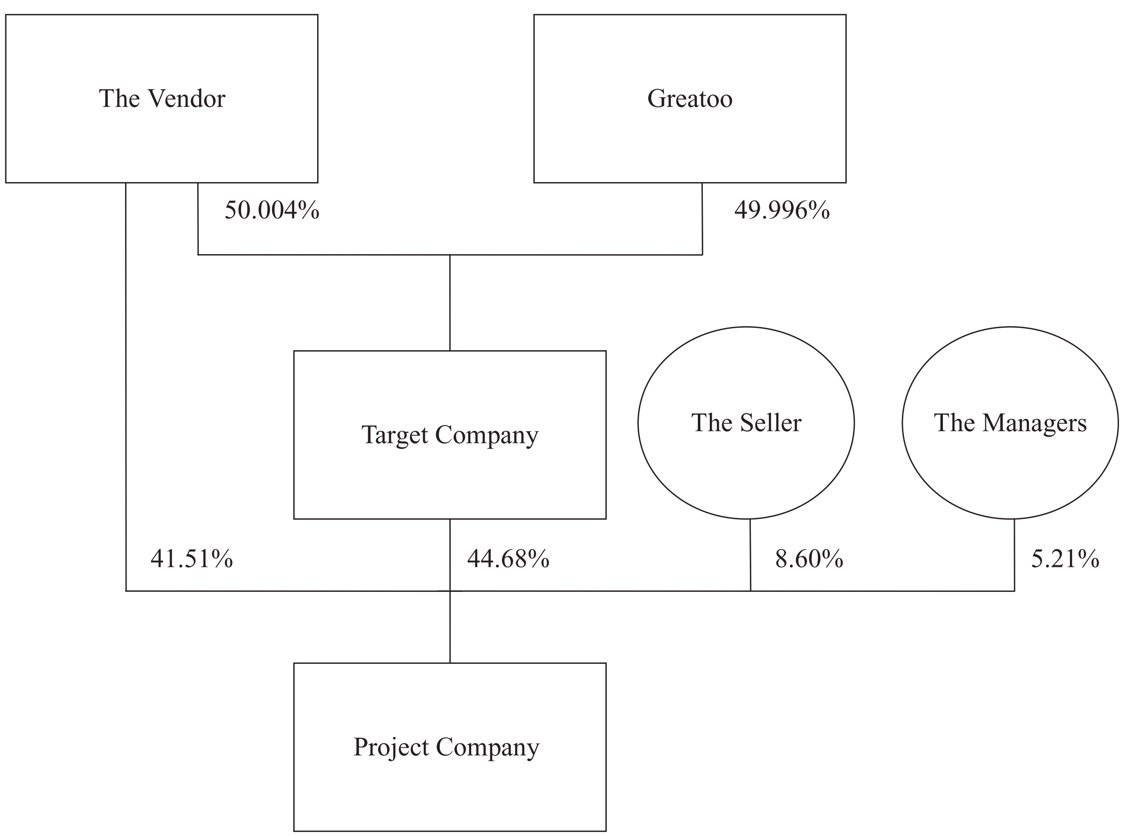
CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

Corporate Structure

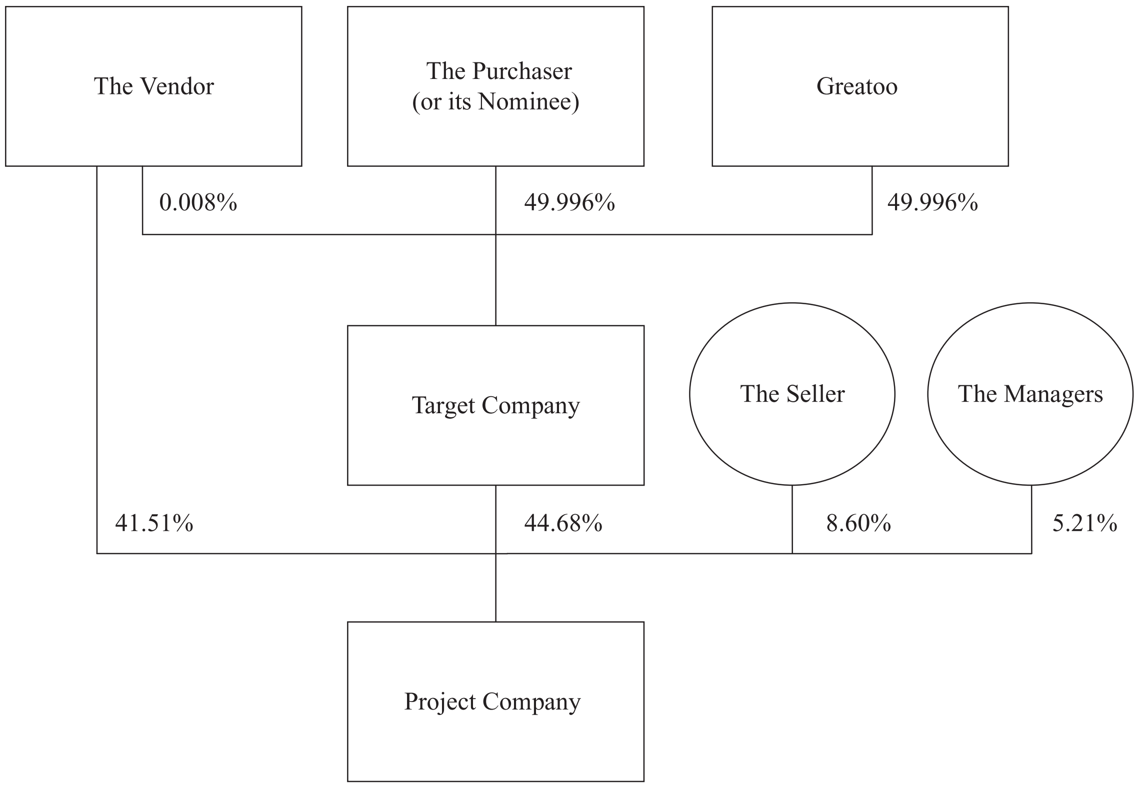
The corporate structure of the Target Group as at the Latest Practicable Date is as follows:



The corporate structure of the Target Group upon completion of the Target Group Corporate Reorganisation and Greatoo Completion will be as follows:



The corporate structure of the Target Group upon completion of the Target Group Corporate Reorganisation and Completion of the Acquisition will be as follows:



Contractual arrangements

Pursuant to the Agreement, the parties will enter or have entered into the following agreements which will take effect upon Completion:

Loan Agreement

The Purchaser or its Nominee will enter into the Loan Agreement with the Target Company at Completion under which it will advance the Loan to the Target Company, the Target Company, in turn, will use the proceeds of the Loan to advance a loan to the Project Company in order to allow the Project Company to satisfy certain of its financial obligations. The Target Company shall have the right to terminate the loan advanced to the Project Company if the Target Company ceases to be a shareholder of the Project Company.

The Loan will be secured by the guarantee provided by the Vendor under which the Vendor will irrevocably and unconditionally guarantee the proper fulfillment of all of the obligations of the Target Company pursuant to the Loan Agreement, in particular, but not limited to, the repayment of the Loan plus interest as set out in the Loan Agreement within two weeks upon the Purchaser's written demand for repayment. The Loan will carry interest at the rate of HIBOR plus 4.5% per annum payable on a quarterly basis.

The parties agree that the Loan Agreement will be valid for an initial period of eight years from the date of drawdown of the Loan and automatically renewed thereafter for an additional period of one year respectively unless it is terminated by any party to the Loan Agreement by serving six months' prior notice to terminate the Loan Agreement.

Option Agreement

The Target Company, the Vendor, the Seller and the Managers entered into the Option Agreement on 21 October 2011 pursuant to which:

(a) The Target Company will grant to the Vendor the Put Option I in respect of the Option Shares I which is exercisable on or after 31 March 2013. The exercise price payable by the Target Company in respect of the Option Shares I will be determined as follows:

   (i) if the Project Company will be listed on a stock exchange, the weighed average share price of the Option Shares I of the Project Company for the last three months prior to the date of exercise of the Put Option I; or

   (ii) otherwise, the fair market value of the Option Shares I calculated as the 10.5 times of the average of the EBIT (excluding extra-ordinary items) from the audited financial statements of the Target Company for the last two fiscal years prior to the exercise of the Put Option I. The exercise price shall include cash and other liquid assets and exclude bank debt, other interest bearing debts and shareholders loans.

(b) The Vendor will grant to the Target Company the Call Option requiring the Vendor to sell the Option Shares I to the Target Company which is exercisable on or after 31 March 2016. The exercise price to be payable by the Target Company in respect of the Option Shares I will be determined as follows:

   (i) if the Project Company will be listed on a stock exchange, the weighed average share price of the Option Shares I of the Project Company for the last three months prior to the date of exercise of the Call Option; or

   (ii) otherwise, the fair market value of the Option Shares I calculated as the 10.5 times of the average of the EBIT (excluding extra-ordinary items) from the audited financial statements of the Target Company for the last two fiscal years prior to the exercise of the Call Option. The exercise price shall include cash and other liquid assets and exclude bank debt, other interest bearing debts and shareholders loans.

The articles of association of the Project Company stipulate that the Target Company shall seek the prior approval from the Vendor if the Target Company intends to transfer the OPS Sale Shares and the Option Shares I (after the same have been acquired by the Target Company as a result of the exercise of the Put Option I or Call Option, as the case may be) subsequently.

(c) The Target Company will grant to the Vendor, the Seller and the Managers jointly the Put Option II which is exercisable on or after 31 March 2018 on condition that the Project Company shall not be listed on any stock exchange.

The exercise price payable by the Target Company in respect of the Option Shares II will be the fair market value calculated as 9 times the average of EBIT (excluding extraordinary items) from the audited financial statements of the Target Company for the last two fiscal years prior to the exercise of the Put Option II. The exercise price shall include cash and other liquid assets and exclude bank debt, other interest-bearing debts and shareholders' loans.

The parties to the Option Agreement could only assign their rights and obligations resulting from or related to the Option Agreement with the prior written consent of all the other parties. The change of shareholders of the Project Company may only be effected with the prior written consent of all the other parties and only if the new shareholder becomes a party to the Option Agreement and assumes all rights and obligations of the selling shareholder.

Distribution Agreement

The Purchaser and the Project Company entered into the Distribution Agreement on 15 October 2011 under which the Purchaser has been appointed as distributor for distributing, advertising, promoting and sale of all the products of the Project Company in the territory of the mainland China, Macau, Hong Kong, Taiwan and Southeast Asia, subject to the terms and conditions of the Distribution Agreement.

It is expressly provided for in the Agreement, the Loan Agreement, the Option Agreement and the Distribution Agreement that these agreements are governed by and construed in accordance with the laws of Germany.

INFORMATION ON THE TARGET GROUP

Information on the Target Company

As at the Latest Practicable Date, the Target Company has a registered capital of EUR25,000 divided into 25,000 shares of EUR1.00 each, of which 25,000 shares having been issued to and are fully paid up by the Vendor.

The corporate structure of the Target Group as at the Latest Practicable Date is set out under the paragraph headed "Corporate Structure".

Information on the Project Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Project Company is engaged in the business of developing and producing high-speed milling machining centres and electrical discharge machines and systems for the molding and toolmaking industry with integral process solutions by integration of computer-aided-design components. The Vendor and the Managers will remain in the management of the Project Company after Acquisition and continue to support the operation.

Financial Information

As the Target Company was newly incorporated on 27 September 2011, no financial statement has been prepared for the Target Company.

According to the management accounts of the Project Company prepared in accordance with IFRS for the two years ended 31 March 2010 and 31 March 2011, the profit before and after taxation of the Project Company for the two years ended 31 March 2010 and 31 March 2011 and the net asset value of the Project Company as at 31 March 2011 are set out below.

	For the year ended 31 March 2010 (audited) *EUR'000*	**For the year ended 31 March 2011 (audited)** *EUR'000*
Profit before taxation	963 (equivalent to approximately HK$10,354,000)	690 (equivalent to approximately HK$7,419,000)
Profit after taxation	591 (equivalent to approximately HK$6,355,000)	254 (equivalent to approximately HK$2,731,000)
Net asset value		1,321 (equivalent to approximately HK$14,204,000)

The financial information of the Project Company has been prepared using the accounting policies consistent with that of the Group.

INFORMATION ON GREATOO

Greatoo is a radial tyre mold manufacturer that specialises in designing, researching and manufacturing. Greatoo is listed on the Shenzhen Stock Exchange with stock code 2031.

It is an Independent Third Party that entered into the Agreement to acquire another 49.996% of the registered capital of the Target Company at a purchase price of EUR13,124 (equivalent to approximately HK$141,000), which will be satisfied in cash at Greatoo Completion.

At Greatoo Completion, Greatoo will also contribute EUR1,500,000 (equivalent to approximately HK$16,129,000) in cash to the capital reserve of the Target Company and provide a loan in the sum of EUR3,004,240 (approximately HK$32,304,000) to the Target Company.

Greatoo Completion will take place prior to the Completion and simultaneously upon the completion of the Target Group Corporate Reorganisation. The Completion of the Agreement shall take place subsequent to and conditional upon, inter alia, the Greatoo Completion.

The Project Company is relatively a small company in the machine tool market. The market share of the Project Company in Germany is small as compared to the whole of the German market.

The competition in Greater China and South East Asian market is as keen as in the German market. The Project Company only has a very small market share in these markets presently. The Project Company will make use of the extensive sales channel of the Group in Greater China and Southeast Asia to expand the market sharing in the region. Also the Project Company will appoint Greatoo as the OEM contractor to assemble some models of the machine with lower cost of production for sale in the region so as to achieve the more competitive pricing.

The Directors are of view that the competition between the Group and the Project Company, if any, is negligible. The Group is mainly engaged in the business of distribution and maintenance of machine tools and the Project Company is engaged in the business of manufacturing of machine tools. The Project Company has entered into the Distribution Agreement with the Purchaser appointing the Purchaser as the distributor of its products in the territories of the mainland China, Macau, Hong Kong, Taiwan and Southeast Asia. The Project Company, as an associate company, will be accounted for the Group under equity accounting method. The Group shares the profit of the Project Company after the elimination of unrealized inter-companies profit.

INFORMATION ON THE VENDOR

The Vendor is a limited partnership organised under the laws of Germany. Its principal business is investment holding.

INFORMATION OF THE GROUP AND REASONS FOR THE ACQUISITION

The principal activities of the Group comprise the distribution and maintenance of a wide range of machine tools, precision measuring instruments, cutting tools, electronic equipment, professional tools and other machinery for the manufacturing industry in Hong Kong, the PRC and Southeast Asia. The Acquisition is in line with the Company's strategy of investing in and collaborating with leading makers of manufacturing equipment and tools around the world to distribute such equipment and tools in Hong Kong, the PRC and Southeast Asia using the Group's solid experience in distributing high-end manufacturing equipment and tools and its strong financial position and experienced management.

The Directors consider that the terms of the Agreement and the Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

RISK FACTORS

Reliance on the German market

The turnover of the Project Company in 2009, 2010 and 2011 was EUR32,277,000, EUR23,510,000 and EUR26,478,000 respectively. In 2009, 68.1% of the total turnover was from the Germany market. In 2010, 60.8% of the total turnover was from the Germany market and in 2011, 51.2% of the total turnover was from the Germany market. Since the Project Company relies heavily on the Germany market, any unfavourable economic situations in Germany will affect the total performance of the Project Company.

Uncertainty of exploring new markets in Asia

The Project Company intends to expand its business in Greater China and Southeast Asian countries. Since the brand of OPS Ingersoll is not well known in the PRC and Southeast Asian countries, there is no assurance that the Project Company will be able to explore the market in this region quickly and profitably.

Reliance on the global economy

Although there is a forecast of a positive trend for the worldwide consumption of machine tools in the coming years, especially in Asian countries, the global economic situation is susceptible to change downwards and the demand for machine tools may be adversely affected in the medium term.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target Company will become an associated company of the Group and its financial results will be accounted for in the Group by equity method. Set out below is a summary of the unaudited pro forma financial information of the Group before and after Completion, prepared on the bases set out in Appendix III to this circular:

	Before Completion *(HK$'000)*	**After Completion** *(HK$'000)*
Total assets	755,916	747,999
Total liabilities	416,124	416,124
Total net assets	339,792	331,875
Gearing ratio (%)	12.40	28.8%
Turnover	1,075,961	1,075,961
Net Profit (loss) attributable to shareholders	25,199	19,681

THE SGM

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules and is required to be made conditional on Shareholders' approval pursuant to Rule 14.49 of the Listing Rules. Therefore, an 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 28 December 2011 at 3:00 p.m. to consider and, if thought fit, approve the resolutions in respect of the Agreement, the Loan Agreement and the Transactions.

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 28 December 2011 at 3:00 p.m. is set out on pages 142 to 143 in this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). 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) should you so wish.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition, and is required to abstain from voting in the SGM on the proposed resolution to approve the Acquisition at the SGM.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the general meeting must be taken by poll. Therefore, all resolutions proposed at the SGM will be voted by poll.

RECOMMENDATION

The Directors are of the opinion that the Acquisition is in the interests of the Company and the Shareholders as a whole, and that the terms of the Agreement and the Loan Agreement are fair and reasonable. Accordingly, the Directors recommend that you vote in favour of the resolutions to be proposed in the SGM.

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
Lee Sou Leung, Joseph
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Set out below is a summary of the unaudited results and assets and liabilities of the Group for the six months ended 30 June 2011 and audited results and assets and liabilities for each of the three years ended 31 December 2008, 2009 and 2010 as extracted from the respective published annual reports of the Company.

Details of the above financial information of the Group, together with the relevant notes, are disclosed in the unaudited interim report of the Company for the six months ended 30 June 2011 (pages 12-42), the audited annual reports of the Company for the years ended 31 December 2008 (pages 26-88), 31 December 2009 (pages 27-96) and 31 December 2010 (pages 28-104) respectively. The same information is published on the website of the Stock Exchange (www.hkex.com.hk). The auditors of the Group have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2008, 2009 and 2010.

Consolidated Income Statement

	Unaudited Six months ended 30 June	**Audited Year ended 31 December**		
	2011	**2010**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	576,540	1,075,961	758,562	1,037,212
Profit/(loss) before tax	18,368	25,819	(36,197)	6,006
Income tax (expense)/credit	(1,895)	(1,500)	919	(85)
Profit/(loss) for the period/year	16,473	24,319	(35,278)	5,921
Profit/(loss) attributable to owners of the Company	16,428	25,199	(34,348)	7,896
Earnings/(loss) per share				
Basic (in HK cents)	7.58	11.70	(15.94)	3.71
Diluted (in HK cents)	7.54	11.60	(15.94)	3.71
Dividend	7,714	16,158	–	10,772

Condensed Consolidated Balance Sheet

	Unaudited Six months ended 30 June 2011 HK$'000	Audited Year ended 31 December 2010 HK$'000	2009 HK$'000	2008 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	172,498	171,140	153,481	129,434
Leasehold land	7,185	7,190	7,206	7,354
	179,683	178,330	160,687	136,788
Current assets				
Inventories	140,301	159,487	181,803	294,738
Derivative financial instruments	305	549	83	347
Trade receivables and bills receivables	209,508	254,776	140,470	188,571
Other receivables, prepayments and deposits	90,430	53,420	43,989	34,742
Financial assets at fair value through profit or loss	2,379	–	–	–
Tax recoverable	–	1,062	136	2,062
Restricted bank deposits	59,420	45,014	60,027	33,475
Cash and cash equivalents	73,890	62,525	57,813	27,194
	576,233	576,833	484,321	581,129
Total assets	755,916	755,163	645,008	717,917
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	22,039	21,544	21,544	21,544
Other reserves	180,849	169,016	146,291	129,155
Retained earnings				
– Proposed dividend	7,714	9,695	–	–
– Others	117,121	105,184	93,620	126,676
	327,723	305,439	261,455	277,375
Non-controlling interest	12,069	5,781	6,349	5,599
Total equity	339,792	311,220	267,804	282,974

	Unaudited Six months ended 30 June 2011	Audited Year ended 31 December 2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	14,032	15,284	12,261	7,427
	14,032	15,284	12,261	7,427
Current liabilities				
Trade payables and bills payables	150,470	175,078	103,892	102,619
Other payables, accruals and deposits received	132,603	132,290	85,684	76,481
Amount due to a director	–	–	–	27,529
Derivative financial instruments	16	–	322	7
Tax payables	2,933	–	–	–
Borrowings	116,070	121,291	175,045	220,880
	402,092	428,659	364,943	427,516
Total liabilities	416,124	443,943	377,204	434,943
Total equity and liabilities	755,916	755,163	645,008	717,917
Net current assets	174,141	148,174	119,378	153,613
Total assets less current liabilities	353,824	326,504	280,065	290,401

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had outstanding bank borrowing amounted to approximately HK$138.4 million which was secured by (i) land and building under property, plant and equipment with a carrying amount of approximately HK$34.9 million and HK$80.7 million respectively; (ii) leasehold land with a carrying amount of approximately HK$5.7 million; (iii) pledged bank deposit of approximately HK$60.8 million; as at 31 October 2011, the Company had given certain guarantees amounting to HK$48.8 million in favour of certain banks of its subsidiaries in order for the banks to provide letters of guarantee to third parties in certain contractual non-financial obligations by its subsidiaries to the third parties. There were no other significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 October 2011, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

3. STATEMENT OF WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of any unforeseen circumstances and after taking into account the internal resources of the Group and available banking facilities of the Group, the Group has sufficient working capital for its present requirements and for at least the next 12 months following the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

It is because of the shrinking measures of controlling money supply in the loan market and the weakening exportation in the PRC, the overall market started to slow down since September 2011 and this is reflected in the trend of the contract booking of the Group.

The sales teams start to explore more new customers and key accounts in the market and do not only rely on the orders from existing customers.

However, the continued delivery for the outstanding contracts has secured the invoiced sales of the Group at least to the end of the financial year 2011. The overall financial performance in the second half of the year most likely will be better than the first half of the year 2011.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants of OPS-INGERSOLL Funkenerosion GmbH, Grant Thornton Jingdu Tianhua, Certified Public Accountants, Hong Kong.

GrantThornton
京都天华

20th Floor
Sunning Plaza
10 Hysan Avenue
Causway Bay
Hong Kong

9 December 2011

The Board of Directors
Leeport (Holdings) Limited

Dear Sirs,

Introduction

We set out below our report on the financial information of OPS-INGERSOLL Funkenerosion GmbH ("OPS-INGERSOLL") and its subsidiaries (together "OPS-INGERSOLL Group"), which comprises the consolidated statements of financial position of the OPS-INGERSOLL Group and statements of financial position of OPS-INGERSOLL as at 31 March 2009, 2010 and 2011 and for the three months ended 30 June 2011, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity of the OPS-INGERSOLL Group for each of the years ended 31 March 2009, 2010 and 2011 and the three months ended 30 June 2011 (the "Relevant Periods"), and the comparative financial information for the three months ended 30 June 2010 and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), for inclusion in a circular of Leeport (Holdings) Limited (the "Company") dated 9 December 2011 (the "Circular") in connection with the proposed acquisition of 22.338% equity interest in OPS-INGERSOLL (the "Acquisition").

OPS-INGERSOLL was incorporated in Germany on 23 October 2006 with limited liability. The principal activities of OPS-INGERSOLL Group are manufacturing and trading in high speed milling, machining and electrical discharge machines and systems and provision for related technology services. As of the date of this report, OPS-INGERSOLL has direct interest in a subsidiary as set out in note 18 below.

The financial year end date of OPS China Machine Tool (Shanghai) Co. Ltd. is 31 December. Accordingly, the audited financial statements drawn up to 31 December 2008, 2009 and 2010 of OPS China Machine Tool (Shanghai) Co. Ltd. has been used to consolidate into the Group's consolidated financial statements. No adjustments have been made for the effect of the transactions that occurred between 1 January and 31 March as the transactions were considered as immaterial to the Group. Details of the companies comprising the Group during the Relevant Period and names of the respective auditors are set out below:

Company name	Financial periods	Accounting principles adopted in the preparation of the statutory audited financial statements	Statuary auditors
OPS-INGERSOLL Funkenerosion GmbH	Year ended 31 March 2009, 2010 and 2011	German Generally Accepted Accounting Principles ("German GAAP")	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesell-schaft
OPS China Machine Tool (Shanghai) Co. Ltd.	Period from 28 April 2008 (Date of incorporation) to 31 December 2008 and year ended 31 December 2009 and 2010	Accounting principles and financial regulations in the PRC ("PRC GAAP")	Shanghai Hushencheng Certified Public Accountants Co., Ltd.

We have satisfied ourselves by carrying our procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that any material adjustments have been incorporated into the Financial Information.

Respective Responsibilities of Directors and Reporting Accountants

The directors of OPS-INGERSOLL are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards (the "IFRSs") issued by the International Accounting Standards Board (the "IASB"), and for such internal control as the directors of OPS-INGERSOLL determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error. The directors of OPS-INGERSOLL are responsible for the contents of the Circular in which this report is included.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Financial Information and have carried out such appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have not audited any financial statements of OPS-INGERSOLL Group in any period subsequent to 30 June 2011.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of OPS-INGERSOLL and OPS-INGERSOLL Group as at 31 March 2009, 2010 and 2011 and 30 June 2011 and of the results and cash flows of OPS-INGERSOLL Group for each of the Relevant Periods.

Corresponding Financial Information

The directors of OPS-INGERSOLL are responsible for the preparation of the unaudited corresponding financial information of OPS-INGERSOLL Group including the consolidated income statements, the consolidated statement of comprehensive income, the consolidated statement of change in equity and the statement of cash flow for the three months ended 30 June 2010 and other explanatory notes (the "Corresponding Financial Information") in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

We have reviewed the Corresponding Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on Corresponding Financial Information.

On the basis of our review, for the purpose of this report, nothing has come to our attention that causes us to believe the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

(A) FINANCIAL INFORMATION

Consolidated Income Statements

		Year ended 31 March			Three months ended 30 June	
		2009	2010	2011	2010	2011
	Notes	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
					(Unaudited)	
Revenue	*5*	32,277	23,510	26,478	3,901	6,524
Other income	*7*	322	2,456	179	82	29
Change in inventories of finished goods and work in progress		(1,902)	(566)	568	(26)	887
Cost of materials		(15,195)	(10,990)	(13,374)	(1,902)	(3,557)
Employee benefits expenses	*9*	(7,915)	(6,338)	(6,361)	(1,493)	(1,852)
Amortisation and depreciation		(537)	(639)	(631)	(156)	(174)
Other operating expenses		(7,619)	(5,175)	(5,073)	(736)	(1,367)
Operating (loss)/profit		(569)	2,258	1,786	(330)	490
Finance income		92	16	66	3	4
Finance costs		(1,310)	(1,311)	(1,162)	(277)	(295)
Net finance costs	*12*	(1,218)	(1,295)	(1,096)	(274)	(291)
(Loss)/Profit before taxation	*8*	(1,787)	963	690	(604)	199
Income tax expense	*13*	459	(372)	(436)	168	(67)
(Loss)/Profit for the year/period		(1,328)	591	254	(436)	132
(Loss)/Profit for the year/period attributable to:						
Equity holders of OPS-INGERSOLL		(1,328)	591	254	(436)	132

Consolidated Statements of comprehensive income

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
				(Unaudited)	
(Loss)/Profit for the year/period	(1,328)	591	254	(436)	132
Other comprehensive income:					
Actuarial (losses)/ gains from defined benefit plans, net of tax	(95)	(123)	54	(54)	6
Exchange differences on translation of financial statements of overseas subsidiaries	9	(1)	(6)	–	13
Other comprehensive (loss)/income for the year/period, net of tax	(86)	(124)	48	(54)	19
Total comprehensive (loss)/income for the year/period	(1,414)	467	302	(490)	151
Total comprehensive (loss)/income for the year/period attributable to:					
Equity holder of OPS-INGERSOLL	(1,414)	467	302	(490)	151

Consolidated Statements of financial position

		At 31 March			At 30 June
		2009	**2010**	**2011**	**2011**
	Notes	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Non-current assets					
Property, plant and equipment	*16*	4,450	4,154	4,131	4,280
Intangible assets	*17*	2,734	2,421	2,110	3,013
Deferred tax assets	*29*	407	116	176	186
Loan to shareholders	*19*	476	473	462	459
		8,067	7,164	6,879	7,938
Current assets					
Inventories	*20*	9,725	8,547	8,886	9,994
Trade and other receivables	*21*	5,767	6,432	6,413	4,661
Restricted bank deposits		401	–	–	–
Cash and bank balances		76	143	1,173	1,789
		15,969	15,122	16,472	16,444
Current liabilities					
Trade and other payables	*22*	4,876	3,657	3,621	4,607
Taxation payable		425	3	601	681
Derivative financial instruments	*23*	450	380	158	271
Borrowings	*24*	7,988	314	12,433	12,196
		13,739	4,354	16,813	17,755
Net current assets/ (liabilities)		2,230	10,768	(341)	(1,311)
Total assets less current liabilities		10,297	17,932	6,538	6,627

		At 31 March			At 30 June
		2009	2010	2011	2011
	Notes	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
EQUITY					
Share capital	*25*	100	110	110	110
Reserves	*26*	(548)	909	1,211	1,362
Capital and reserves attributable to equity holders of OPS-INGERSOLL		(448)	1,019	1,321	1,472
Non-current liabilities					
Borrowings	*24*	9,514	14,858	3,186	3,119
Retirement benefit obligations	*27*	1,231	1,455	1,431	1,436
Other payable	*28*	–	600	600	600
		10,745	16,913	5,217	5,155
		10,297	17,932	6,538	6,627

Statements of financial position

		At 31 March			At 30 June
		2009	2010	2011	2011
	Notes	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Non-current assets					
Property, plant and equipment	*16*	4,450	4,154	4,131	4,280
Intangible assets	*17*	2,734	2,421	2,110	3,013
Investment in a subsidiary	*18*	89	89	89	89
Deferred tax assets	*29*	407	116	176	186
Loan to shareholders	*19*	476	473	462	459
		8,156	7,253	6,968	8,027
Current assets					
Inventories	*20*	9,725	8,547	8,886	9,994
Trade and other receivables	*21*	5,731	6,350	6,378	4,662
Restricted bank deposits		401	–	–	–
Cash and bank balances		5	127	1,152	1,789
		15,862	15,024	16,416	16,445
Current liabilities					
Trade and other payables	*22*	4,839	3,500	3,415	4,471
Taxation payable		425	3	601	681
Derivative financial instruments	*23*	450	380	158	271
Borrowings	*24*	7,988	314	12,433	12,196
		13,702	4,197	16,607	17,619
Net current assets/ (liabilities)		2,160	10,827	(191)	(1,174)
Total assets less current liabilities		10,316	18,080	6,777	6,853

	Notes	At 31 March 2009 EUR'000	2010 EUR'000	2011 EUR'000	At 30 June 2011 EUR'000
EQUITY					
Share capital	*25*	100	110	110	110
Reserves	*26*	(529)	1,057	1,450	1,588
		(429)	1,167	1,560	1,698
Non-current liabilities					
Borrowings	*24*	9,514	14,858	3,186	3,119
Retirement benefit obligations	*27*	1,231	1,455	1,431	1,436
Other payable	*28*	–	600	600	600
		10,745	16,913	5,217	5,155
		10,316	18,080	6,777	6,853

Consolidated Statements of Changes in Equity

	Attributable to equity holders of OPS-INGERSOLL				
	Share capital	Capital reserve	Exchange reserve	Accumulated losses	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 April 2008	100	5,316	–	(4,450)	966
Loss for the year	–	–	–	(1,328)	(1,328)
Other comprehensive income:					
Actuarial losses from defined benefit plans, net of tax	–	–	–	(95)	(95)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	9	–	9
Total comprehensive loss for the year	–	–	9	(1,423)	(1,414)
At 31 March 2009 and 1 April 2009	100	5,316	9	(5,873)	(448)
Profit for the year	–	–	–	591	591
Other comprehensive income:					
Actuarial losses from defined benefit plans, net of tax	–	–	–	(123)	(123)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	(1)	–	(1)
Total comprehensive income for the year	–	–	(1)	468	467
Transactions with owners:					
Issuance of new shares	10	990	–	–	1,000
Transfers	–	(1,467)	–	1,467	–
At 31 March 2010 and 1 April 2010	110	4,839	8	(3,938)	1,019
Profit for the year	–	–	–	254	254
Other comprehensive income:					
Actuarial gains from defined benefit plans, net of tax	–	–	–	54	54
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	(6)	–	(6)
Total comprehensive income for the year	–	–	(6)	308	302

	Attributable to equity holders of OPS-INGERSOLL				
	Share capital	**Capital reserve**	**Exchange reserve**	**Accumulated losses**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 31 March 2011 and 1 April 2011	110	4,839	2	(3,630)	1,321
Profit for the period	–	–	–	132	132
Other comprehensive income:					
Actuarial gains from defined benefit plans, net of tax	–	–	–	6	6
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	13	–	13
Total comprehensive income for the period	–	–	13	138	151
At 30 June 2011	110	4,839	15	(3,492)	1,472
At 1 April 2010	110	4,839	8	(3,938)	1,019
Loss for the period	–	–	–	(436)	(436)
Other comprehensive income:					
Actuarial losses from defined benefit plans, net of tax	–	–	–	(54)	(54)
Total comprehensive loss for the period	–	–	–	(490)	(490)
At 30 June 2010 (Unaudited)	110	4,839	8	(4,428)	529

Consolidated Statements of cash flows

	Year ended 31 March			Three months ended 30 June	
	2009	2010	2011	2010	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Cash flows from operating activities					
(Loss)/Profit before income tax	(1,787)	963	690	(604)	199
Adjustments for:					
Amortisation of intangible assets	313	313	313	79	87
Depreciation of property, plant and equipment	224	326	318	78	87
Fair value loss/(gain) on derivative financial instruments	(75)	(70)	(222)	(238)	113
Impairment loss on trade receivables	41	5	4	–	–
Impairment loss on inventories	146	342	(97)	49	66
Foreign exchange differences, net	8	(1)	(5)	1	13
Interest expense	1,310	1,311	1,162	277	295
Gain on wavier of loan by bank	–	(1,800)	–	–	–
Interest income	(92)	(16)	(66)	(3)	(4)
Operating profit/(loss) before working capital changes	88	1,373	2,097	(361)	856
Decrease/(Increase) in inventories	1,688	836	(242)	(239)	(1,174)
Decrease/(Increase) in trade and other receivables	3,343	(671)	14	1,470	1,752
(Decrease)/Increase in trade and other payables	(3,592)	(618)	(34)	(327)	986
Increase/(Decrease) in retirement benefit obligations	44	48	53	12	13
Cash generated from operations	1,571	968	1,888	555	2,433
Interest received	92	16	66	3	4
Interest paid	(1,284)	(1,285)	(1,142)	(270)	(290)
Income tax (paid)/ refunded	(258)	(450)	79	(11)	1
Net cash generated from/ (used in) operating activities	121	(751)	891	277	2,148

	Year ended 31 March			Three months ended 30 June	
	2009	2010	2011	2010	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
				(Unaudited)	
Cash flows from investing activities					
Purchase of property, plant and equipment	(4,307)	(30)	(295)	(6)	(236)
Purchase of intangible assets	–	–	(2)	–	(990)
Advances to a shareholder	(74)	–	–	–	–
Changes in restricted bank deposits	(401)	401	–	–	–
Repayment from shareholders	25	3	11	3	3
Net cash used in investing activities	(4,757)	374	(286)	(3)	(1,223)
Cash flows from financing activities					
Proceeds from issuance of new shares	–	1,000	–	–	–
Proceeds from bank borrowings	1,863	–	1,056	3	476
Repayments of bank borrowings	(1,283)	(305)	(365)	(238)	(719)
Proceeds of other borrowings	3,650	–	–	–	–
Repayments of other borrowings	(51)	(158)	(169)	(41)	(43)
Repayment of finance lease	(119)	(93)	(95)	(26)	(23)
Net cash generating from/(used in) financing activities	4,060	444	427	(302)	(309)
Net (decrease)/ increase in cash and cash equivalents	(576)	67	1,032	(28)	616
Cash and cash equivalent at beginning of the year/period	651	76	143	143	1,173
Effect of foreign exchange rate changes	1	–	(2)	–	–
Cash and cash equivalents at end of the year/period	76	143	1,173	115	1,789

(B) NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

OPS-INGERSOLL is a private limited company incorporated in Germany. OPS-INGERSOLL's principal place of business is Daimlerstraße 22 in 57299 Burbach, Germany. OPS-INGERSOLL and its subsidiaries (together "OPS-INGERSOLL Group") are principally engaged in manufacturing and trading in high speed milling, machining and electrical discharge machines and systems and provision for related technology services.

The Financial Information is presented in thousands of Euros ("EUR'000"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

For the purpose of preparing the Financial Information, OPS-INGERSOLL Group has adopted all applicable IFRSs that are relevant to OPS-INGERSOLL Group and are effective for the accounting period beginning on 1 April 2011.

The significant accounting policies that have been used in preparation of this Financial Information are summarised below. These policies have been consistently applied throughout the Relevant Periods and the three months ended 30 June 2010.

At 30 June 2011, OPS-INGERSOLL Group's current liabilities exceeded its currents assets. The sustainability of OPS-INGERSOLL Group as a going concern is dependent on its ability to successfully generate sufficient cash flows from profitable operations. The directors of OPS-INGERSOLL Group are of the opinion that OPS-INGERSOLL should be able to maintain itself as a going concern based on currently available best information in respect of cash flow forecast and availability of existing credit facilities. Accordingly, the Financial Information has been prepared on a going concern basis.

Should OPS-INGERSOLL Group be unable to continue in business as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business and adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities which might arise.

The Financial Information have been prepared under the historical cost convention except for derivative financial instruments, which are measured at fair value as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4.

Consolidation

The Financial Information includes the financial statements of OPS-INGERSOLL and its subsidiary.

The financial year end date of the subsidiary is 31 December. Accordingly, the audited financial statements drawn up to 31 December 2008, 2009 and 2010 of the subsidiary has been used to consolidate into the Group's consolidated financial statements. No adjustments have been made for the effect of the transactions that occurred between 1 January and 31 March as the transactions were considered as immaterial to the Group.

Subsidiaries are all entities over which the OPS-INGERSOLL Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether OPS-INGERSOLL Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to OPS-INGERSOLL Group. They are de-consolidated from the date that control ceases.

The OPS-INGERSOLL Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the OPS-INGERSOLL Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by OPS-INGERSOLL on the basis of dividends and receivables.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by OPS-INGERSOLL Group.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of OPS-INGERSOLL Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euros ("EUR"), which is OPS-INGERSOLL Group's presentation and functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date;

– income and expenses for each income statement translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as other comprehensive income.

Exchange differences arising on monetary items, forming part of the parent's net investment in a foreign operation are recognized in other comprehensive income on consolidation. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Property, plant and equipment

Property, plant and equipment, other than freehold land and construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on property, plant and equipment other than freehold land and construction in progress, is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	25 – 50 years
Leasehold improvements	2 – 15 years
Plant and machinery	2 – 15 years
Furniture, fixture and office equipment	2 – 15 years

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Cost on completed construction works are transferred to the appropriate asset category. No depreciation is charged on respect of construction in progress until it is completed and available for use.

Freehold land is stated at cost less accumulated impairment losses.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to OPS-INGERSOLL Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Intangible assets (other than goodwill)

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives of 6 to 10 years.

Costs associated with research activities are expensed in the income statement as they are incurred. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

– demonstration of technical feasibility of the prospective product for internal use or sale;

– the intangible asset will generate probable economic benefits through internal use or sale;

– sufficient technical, financial and other resources are available for completion; and

– the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets.

Other development expenditures that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets.

Financial assets

The OPS-INGERSOLL Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the OPS-INGERSOLL Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The OPS-INGERSOLL Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the OPS-INGERSOLL Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– The OPS-INGERSOLL Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties; or

– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The OPS-INGERSOLL Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated income statement. As a practical expedient, the OPS-INGERSOLL Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the consolidated income statement.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The OPS-INGERSOLL Group does not designate any derivative as a hedging instrument.

Changes in the fair value of all derivative instruments are recognised immediately in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, comprising all direct costs of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowings are classified as non-current liabilities unless the OPS-INGERSOLL Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current and deferred income tax

The tax expenses for the period comprises current and deferred. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on accelerated tax depreciation, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the OPS INGERSOLL Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

Pension obligations

The OPS-INGERSOLL Group companies operate both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the OPS-INGERSOLL group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The OPS-INGERSOLL Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the OPS-INGERSOLL Group's activities. Revenue is shown net of returns and discounts and after eliminating sales within the OPS-INGERSOLL Group.

The OPS-INGERSOLL Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the OPS-INGERSOLL Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The OPS-INGERSOLL Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Service income under service agreements is recognised on a straight-line basis over the life of the agreement. Other service income is recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Leases which transfer substantially all the risks and rewards of ownership of the assets concerned to OPS-INGERSOLL Group, are classified as finance leases. The assets value represent the fair value of the leased asset, or, if lower, the present value of the minimum lease payments; while the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Related parties

For the purposes of the Financial Information, a party is considered to be related to OPS-INGERSOLL Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the OPS-INGERSOLL Group or exercise significant influence over the OPS-INGERSOLL Group in making financial and operating policy decisions, or has joint control over the OPS-INGERSOLL Group;

(ii) the OPS-INGERSOLL Group and the party are subject to common control;

(iii) the party is an associate of the OPS-INGERSOLL Group or a joint venture in which the OPS-INGERSOLL Group is a venturer;

(iv) the party is a member of key management personnel of the OPS-INGERSOLL Group or the OPS-INGERSOLL Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the OPS-INGERSOLL Group or of any entity that is a related party of the OPS-INGERSOLL Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. ADOPTIONS OF NEW OR AMENDED IFRSs

At the date of issue of the Financial Information, certain new and amended IRFSs have been published but are not yet effective. OPS-INGERSOLL Group has not early applied the following new/revised standards, amendments or interpretations relevant to the OPS-INGERSOLL Group's operations that have been issued but are not yet effective.

IAS 1 (Amendments)	Presentation of items of Other Comprehensive Income[2]
IAS 19 (2011)	Employee Benefits[3]
IAS 27 (2011)	Separate Financial Statements[3]
IFRS 7 (Amendments)	Disclosures – Transfer of financial assets[1]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[3]
IFRS 13	Fair Value Measurement[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013

IAS 1 (Amendments) Presentation of items of Other Comprehensive Income

The IAS 1 (Amendments) requires an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 27(2011) Separate Financial Statements

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 19(2011) Employee Benefits

The major changes in IAS 19 (2011) related to defined benefit plans.

The revised standard eliminates the "corridor method", requiring entities to recognise all gains or losses arising in the reporting period and streamlines the presentation of changes in plan assets and liabilities enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are existed to through participation in them.

IFRS 9 Financial instruments

Under IFRS 9, all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

IFRS 13 Fair Value Measurement

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for certain exemptions. IFRS 13 requires the disclosures of fair values through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The directors of OPS-INGERSOLL anticipate that the application of other new and revised standards, amendments and interpretations in issue but not yet effective will have no material impact on the result and the financial position of OPS-INGERSOLL Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The OPS-INGERSOLL Group makes estimates and assumptions concerning the future. The resulting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Provision for impairment of receivables

The provisioning policy for impairment of receivables of the OPS-INGERSOLL Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance will be required.

(ii) Provision for Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the expenses includes the deduction rates, anticipated income from the plan asset, mortality rates and future increases in retirement benefits. Such estimates are subject to significant uncertainties in accordance with the long-term focus of these plans. Any changes in these assumptions will impact the carrying amount of the pension obligations.

(iii) Write down of inventories to net realisable value

The OPS-INGERSOLL Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making the appropriate allowances, management identifies inventories that are slow-moving or obsolete considered their physical conditions, market conditions and market price for similar items.

(iv) Useful lives and residual values of property, plant and equipment

The estimate useful lives, residual values and related depreciation charges for its property, plant and equipment is determined by reference to the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(v) Intangible assets

The recognition of an intangible asset involves judgments regarding the technical feasibility, the resources availability and the ability to sell or to use the asset that will generate probable economic benefits.

The estimated useful lives and related amortisation charges for its intangible assets is based on the historical experience of the actual useful lives of intangible assets of similar nature and function and the future market potentials of the relevant products developed. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in the estimated useful lives and therefore amortisation expense in the future periods.

5. REVENUE

Revenue from the OPS-INGERSOLL Group's principal activities recognized during the year / period is as follows:

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Sales of goods	27,976	20,140	22,782	3,203	5,455
Service income	4,301	3,370	3,696	698	1,069
	32,277	23,510	26,478	3,901	6,524

The OPS-INGERSOLL Group's customer base is diversified and there is no single customer with whom transactions have exceeded 10% of the OPS-INGERSOLL Group's revenues during the Relevant Periods.

6. SEGMENTS

Segment information

No segment information has been presented for the Relevant Periods as OPS-INGERSOLL Group is principally engaged in manufacturing and trading of high speed milling, machining and electrical discharge machines and systems and provision for related technology services, which accounts for the total revenue and loss of OPS-INGERSOLL Group. OPS-INGERSOLL Group uses consolidated profit/ loss before income tax as a measure of segment profit or loss.

Geographical information

The following tables set out information about the geographical location of (i) the OPS-INGERSOLL Group's revenue from external customers and (ii) the OPS-INGERSOLL Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets.

Revenue from external customers

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Germany (place of domicile)	21,984	14,288	13,548	2,276	4,363
European Union, excluding Germany	3,987	4,630	5,592	1,332	427
The People's Republic of China ("The PRC")	3,834	3,377	5,220	269	1,517
The United States	58	783	649	12	158
Others	2,414	432	1,469	12	59
	32,277	23,510	26,478	3,901	6,524

The OPS-INGERSOLL Group's specific non-current assets (other than deferred tax assets) are all attributable to a single geographical region, namely Germany.

7. OTHER INCOME

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Gain on wavier of loan by banks *(note 24)*	–	1,800	–	–	–
Net foreign exchange gain	12	270	41	52	–
Sundry income	310	386	138	30	29
	322	2,456	179	82	29

8. (LOSS)/ PROFIT BEFORE TAXATION

(Loss)/ Profit before taxation is arrived at after charging/ (crediting):

	Year ended 31 March			Three months ended 30 June	
	2009	2010	2011	2010	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Auditors' remuneration	33	31	31	–	–
Cost of inventories recognised as expenses	15,195	10,990	13,374	1,902	3,557
Depreciation of property, plant and equipment	224	326	318	78	87
Amortisation of intangible assets	313	313	313	79	87
Employee benefit expenses (including directors' remuneration) *(note 9)*	7,915	6,338	6,361	1,493	1,852
Fair value (gain)/ loss on derivative financial instruments	(75)	(70)	(222)	(238)	113
(Reversal of)/ impairment loss on inventories	146	342	(97)	49	66
Net foreign exchange loss	116	–	–	–	33
Impairment loss on trade receivables	41	5	4	–	–
Research and development costs	976	937	959	–	–
Operating lease rental on premises, plant and machinery	1,146	714	655	159	123

9. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
				(Unaudited)	
Wages and salaries	6,629	5,023	5,127	1,158	1,586
Pension costs – defined contribution plans and social security expenses	1,178	1,198	1,106	303	234
Pension costs – defined benefit plans *(note 27)*	108	117	128	32	32
	7,915	6,338	6,361	1,493	1,852

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors during the Relevant Periods were as follows:

Year ended 31 March 2009

	Rainer Jung	**Kai-Steffen Jung**	**Matthias Schmidt**	**Peter Stein**	**Dr. Georg Zander**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Fees	–	–	–	–	–	–
Salaries	252	130	157	151	139	829
Discretionary bonuses	–	–	–	–	–	–
Pension costs – defined benefit plans	31	1	1	1	3	37
	283	131	158	152	142	866

Year ended 31 March 2010

	Rainer Jung	**Kai-Steffen Jung**	**Matthias Schmidt**	**Peter Stein**	**Dr. Georg Zander**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Fees	–	–	–	–	–	–
Salaries	164	77	92	87	80	500
Discretionary bonuses	28	13	16	15	14	86
Pension costs – defined benefit plans	31	1	1	1	3	37
	223	91	109	103	97	623

Year ended 31 March 2011

	Rainer Jung	Kai-Steffen Jung	Matthias Schmidt	Peter Stein	Dr. Georg Zander	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Fees	–	–	–	–	–	–
Salaries	200	94	99	94	93	580
Discretionary bonuses	21	10	10	10	10	61
Pension costs – defined benefit plans	31	1	1	1	3	37
	252	105	110	105	106	678

Three months ended 30 June 2010 (Unaudited)

	Rainer Jung	Kai-Steffen Jung	Matthias Schmidt	Peter Stein	Dr. Georg Zander	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Fees						
Salaries	48	30	27	26	24	155
Discretionary bonuses	–	–	–	–	–	–
Pension costs – defined benefit plans	8	–	–	–	1	9
	56	30	27	26	25	164

Three months ended 30 June 2011

	Rainer Jung	Kai-Steffen Jung	Matthias Schmidt	Peter Stein	Dr. Georg Zander	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Fees	–	–	–	–	–	–
Salaries	43	23	24	23	21	134
Discretionary bonuses	5	3	3	2	2	15
Pension costs – defined benefit plans	8	–	–	–	1	9
	56	26	27	25	24	158

No directors waived or agreed to waive any emoluments during the Relevant Periods. No incentive payment for joining OPS-INGERSOLL Group or compensation for loss of office was paid or payable to any directors during the Relevant Periods.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were the highest in OPS-INGERSOLL Group during the years ended 31 March 2009, 2010 and 2011 and for the three months ended 30 June 2010 and 2011 included 5, 3, 4, 4 and 4 directors, respectively, whose details have been reflected in the analysis presented in note 10.

The emoluments payable to the remaining individuals during the Relevant Periods are as follows:

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Salaries, allowances and benefits in kind	–	181	99	29	35
Discretionary bonuses	–	13	7	–	3
Pension costs – defined benefit plans	–	4	1	1	1
	–	198	107	30	39

Their emoluments were within the following bands:

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Emolument bands					
Less than HK$1,000,000	–	1	–	1	1
HK$1,000,001 to HK$1,500,000	–	1	1	–	–
	–	2	1	1	1

12. NET FINANCE COSTS

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Finance income:					
Bank interest income	14	1	–	–	–
Income from interest rate swap	60	–	46	–	–
Other interest income	18	15	20	3	4
	92	16	66	3	4
Finance costs:					
Interest on bank loans repayable within five years	(1,233)	(946)	(847)	(185)	(204)
Interest expense from interest rate swap	–	(146)	(104)	(37)	(33)
Interest expense on other loan and other payable	(51)	(193)	(191)	(48)	(53)
Interest paid to finance leases	(26)	(26)	(20)	(7)	(5)
	(1,310)	(1,311)	(1,162)	(277)	(295)
	(1,218)	(1,295)	(1,096)	(274)	(291)

13. INCOME TAX EXPENSE

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

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
Current tax					
Current income tax	3	28	337	3	79
(Over)/ Underprovision in prior years	(71)	–	182	–	–
	(68)	28	519	3	79
Deferred income tax *(Note 29)*	(391)	344	(83)	(171)	(12)
	(459)	372	436	(168)	67

The applicable tax rate in Germany is 30% comprises corporate income tax rate of 15% plus 14.175% trade tax and 0.825% reunification tax.

Taxation on overseas profits has been calculated on the estimated assessable profit for the Relevant Periods at the rates of taxation prevailing in the countries in which OPS-INGERSOLL Group operates.

The tax on OPS-INGERSOLL Group's (loss)/ profit before tax differs from the theoretical amount that would arise using the taxation rate of 30% for the years ended 31 March 2009, 2010 and 2011 and for the three months ended 30 June 2011 and 2010 respectively, the principal place of OPS-INGERSOLL Group's operations, as follows:

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
(Loss)/Profit before income tax	(1,787)	963	690	(604)	199
Notional on profit/ (loss) before taxation calculated at the rate applicable to profit in the countries concerned	(536)	289	207	(181)	60
Expenses not deductible for taxation purposes	63	87	49	11	6
Utilisation of previous tax loss	83	–	–	–	–
Others	2	(4)	(2)	2	1
(Over)/ Underprovision in prior years	(71)	–	182	–	–
Tax (credit)/charge	(459)	372	436	(168)	67

14. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF OPS-INGERSOLL

The consolidated (loss)/ profit attributable to equity holders of OPS-INGERSOLL includes a loss of EUR1,328,000, profit of EUR591,000, profit of EUR254,000, loss of EUR436,000 (unaudited) and profit of EUR132,000 for the years ended 31 March 2009, 2010 and 2011 and for the three months ended 30 June 2010 and 2011 respectively, which has been dealt with in the financial statements of OPS-INGERSOLL.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

OPS-INGERSOLL and OPS-INGERSOLL Group

	Freehold Land and buildings	Plant and Machinery	Furniture, fixtures and office equipment	Construction in Progress	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 April 2008					
Cost	–	120	748	91	959
Accumulated depreciation	–	(82)	(510)	–	(592)
Net book amount	–	38	238	91	367
Year ended 31 March 2009					
Opening net book amount	–	38	238	91	367
Additions	3,743	415	149	–	4,307
Transfers	91	–	–	(91)	–
Depreciation	(49)	(85)	(90)	–	(224)
Closing net book amount	3,785	368	297	–	4,450
At 31 March 2009					
Cost	3,834	535	897	–	5,266
Accumulated depreciation	(49)	(167)	(600)	–	(816)
Net book amount	3,785	368	297	–	4,450
Year ended 31 March 2010					
Opening net book amount	3,785	368	297	–	4,450
Additions	–	1	29	–	30
Depreciation	(148)	(91)	(87)	–	(326)
Closing net book amount	3,637	278	239	–	4,154
At 31 March 2010					
Cost	3,834	536	926	–	5,296
Accumulated depreciation	(197)	(258)	(687)	–	(1,142)
Net book amount	3,637	278	239	–	4,154

	Freehold Land and buildings *EUR'000*	Plant and Machinery *EUR'000*	Furniture, fixtures and office equipment *EUR'000*	Construction in Progress *EUR'000*	Total *EUR'000*
Year ended 31 March 2011					
Opening net book amount	3,637	278	239	–	4,154
Additions	15	190	90	–	295
Depreciation	(148)	(93)	(77)	–	(318)
Closing net book amount	3,504	375	252	–	4,131
At 31 March 2011					
Cost	3,849	726	1,016	–	5,591
Accumulated depreciation	(345)	(351)	(764)	–	(1,460)
Net book amount	3,504	375	252	–	4,131
Three months ended 30 June 2011					
Opening net book amount	3,504	375	252	–	4,131
Additions	–	4	52	180	236
Depreciation	(37)	(29)	(21)	–	(87)
Closing net book amount	3,467	350	283	180	4,280
At 30 June 2011					
Cost	3,849	730	1,068	180	5,827
Accumulated depreciation	(382)	(380)	(785)	–	(1,547)
Net book amount	3,467	350	283	180	4,280

The OPS-INGERSOLL Group's freehold land is located outside Hong Kong.

Certain of the OPS-INGERSOLL Group's property, plant and equipment have been pledged to secure the banking facilities of the OPS-INGERSOLL Group (note 24) during the Relevant Periods.

The net book value of certain properties, plant and equipment held by the OPS-INGERSOLL Group under finance leases amounted to approximately EUR308,000, EUR 233,000, EUR157,000 and EUR138,000 as at 31 March 2009, 2010 and 2011 and at 30 June 2011 respectively.

17. INTANGIBLE ASSETS

OPS-INGERSOLL and OPS-INGERSOLL Group

	Patents and software *EUR'000*
At 1 April 2008	
Cost	3,309
Accumulated amortization	(262)
Net book amount	3,047
Year ended 31 March 2009	
Opening net book amount	3,047
Amortisation charge	(313)
Closing net book amount	2,734
At 31 March 2009	
Cost	3,309
Accumulated amortization	(575)
Net book amount	2,734
Year ended 31 March 2010	
Opening net book amount	2,734
Amortisation charge	(313)
Closing net book amount	2,421
At 31 March 2010	
Cost	3,309
Accumulated amortisation	(888)
Net book amount	2,421
Year ended 31 March 2011	
Opening net book amount	2,421
Additions	2
Amortisation charge	(313)
Closing net book amount	2,110
At 31 March 2011	
Cost	3,311
Accumulated amortisation	(1,201)
Net book amount	2,110

OPS-INGERSOLL and OPS-INGERSOLL Group

	Patents and software *EUR'000*
Three months ended 30 June 2011	
Opening net book amount	2,110
Additions	990
Amortisation charge	(87)
Closing net book amount	3,013
At 30 June 2011	
Cost	4,301
Accumulated amortisation	(1,288)
Net book amount	3,013

The OPS-INGERSOLL Group's intangible assets have been pledged to secure the banking facilities of the OPS-INGERSOLL Group (note 24) during the Relevant Periods.

18. INVESTMENT IN A SUBSIDIARY

OPS-INGERSOLL

	At 31 March			At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Capital contribution, at cost	89	89	89	89

Detail of subsidiary at 30 June 2011 as follows:

Name	Place of incorporation/ establishment	Place of operation	Particulars of issued and paid up capital	Percentage of equity attributable	Principal activities	Legal form
OPS China Machine Tool (Shanghai) Co. Ltd.	The PRC	The PRC	US$140,000	100%	Provision for sale support services for the holding company	Wholly foreign-owned enterprise

19. LOAN TO SHAREHOLDERS

OPS-INGERSOLL and OPS-INGERSOLL Group

The loan to shareholders is unsecured, interest bearing at 4% per annum and will not be repaid within next twelve months from the reporting date, except an amount of EUR199,000 which is interest-free. The carrying amounts of the amounts due approximate their fair values.

20. INVENTORIES

OPS-INGERSOLL and OPS-INGERSOLL Group

		At 31 March		At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Raw materials	3,798	3,225	2,996	3,216
Work in progress	3,383	2,647	3,364	5,485
Finished goods	2,544	2,675	2,526	1,293
	9,725	8,547	8,886	9,994

Inventories of approximately EUR9,725,000, EUR8,547,000, EUR8,886,000 and EUR9,994,000 are carried at their net realisable value at 31 March 2009, 2010 and 2011 and at 30 June 2011 respectively.

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

		At 31 March		At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Carrying amount of inventories sold	15,049	10,648	13,471	3,491
Write down of inventories	146	342	196	66
Reversal of write down of inventories	–	–	(293)	–
	15,195	10,990	13,374	3,557

The reversal of write-down of inventories made during the year ended 31 March 2011 arose due to an increase in the estimated net realisable value of certain products as a result of a change in consumer preference.

The OPS-INGERSOLL Group's inventories have been pledged to secure the banking facilities of the OPS-INGERSOLL Group (note 24) during the Relevant Periods.

21. TRADE AND OTHER RECEIVABLES

OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade receivables	5,411	5,816	5,682	4,075
Less: Provision for impairment of receivables	(50)	(50)	(50)	(50)
Trade receivables, net	5,361	5,766	5,632	4,025
Other receivables, prepayments and deposits	406	666	781	636
	5,767	6,432	6,413	4,661

OPS-INGERSOLL

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade receivables	5,392	5,763	5,676	4,075
Less: Provision for impairment of receivables	(50)	(50)	(50)	(50)
Trade receivables, net	5,342	5,713	5,626	4,025
Other receivables, prepayments and deposits	389	637	752	637
	5,731	6,350	6,378	4,662

OPS-INGERSOLL Group allows a credit period of 30 – 60 days to its trade customers. The aging analysis based on invoice date of OPS-INGERSOLL Group's trade receivables (net of provision for impairment) at the reporting dates are as follows:

OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
0 – 60 days	4,638	5,337	5,438	2,748
61 – 120 days	500	349	146	1,266
Over 120 days	223	80	48	11
	5,361	5,766	5,632	4,025

The directors of the OPS-INGERSOLL Group considered that the fair values of other trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception. All trade receivables are expected to be recovered within one year.

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired at the reporting dates are as follows:

OPS-INGERSOLL Group

		At 31 March		At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Neither past due nor impaired	4,638	5,337	5,438	2,748
Less than 30 days past due	440	333	120	913
Between 30 and 60 days past due	60	16	26	353
More than 60 days past due	223	80	48	11
	723	429	194	1,277
	5,361	5,766	5,632	4,025

The trade receivables that were past due but not impaired related to a number of diversified customers that has good track record of credit with OPS-INGERSOLL Group. Based on the past credit history, the directors of OPS-INGERSOLL Group believe that no impairment allowance is necessary as there has not been a significant change in credit quality noted. OPS-INGERSOLL Group did not hold any collateral in respect of trade receivables past due but not impaired.

Movements on the provision for impairment of trade receivables of OPS-INGERSOLL Group are as follows:

		At 31 March		At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At beginning of the year/period	(50)	(50)	(50)	(50)
Receivables written off during the year/period as uncollectible	41	5	4	–
Provision for impairment of receivables	(41)	(5)	(4)	–
At end of the year/period	(50)	(50)	(50)	(50)

22. TRADE AND OTHER PAYABLES

OPS-INGERSOLL Group

		At 31 March		At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	2,696	1,967	1,570	1,960
Accrued expenses and other payables	2,180	1,690	2,051	2,647
	4,876	3,657	3,621	4,607

OPS-INGERSOLL

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	2,677	1,935	1,508	1,960
Accrued expenses and other payables	2,162	1,565	1,907	2,511
	4,839	3,500	3,415	4,471

OPS-INGERSOLL Group was granted by its suppliers for a credit period of 30 – 60 days from the date of billing. The aging analysis based on invoice date of OPS-INGERSOLL Group's trade payables at the reporting dates are as follows:

OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
0 – 90 days	2,696	1,967	1,570	1,960

The trade payables do not carry interest. All amounts are short-term and hence carrying values of trade and other payables are considered to be a reasonable approximation of its fair value.

23. DERIVATIVE FINANCIAL INSTRUMENTS

In order to manage the risks arising from fluctuations in interest rates, OPS-INGERSOLL Group makes use of interest rate swaps to mitigate these interest rate risks.

OPS-INGERSOLL and OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Interest rate swaps	450	380	158	271

As at 31 March 2009, 2010 and 2011 and 30 June 2011, the outstanding notional amount of the interest rate swaps were EUR6.1million, EUR4.8million, EUR5.6million and EUR5.6million respectively, all interest rate swaps maturing within one year.

The fair values of the interest rate swap contracts are estimated based on the discounted cash flows between the contract floating rate and the contract fixed rate.

24. BORROWINGS

OPS-INGERSOLL and OPS-INGERSOLL Group

			At 31 March		**At 30 June**
		2009	**2010**	**2011**	**2011**
	Note	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Current liabilities					
Bank borrowings, secured	*24(a)*	7,752	64	12,170	11,928
Other loan, secured	*24(b)*	158	169	178	182
Obligations under finance leases	*24(c)*	78	81	85	86
		7,988	314	12,433	12,196
Non-current liabilities					
Bank borrowings, secured	*24(a)*	5,833	11,416	–	–
Other loan, secured	*24(b)*	3,441	3,272	3,094	3,047
Obligations under finance leases	*24(c)*	240	170	92	72
		9,514	14,858	3,186	3,119
Total borrowings		17,502	15,172	15,619	15,315

(a) Bank borrowing, secured

At the reporting dates, OPS-INGERSOLL Group's bank borrowings were repayable as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

		At 31 March		**At 30 June**
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
No later than 1 year	7,752	64	12,170	11,928
After 1 year but within 2 years	1,134	–	–	–
Later than 2 years but no later than 5 years	2,319	11,416	–	–
After 5 years	2,380	–	–	–
	13,585	11,480	12,170	11,928
Less: amount due within 1 year shown under current liabilities	(7,752)	(64)	(12,170)	(11,928)
	5,833	11,416	–	–

These bank borrowings are secured by:

(i) OPS-INGERSOLL Group's property plant and equipment of EUR357,000, EUR284,000, EUR470,000and EUR537,000 as at 31 March 2009, 2010 and 2011 and 30 June 2011 respectively.

(ii) the restricted bank deposits, loans to shareholders, trade receivables, intangible assets and inventories.

These bank borrowings carry interest at 5.0% – 11.75%, 5.0% – 11.75%, 5.0%– 11.5% and 5.0% – 11.5% as at 31 March 2009, 2010 and 2011 and 30 June 2011.

During the year ended 31 March 2010, a total amount of EUR1,800,000 (note 7) was waived by the banks under certain terms (included a debtor warrants) and conditions stated in the reorganization agreement with the OPS-INGERSOLL as a result of negotiation with the banks in view of financial tsunami in Europe.

(b) Other loan, secured

The other loan is secured over OPS-INGERSOLL Group's land and buildings of approximately EUR3,785,000, EUR3,637,000, EUR3,504,000 and EUR3,467,000 as at 31 March 2009, 2010 and 2011 and 30 June 2011 respectively. The loan carries fixed interest at 6% per annum and repayable by monthly installments with maturity on November 2023.

(c) Obligations under finance leases

At the reporting dates, OPS-INGERSOLL Group's obligation under finance leases were repayable as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

		At 31 March		**At 30 June**
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Total minimum payments				
No later than 1 year	98	102	103	103
After 1 year but within 2 years	102	103	102	87
Later than 2 years and no later than 5 years	201	102	9	–
	401	307	214	190
Future finance charges on finance leases	(83)	(56)	(37)	(32)
Present value of finance lease liabilities	318	251	177	158

The present value of finance lease liabilities is as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Due within one year	78	81	85	86
Due within the second year	81	85	86	72
Due in the third to fifth year	159	85	6	–
	318	251	177	158
Less: Portion due within one year included in current liabilities	(78)	(81)	(85)	(86)
Non-current portion included under non-current liabilities	240	170	92	72

The OPS-INGERSOLL Group has entered into a finance lease for a machine. The lease does not have option to review or any contingent rental. The finance leases bear interest at 9% per annum. The carrying value of the finance leases approximates its fair value.

25. SHARE CAPITAL

	Number of ordinary shares of EUR1 each	*EUR'000*
Authorised:		
At 1 April 2008 and 31 March 2009	100,000	100
Increase in authorised share capital	10,000	10
At 31 March 2010 and 2011 and at 30 June 2011	110,000	110
Issued and fully paid:		
At 1 April 2008 and 31 March 2009	100,000	100
Issue of shares	10,000	10
At 31 March 2010 and 2011 and at 30 June 2011	110,000	110

During the year ended 31 March 2010, the OPS-INGERSOLL issued 10,000 ordinary shares of EUR1 each at a subscription price of EUR100 per share for cash to provide for additional working capital of the Group which approximately EUR10,000 was credited to share capital and the balance of EUR990,000 was credited to the capital reserve.

26. RESERVES

The reconciliation between the opening and closing balances of each component of OPS-INGERSOLL Group's consolidated equity is set out in the consolidated statements of changes in equity.

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting polices set out in note 2.

The application of the capital reserve is governed by Article 272(2) No.4 of the German Commercial Code.

Details of the changes in OPS-INGERSOLL's reserves between the beginning and the end of the year/ period are set out below:

	Capital reserve	**Accumulated losses**	**Total**
	EUR'000	*EUR'000*	*EUR'000*
At 1 April 2008	5,316	(4,450)	866
Loss for the year	–	(1,300)	(1,300)
Other comprehensive loss for the year	–	(95)	(95)
At 31 March 2009	5,316	(5,845)	(529)
Issue of shares	990	–	990
Transfers	(1,467)	1,467	–
Profit for the year	–	719	719
Other comprehensive loss for the year	–	(123)	(123)
At 31 March 2010	4,839	(3,782)	1,057
Profit for the year	–	339	339
Other comprehensive income for the year	–	54	54
At 31 March 2011	4,839	(3,389)	1,450
Profit for the period	–	132	132
Other comprehensive income for the period	–	6	6
At 30 June 2011	4,839	(3,251)	1,588

27. RETIREMENT BENEFIT OBLIGATIONS

OPS-INGERSOLL and OPS-INGERSOLL Group

The OPS-INGERSOLL Group operates defined benefit pension plans in Germany based on employee pensionable remuneration and length of service. The majority of plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as it the nature of the relationship between the OPS-INGERSOLL Group and the trustees (or equivalents) and their composition.

The amounts recognized in the consolidated statement of financial position are determined as follows:

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Present value of wholly or partly funded obligations	(1,337)	(1,651)	(1,673)	(1,689)
Fair value of plan assets	106	196	242	253
Defined benefit obligation included as non-current liabilities	(1,231)	(1,455)	(1,431)	(1,436)

The plan asset only comprises the asset value of single liability insurance.

The movement in the present value of defined benefit obligation over the years/ periods is as follows:

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At beginning of the year/ period	1,219	1,337	1,651	1,673
Current service cost	44	45	59	14
Interest cost	75	78	82	21
Actuarial losses/(gains) in other comprehensive income	34	229	(74)	(8)
Benefits paid by the plans	(35)	(38)	(45)	(11)
At end of the year/period	1,337	1,651	1,673	1,689

The movement in the fair value of plan assets of the years/periods is as follows:

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At beginning of the year/ period	166	106	196	242
Expected return on plan assets	11	6	13	3
Actuarial (losses)/gains	(101)	54	3	1
Contributions paid to the plans	30	30	30	7
At end of the year/ period	106	196	242	253

The amounts recognized in the income statement are as follows:

	Year ended 31 March			Three months ended 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Current service cost	44	45	59	14
Interest cost	75	78	82	21
Expected return on plan assets	(11)	(6)	(13)	(3)
Total, included in staff costs *(note 9)*	108	117	128	32

The actual return of plan assets was loss of EUR90,000, gain of EUR61,000, gain of EUR16,000, gain of EUR39,000 for the year ended 31 March 2009, 2010, 2011 and for the three month period ended 30 June 2011 respectively.

The principal actuarial assumptions were as follows:

	Year ended 31 March			Three months ended 30 June
	2009	**2010**	**2011**	**2011**
Discount rate	6.00%	5.00%	5.25%	5.25%
Expected rate of return on assets	6.00%	6.00%	6.00%	6.00%
Future pension increases	2.00%	2.00%	2.00%	2.00%

The anticipated total return from plan assets is calculated on the basis of prevailing market expectations for the period of time over which the obligation is to be fulfilled.

Experience Adjustments

	Year ended 31 March			Three months ended 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Present value of the defined benefit obligations	1,337	1,651	1,673	1,689
Fair value of plan assets	(106)	(196)	(242)	(253)
Deficit in the plans	1,231	1,455	1,431	1,436
Experience adjustments arising on plan liabilities	(47)	(225)	62	–
Experience adjustments arising on plan assets	(101)	54	3	1

The OPS-INGERSOLL Group expects approximate to EUR76,000 in contribution to be paid to the defined benefit plan in 2012.

28. OTHER PAYABLE

OPS-INGERSOLL and OPS-INGERSOLL Group

The other payable represents the loan from third party. The loan is unsecured, has a maximum adjusted net assets compensation of 3.75% for each fiscal year subject to certain terms and conditions in accordance with the loan agreement. The other payable will be repaid in quarterly installments from June 2012 and with maturity on June 2020.

29. DEFERRED INCOME TAX

OPS-INGERSOLL and OPS-INGERSOLL Group

The gross movement of the deferred income tax account is as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At beginning of the year/ period	24	(407)	(116)	(176)
Income statement charge/ (credit) *(note 13)*	(391)	344	(83)	(12)
Tax charge/(credit) relating to component of other comprehensive income	(40)	(53)	23	2
At end of the year/period	(407)	(116)	(176)	(186)

The movement of deferred income tax assets and during the year/ period, are as follows:

	Retirement benefit obligation and others	Tax losses	Provision	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At 1 April 2008	(55)	–	79	24
Credited to income statement	(99)	(292)	–	(391)
Credited to other comprehensive income	(40)	–	–	(40)
At 31 March 2009	(194)	(292)	79	(407)
Charged to income statement	55	289	–	344
Credited to other comprehensive income	(53)	–	–	(53)
At 31 March 2010	(192)	(3)	79	(116)
Credited to income statement	(7)	–	–	(7)
Charged/(Credited) to other comprehensive income	23	3	(79)	(53)
At 31 March 2011	(176)	–	–	(176)
Credited to income statement	(12)	–	–	(12)
Charged to other comprehensive income	2	–	–	2
At 30 June 2011	(186)	–	–	(186)

The deferred income tax is recognised in the consolidated statements of financial positions for the year/period as follows:

	At 31 March			At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Deferred tax assets	(486)	(195)	(176)	(186)
Deferred tax liabilities	79	79	–	–
Net deferred tax assets recognized in the consolidated statement of financial position	(407)	(116)	(176)	(186)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The taxes losses amounted to EUR1,954,000, EUR17,400, nil, and nil that can be carried forward against future taxable income as at 31 March 2009, 2010, and 2011 and 30 June 2011 respectively. These tax losses do not expire under current legislation.

30. CONTINGENT LIABILITIES

OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Letter of guarantee	1,384	898	427	243

OPS-INGERSOLL Group has given undertakings to leasing companies whom provide financing to its customers for purchase of its machineries.

31. COMMITMENTS

Commitments under operating leases

As lessee

OPS-INGERSOLL Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Vehicles and machineries:				
No later than one year	763	640	457	399
Later than one year and no later than five years	1,678	960	395	399
	2,441	1,600	852	798

OPS-INGERSOLL Group leases certain vehicles and machineries under operating leases. The leases run for an initial period of three to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective lessors.

32. RELATED PARTY TRANSACTIONS

(a) Other than those as disclosed in other notes to the Financial Information, the OPS-INGERSOLL Group has entered into the following significant transactions with related parties during the years/ periods:

	Year ended 31 March			Three months ended 30 June	
	2009	**2010**	**2011**	**2010**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* (Unaudited)	*EUR'000*
The shareholders					
Loan advanced to shareholders	74	–	–	–	–

(b) Key management's compensation

The Key management's of the OPS-INGERSOLL only comprises the directors of the OPS-INGERSOLL. The compensation was disclosed in note 10 to the financial statements.

33. CAPITAL RISK MANAGEMENT

OPS-INGERSOLL manages its capital to ensure that entities in OPS-INGERSOLL Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

OPS-INGERSOLL Group's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. OPS-INGERSOLL Group closely monitors the fluctuations of the adjusted net debt-to-equity ratio in order to comply with the bank covenants. The adjusted net debt-to-equity ratio represents the proportion of net debt to equity. Net debts comprise borrowings (including obligations under finance leases) and other payable as detailed in note 24 and 28 respectively, less cash and bank balances. Equity includes all issued capital and reserves attributable to equity holder of OPS-INGERSOLL. In order to maintain the ratio, OPS-INGERSOLL Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financial or sell assets to reduce debts.

There has been no change in OPS-INGERSOLL Group's capital management practise as during the Relevant Periods and OPS-INGERSOLL Group is not subject to externally imposed capital requirements during the Relevant Periods. The adjusted net debt-to-equity ratio as at each reporting dates were as follows:

OPS-INGERSOLL Group

	At 31 March			At 30 June
	2009	**2010**	**2011**	**2011**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Total debts	17,502	15,772	16,219	15,915
Less: cash and bank balances	(76)	(143)	(1,173)	(1,789)
Net debts	17,426	15,629	15,046	14,126
Total equity	(448)	1,019	1,321	1,472
Adjusted net debt-to-equity ratio	N/A	1534%	1139%	960%

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The OPS-INGERSOLL Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The OPS-INGERSOLL Group actively and regularly reviews and manages its financial risk and takes actions to mitigate such risk.

The OPS-INGERSOLL Group adopts conservative strategies on its risk management and seeks to limit the OPS-INGERSOLL Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks.

There has been no change to the type of the OPS-INGERSOLL Group's and the OPS-INGERSOLL's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

34.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

OPS-INGERSOLL Group

		At 31 March		At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Loans and receivables				
Loans to shareholders	476	473	462	459
Trade and other receivables	5,767	6,432	6,413	4,661
Restricted bank deposits	401	–	–	–
Cash and bank balances	76	143	1,173	1,789
	6,720	7,048	8,048	6,909
Financial liabilities measured at amortised cost				
Trade and other payables (both current and non-current liabilities)	4,876	4,257	4,221	5,207
Borrowings	17,502	15,172	15,619	15,315
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	450	380	158	271
	22,828	19,809	19,998	20,793

34.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The OPS-INGERSOLL Group's exposure to foreign risk arise from its overseas seals and purchases, which are primarily denominated in United States dollars (US$). Management has set up a policy to manage their foreign exchange risk against their functional currency.

In respect of the trade receivables and payables denominated in US$, the Company ensures that the net exposure is kept in an acceptable level. The amount denominated in US$ is considered to be insignificant at the reporting dates.

34.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises primarily from bank balances, bank borrowings and obligation under finance leases. Borrowings bearing variable rates and fixed rates expose the OPS-INGERSOLL Group to cash flow interest rate risk and fair value interest rate risk respectively.

The exposure to interest rates for the OPS-INGERSOLL Group's bank deposits is considered immaterial. The OPS-INGERSOLL Group therefore mainly has exposed to interest rate risk at the reporting date for its bank borrowings.

Based on the simulations performed, the impact on post-tax profit for the year of a 50 basis-point shift would be a maximum increase/decrease of EUR37,000, EUR30,000, EUR32,000 and EUR8,000 for the year ended 31 March 2009, 2010 and 2011 and for the three months ended 30 June 2011 respectively.

The above analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

– changes in market interest rates affect the interest income and interest expenses of floating rate bank and other borrowings; and

– all other financial assets and liabilities are held constant.

34.4 Credit risk

The OPS-INGERSOLL Group has no significant concentrations of credit risk. The OPS-INGERSOLL Group's credit risk arises from cash and cash equivalents, restricted bank deposits, counter party risk in respect of credit exposures to trade receivables as well as loan to shareholders. The Group considers its maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed in Note 34.1.

To manage the counter party risk and credit risk in respect of cash and cash equivalents and restricted bank deposits, cash and deposits are mainly placed with reputable banks which are all high-credit-quality financial institutions. In addition, the OPS-INGERSOLL Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Collection of outstanding receivable balances and authorisation of credit limits to individual customers are closely monitored on an ongoing basis. The Group reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment loss is made for irrecoverable amounts.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the counter party's default history.

34.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, OPS-INGERSOLL Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses OPS-INGERSOLL Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

OPS-INGERSOLL Group

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	More than 2 years	Total undiscounted cash flows	Total carrying amount as at 31 March
	%	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 31 March 2009						
Financial liabilities at amortised cost						
Trade and other payable	–	4,876	–	–	4,876	4,876
Bank borrowings, secured	6.54%	8,259	1,208	5,006	14,473	13,585
Other loans, secured	6%	159	347	3,107	3,613	3,599
Obligations under finance leases	9%	98	102	201	401	318
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	–	450	–	–	450	450
		13,842	1,657	8,314	23,813	22,828

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	More than 2 years	Total undiscounted cash flows	Total Carrying amount as at 31 March
	%	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 31 March 2010						
Financial liabilities at amortised cost						
Trade and other payable:						
– included in current liabilities	–	3,657	–	–	3,657	3,657
– included in non-current liabilities	3.38%	–	–	719	719	600
Bank borrowings, secured	6.24%	68	–	12,128	12,196	11,480
Other loan, secured	6%	168	369	2,917	3,454	3,441
Obligations under finance leases	9%	102	103	102	307	251
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	–	380	–	–	380	380
		4,375	472	15,866	20,713	19,809

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	More than 2 years	Total undiscounted cash flows	Total Carrying amount as at 31 March
	%	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 31 March 2011						
Financial liabilities at amortised cost						
Trade and other payable:						
– included in current liabilities	–	3,621	–	–	3,621	3,621
– included in non-current liabilities	4.23%	–	172	517	689	600
Bank borrowings, secured	6.64%	12,979	–	–	12,979	12,170
Other loan, secured	6%	179	391	2,716	3,286	3,272
Obligations under finance leases	9%	103	102	9	214	177
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	–	158	–	–	158	158
		17,040	665	3,242	20,947	19,998

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	More than 2 years	Total undiscounted cash flows	Total Carrying amount as at 30 June
	%	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 30 June 2011						
Financial liabilities at amortised cost						
Trade and other payable:						
– included in current liabilities	–	4,607	–	–	4,607	4,607
– included in non-current liabilities	7%	–	218	529	747	600
Bank borrowings	6.8%	12,739	–	–	12,739	11,928
Other loan, secured	6%	182	397	2,665	3,244	3,229
Obligations under finance leases	9%	103	87	–	190	158
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	–	271	–	–	271	271
		17,902	702	3,194	21,798	20,793

34.6 Fair value estimation

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

OPS-INGERSOLL and OPS-INGERSOLL Group

	Level 2			
	At 31 March			At 30 June
	2009	2010	2011	2011
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Liability				
Derivative financial instruments included in current liabilities	450	380	158	271

There have been no transfers into or out of Level 2 during the Relevant Periods.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by OPS-INGERSOLL Group, OPS-INGERSOLL or any of the companies comprising OPS-INGERSOLL Group in respect of any period subsequent to 30 June 2011.

Yours faithfully,
Grant Thornton Jingdu Tianhua
Certified Public Accountants

A. INTRODUCTION

The unaudited pro forma financial information of the Group set out in this section has been prepared to illustrate the financial effect as if:

(a) based on the assumption that the Group has acquired 49.996% equity interest in OPS Ingersoll Holding GmbH (formerly known as Platin 752. GmbH) (the "Target Company") and the Target Company has completed its corporate reorganization by acquiring 44.68% equity interest in OPS-INGERSOLL Funkenerosion GmbH (the "Project Company")(the "Acquisition");

(b) based on the assumption that the Target Company, the Vendor, the Seller and the Managers have granted the following call and put options as a result of completion of (a) above; and

(i) the Target Company granted the Put Option I to the Vendor to sell approximately 21.32% equity interest of the Project Company. The Put Option I is exercisable on or after 31 March 2013.

(ii) the Vendor granted the Call Option to the Target Company to acquire approximately 21.32% equity interest of the Project Company. The Call Option is exercisable on or after 31 March 2016.

(iii) the Target Company granted the Put Option II to the Vendor, the Seller and the Managers to sell approximately 34% equity interest of the Project Company to the Target Company. The Put Option II is exercisable on or after 31 March 2018 on condition that the Project Company shall not be listed on any stock exchange before 31 March 2018.

(c) based on the assumption that the Group has advanced EUR3 million loan (the "Loan") to the Target Company, the Target Company, in turn, will use the proceeds of the Loan to advance a loan to the Project Company in order to allow the Project Company to satisfy certain of its financial obligations. The Loan will be secured by the guarantee provided by the Vendor, carrying interest at HIBOR plus 4.5% per annum payable on a quarterly basis. The Loan Agreement will be valid for an initial period of 8 years from the date of drawdown of the Loan and automatically renewed thereafter for an additional period of 1 year respectively unless it is terminated by any party to the Loan Agreement by serving 6 months prior notice to terminate the Loan Agreement. The Target Company will have right to terminate the Loan if the Target Company ceases to be a shareholder of the Project Company (collectively referred to the "Transactions").

Among others, the Transactions are conditional upon the completion of the Target Group Corporate Reorganisation. Accordingly, the accompanying unaudited pro forma financial information of the Group, has been prepared to illustrate the effect of the Transactions.

The unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2011, is prepared based on:

(i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2011, as extracted from the interim report of the Company for the six months ended 30 June 2011;

(ii) the consolidated statement of financial position of the Project Company as at 30 June 2011, as extracted from the accountants' report thereon set out in Appendix II to this Circular (after translation to Hong Kong dollars for presentation purposes);

after making pro forma adjustments, as if the Transactions have been completed on 30 June 2011.

The unaudited pro forma consolidated income statement and consolidated statement of cash flow of the Group are prepared based on:

(i) the consolidated income statement and consolidated statement of cash flows of the Group for the year ended 31 December 2010, as extracted from the annual report of the Company for the year ended 31 December 2010.

(ii) the consolidated income statement and statement of cash flow of the Project Company for the year ended 31 March 2011, as extracted from the accountant's report thereon set out in Appendix II to this Circular (after translation to Hong Kong dollars for presentation purposes);

after making pro forma adjustments, as if the Transactions have been completed at the beginning of the period, i.e. 1 January 2010.

A narrative description of the pro forma adjustments of the Transactions there are (i) directly attributable to the Transactions; (ii) expected to have a continuing impact on the Group, the Target Company and the Project Company and (iii) factually supportable, is summarized in the accompanying notes.

The unaudited pro forma financial information of the Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates, uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to describe that would have been attained had the Transactions been completed on the dates indicated herein. Furthermore, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future results of operations, financial position or cash flows.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP AS AT 30 JUNE 2011 AS IF THE TRANSACTIONS HAD BEEN COMPLETED ON 30 JUNE 2011

	The Group as at 30 June 2011	Pro forma adjustments				Unaudited pro forma for the Group as at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 6*	
Non-current assets						
Property, plant and equipment	172,498					172,498
Leasehold land	7,185					7,185
Interest in associates	–	17,030	33,764	(5,417)		45,377
	179,683					225,060
Current assets						
Inventories	140,301					140,301
Trade receivables and bills receivables	209,508					209,508
Other receivables, prepayments and deposits	90,430					90,430
Derivative financial instruments	305					305
Financial assets at fair value through profit or loss	2,379					2,379
Restricted bank deposits	59,420					59,420
Cash and bank balances	73,890	(17,030)	(33,764)		(2,500)	20,596
	576,233					522,939

	The Group as at 30 June 2011	Pro forma adjustments				Unaudited pro forma for the Group as at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 6*	
Current liabilities						
Trade payables and bills payables	150,470					150,470
Other payables, accruals and deposits received	132,603					132,603
Derivative financial instruments	16					16
Tax payables	2,933					2,933
Borrowings	116,070					116,070
	402,092					402,092
Net current assets	174,141					120,847
Total assets less current liabilities	353,824					345,907
EQUITY						
Share capital	22,039					22,039
Other reserves	180,849					180,849
Retained earnings						
– Proposed dividends	7,714					7,714
– Others	117,121			(5,417)	(2,500)	109,204
Capital and reserves attributable to equity holders of the Company	327,723					319,806
Non-controlling interests	12,069					12,069
Total equity	339,792					331,875
Non-current liabilities						
Deferred income tax liabilities	14,032					14,032
	353,824					345,907

C. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2010 AS IF THE TRANSACTIONS HAD BEEN COMPLETED AT THE BEGINNING OF THE PERIOD, i.e. 1 JANUARY 2010

	The Group for the year ended 31 December 2010	**Pro forma adjustments**				**Unaudited pro forma for the Group for the year ended 31 December 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 3	*Note 4*	*Note 5*	*Note 6*	
Sales	1,075,961					1,075,961
Cost of goods sold	(893,706)					(893,706)
Gross profit	182,255					182,255
Other income and gains – net	24,748			1,761		26,509
Selling and distribution costs	(31,251)					(31,251)
Administrative expenses	(146,706)				(2,500)	(149,206)
Operating profit	29,046					28,307
Finance costs	(3,227)					(3,227)
Share of loss of associates	–	(5,417)	638			(4,779)
Profit before income tax	25,819					20,301
Income tax expense	(1,500)					(1,500)
Profit for the year	24,319					18,801
Attributable to:						
Owners of the Company	25,199	(5,417)	638	1,761	(2,500)	19,681
Non-controlling interests	(880)					(880)
	24,319					18,801

D. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2010 AS IF THE TRANSACTIONS HAD BEEN COMPLETED AT THE BEGINNING OF THE PERIOD, i.e. 1 JANUARY 2010

	The Group for the year ended 31 December 2010			**Pro forma adjustments**				**Unaudited pro forma for the Group for the year ended 31 December 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Cash flows from operating activities								
Profit before income tax	25,819			(5,417)	638	1,761	(2,500)	20,301
Adjustments for:								
Share based compensation	1,134							1,134
Depreciation of property, plant and equipment	11,862							11,862
Amortisation on leasehold land	213							213
Profit on sale of property, plant and equipment	(52)							(52)
Fair value (gain)/loss on derivative financial instruments	(788)							(788)
Interest income	(322)					(1,761)		(2,083)
Interest expense	3,227							3,227
Unrealised exchange loss	7,988							7,988
Provision for inventories	12,843							12,843
Share of loss for associates	–			5,417	(638)			4,779
Net impairment losses for trade receivables	2,642							2,642
Changes in working capital (excluding the effects of exchange differences on consolidation):								
Decrease in inventories	10,466							10,466
Increase in trade receivables and bills receivables, other receivables, prepayments and deposits	(136,820)							(136,820)
Increase in trade payables and bills payables, trust receipt loans, other payables, accruals and deposits received	112,196							112,196
Cash generated from operations	50,408							47,908
Interest paid	(3,227)							(3,227)
Income tax refund	304							304
Net cash generated from operating activities	47,485							44,985

	The Group for the year ended 31 December 2010	Pro forma adjustments						Unaudited pro forma for the Group for the year ended 31 December 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Cash flows from investing activities								
Purchase of property, plant and equipment	(969)							(969)
Acquisition of an associate	–	(17,030)						(17,030)
Loan to an associate	–		(33,764)					(33,764)
Proceeds from sale of property, plant and equipment	580							580
Interest received	322					1,761		2,083
Decrease in restricted bank deposits	15,013							15,013
Net cash generated from/(used in) investing activities	14,946							(34,087)
Cash flows from financing activities								
Repayment of collateralised borrowings and bank loans	(57,247)							(57,247)
Dividends paid to the Company's shareholders	(6,463)							(6,463)
Net cash used in financing activities	(63,710)							(63,710)
Net decrease in cash, cash equivalents and bank overdrafts	(1,279)							(52,812)
Cash, cash equivalents and bank overdrafts at beginning of the year	57,600							57,600
Effect of the exchange rate for the year	2,652							2,652
Cash, cash equivalents and bank overdrafts at end of the year	58,973							7,440

Notes to the unaudited pro forma financial information:

1. The adjustment related to the recognition of the Group's approximately 22.338% effective equity interest in Project Company through the Target Company as if the Acquisition completed on 30 June 2011.

   The results and net assets of the Target and Project Company will be equity accounted for in the consolidated financial statements of the Group in accordance with Hong Kong Accounting Standard 28 Investments in Associates.

   According to the Acquisition Agreement, the total consideration of the Group for the acquisition of 49.996% equity interest in the Target Company, including indirectly 22.338% effectively interest in the Project Company, payable to the Vendor is EUR1,513,124 (Approximately to HK$17,030,000), which will be satisfied by:

   (i) EUR1,500,000 (equivalent to approximately HK$16,882,000) in cash as the capital reserve of the Target Company; and

   (ii) EUR13,124 (equivalent to approximately HK$148,000) by issuing 12,499 shares of the Target Company of EUR 1 each at the issue price of EUR1.05 per share.

   The difference between the consideration payable for Acquisition and the fair value of the Target Company's and Project Company's net identifiable assets is accounted for as goodwill is calculated below (assumed completion of corporate reorganisation on 30 June 2011):

	HK$'000	
Consideration payable	17,030	(A)
Consolidated net assets value of the Project Company as at 30 June 2011 (extracted from the accountants' report on the Project Company as set out in Appendix II of this circular)	16,567	(B)
The Group's share of 22.338% effective interest in the fair value of the Project Company's net identified assets	3,701	(C) = (B) x 22.338%
Goodwill arising from acquisition of 22.338% interest in the Project Company	13,329	(D) = (A) – (C)

   The adjustment will not have continuing cash flow effect to the Company.

   Based on the available information to the directors of the Company at the date of circular, the Company considers that there is no indication for impairment of the goodwill arising from the Acquisition as at the date of circular.

   Assuming that there is no material adverse change in the Target Company's and Project Company's market, based on the available information to the directors of the Company as at the date of circular, the directors of the Company do not consider that there is an indication for impairment of the goodwill arising from the Acquisition at the coming financial year ending date. However, the Company directors' estimate stated above is for illustrative purposes only, based on judgements and assumptions of the directors of the Company, which are hypothetical in nature, and therefore may not give a true picture in respect of the goodwill at any future date.

2. The adjustment reflects advance of the Loan by the Company of EUR3 million (approximately to HK$33,764,000) to the Target Company in accordance with the Loan Agreement. The adjustment will not have continuing cash flow effect to the Company.

3. The Target and Vendor entered into Option Agreement with the term as disclosed in item (b) of Section A. The fair value of the call and put options was calculated using the Black-Scholes Model. The key assumptions used in the model for determining the fair value of the call and put options are as follows:

– Stock and strike prices:

	Put Option I	**Call Option I**	**Put Option II**
Stock Price (Euro)	1,577,818	1,577,818	2,516,000
Strike Price (Euro)	1,577,818	1,577,818	2,516,000

The basis for determining the stock and strike price is percentage of shares stated in the Options multiplied by the 100% equity value of the Project Company as at 30 September 2011 (as determined through the use of the discounted cash flow model).

– Risk-free rate:

The risk-free rate is based on yields of Hong Kong sovereign debt as at the respective valuation date. The risk-free rate for Put Option I and Call Option I is 1.2025%. The risk-free rate for Put Option II is 1.4298%.

– Expected volatility:

The expected volatility is assumed to be 35% to 50%.

The Company directors' estimate stated above is for illustrative purposes only, based on judgements and assumptions of the directors of the Company, which are hypothetical in nature, and therefore may not give a true picture in respect of the option value at any future date. The adjustment represents the share of effect of the fair value for the call and put options as recognized by Target Company. The adjustment will have continuing profit or loss effect to the Company.

4. The adjustment represents the Group's approximately 22.338% effective share of the pro forma results of the Project Company using equity method of accounting which are projected based on the result of the Project Company for the year ended 31 March 2011, assuming the Acquisition had taken place on 1 January 2010.

The share of profit of the result of the Project Company for the year ended 31 March 2011 is calculated as follows:

	HK$'000	
Profit of the Project Company for the year ended 31 March 2011 (extracted from the accountants' report on the Project Company as set out in Appendix II of this circular)	2,858	(A)
Share of 22.338% profit of the Target Company	638	(B) = (A) x 22.338%

The profit shared by the Group of the Project Company is wholly attributable to the owners of the Company as the acquisition of the Target Company is made through a wholly-owned subsidiary of the Company. The adjustment will have continuing profit or loss effect to the Company.

5. The adjustment reflects the interest received from the Loan as if the Loan was advanced to the Target Company on 1 January 2010. The interest rate is HIBOR plus 4.5%. The adjustment will have continuing cash flow and profit or loss effect to the Company.

6. The adjustment represents estimated acquisition – related costs (including legal and professional fees) of approximately HK$2,500,000, which would be expensed in the consolidated statement of comprehensive income. The adjustment does not have a continuing effect on the Group.

7. The Target Company was incorporated with limited liability in Germany on 27 September 2011. It is inactive since its incorporation. The Target Company is jointly owned by both Vendor and Investors which set up to acquire the 44.68% interest in the Project Company. The Target Company has not conducted any business transactions since its date of incorporation apart from the issuing of shares. The Target Company is authorized to issue 25,000 shares of EUR1 each at date of incorporation. The above pro forma adjustments have not incorporated the effect of for the acquisition of 49.996% interest in the Target Company as its effect is estimated to be insignificant. The directors of the Company considered that non-incorporation of the effect for acquisition of the Target Company will not affect the readers to understand the potential effect of the Transactions to the Group.

8. For the purpose of unaudited pro forma financial information, the financial statements of the Project Company and the other financial information denominated in Euro were translated to Hong Kong dollars at translation rate of EUR1.00 to HK$11.2547.

E. REPORTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this circular, in respect of the unaudited pro forma statement of financial position of the Group, received from the independent reporting accountants, Grant Thornton Jingdu Tianhua, Certified Public Accountants.

Grant Thornton
京都天华

20th Floor
Sunning Plaza
10 Hysan Avenue
Causway Bay
Hong Kong

9 December 2011

The Directors
Leeport (Holdings) Limited

We report on the unaudited pro forma financial information of Leeport (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprises the unaudited pro forma consolidated statement of financial position as at 30 June 2011 and the unaudited pro forma consolidated income statement and cash flow statement for the year ended 31 December 2010 (collectively referred to as the "unaudited pro forma financial information") as set out in sections A to D of Appendix III to the circular of the Company dated 9 December 2011 (the "Circular"). The unaudited pro forma financial information has been prepared by the directors of the Company for illustrative purposes only to provide information about how the proposed acquisition of 22.338% equity interest in OPS-INGERSOLL Funkenerosion GmbH (the "Project Company") through a corporate reorganization by OPS Ingersoll Holding GmbH (formerly known as Platin 752. GmbH) (the "Target Company") (the "Transaction") might have affected the financial position of the Group on a pro forma basis as at 30 June 2011, and the results and cash flow of the Group on a pro forma basis for the year ended 31 December 2010. The basis of preparation of the unaudited pro forma financial information is set out in sections A to D of Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of

– the financial position of the Group as at 30 June 2011 or any future date; or

– the results and cash flows of the Group for the year ended 31 December 2010 or any future year/period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Grant Thornton Jingdu Tianhua
Certified Public Accountants

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 30 September 2011 of the property owned by the German Company which the Group will invest.

Cushman & Wakefield Valuation Advisory Services (HK) Limited

9th Floor, St. George Building
No. 2 Ice House Street Central, Hong Kong
Tel: (852) 2956 3888
Fax:(852) 2956 2323
www.cushmanwakefield.com

9 December 2011

The Board of Directors
Leeport (Holdings) Limited
1st Floor, Block 1
Golden Dragon Industrial Centre
Nos. 152-160 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

Preliminary

We refer to your instructions to value the property interest which is located in Germany and the property is owned by OPS-Ingersoll Funkenerosion GmbH. Leeport (Holdings) Limited will invest in the shareholding of OPS-Ingersoll Funkenerosion GmbH through its subsidiaries. We confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 September 2011 (the "date of valuation").

Basis of Valuation

Our valuation of the property interest represents the "market value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The valuation has been prepared in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards – Global, 7th Edition published by The Royal Institution of Chartered Surveyors and effective from May 2011; and The HKIS Valuation Standards on Properties (2005, First Edition) published by The Hong Kong Institute of Surveyors and effective from 1 January 2005.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interest 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 interest.

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

We have not carried out detailed site measurements to verify the correctness of the site area in respect of the property but have assumed that the site area shown on the documents and/or official plans handed to us by the Group is correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Site Inspection

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

Valuation Methodology

We have valued the property by the direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, identification of the property and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title Investigations

We have been, in some instances, provided by the Group with extracts of the title documents and have made relevant enquiries. However, we have not searched the original documents to verify the existing title to the property interest and any material encumbrances that might be attached to the property or any lease amendments which may not appear on the copies handed to us.

Currency & Exchange Rate

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars. The exchange rate adopted in our valuations is approximately HK$1 = EUR0.09535 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarised below and the valuation certificate is attached.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Valuation Advisory Services (HK) Limited
Vincent K. C. Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA MRICS MHKIS
National Director

Note: Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 14 years' experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

SUMMARY OF VALUE

PROPERTY INTEREST TO BE ACQUIRED BY THE GROUP IN GERMANY

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*
1.	An industrial facility located at Daimlerstraße 22 57299 Burbach Germany	36,900,000
	Grand Total:	**36,900,000**

VALUATION CERTIFICATE

PROPERTY INTEREST TO BE ACQUIRED BY THE GROUP IN GERMANY

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*	
					I.F.5.06(8)
1.	An industrial facility located at Daimlerstraße 22 57299 Burbach Germany	The property comprises a parcel of development land with a site area of approximately 18,295 square metres, on which are erected three buildings and various ancillary structures completed in various stages between 1962 and 1988. The total gross floor area of the buildings is approximately 9,180 square metres. The buildings include an office building and two production workshops. Other site improvements and structures mainly comprise air-conditioning system, car parking area and access and delivery roads. The property is held under freehold ownership.	The property is currently occupied by the Group for production and ancillary office purposes.	36,900,000	I.F.5.06(1)

Notes:

1. Pursuant to entry one of the Land Registry extract, No. 3144 issued by Magistrates' Court Siegen dated 19 September 2011, the equivalent freehold owner of the property is OPS-Ingersoll Funkenerosion GmbH.

   Details of the site are listed as follows:

Land Parcel	Description	Site Area (sqm)
Cadastral Section 2, Plot 665	Property and open space, Daimlerstraße 22	18,295

2. It is noted that there are three entries in section II of the aforesaid Land Registry regarding the right of way, pipeline easement (supply and disposal) and right of access to maintain a wall for the property. However, we consider that these encumbrances have no impact on the Market Value of the property as they are the common features which are assumed to have been reflected by the current development. In addition, we also consider that the plans to erect and to relocate access and delivery routes to have no impact on the Market Value.

3. Details of the three buildings are listed below:

No.	Building	Structure	Gross Floor Area (sqm)	No. of Storey	Year of Completion
1	Office	Reinforced Concrete/ Bricks	1,670	3	1962-1976
2	Production Workshop	Steel Frame/Bricks	5,640	1	1962-1988
3	Production Workshop	Steel Frame/Bricks	1,870	1	1962-1988
	Total:		**9,180**		

4. Our valuation conclusion is reached having regard to the valuation report undertaken by Mr. Martin Belik, a qualified surveyor who has over ten years' valuation experience in respect of the properties in Germany and is a member of the Royal Institution of Chartered Surveyors.

A. For the 6 months ended 30 June 2011

Financial Performance

Turnover

Due to the strong economic activities in China, the business of the Group achieved a substantial increase of turnover in the first half of 2011. The turnover of the Group for the six months ended 30 June 2011 was HK$576,540,000, representing an increase of 33.8% over the same period in 2010. (2010: HK$431,011,000) The gross profit amount for the six months ended 30 June 2011 was HK$103,939,000 (2010: HK$83,317,000), representing an increase of 24.8% over the same period in 2010. The gross profit percentage was 18.0% in the first half of 2011, compared with 19.3% in the same period last year.

Other Gains

The Group's service income was HK$8,671,000 for the six months ended 30 June 2011, compared with HK$9,511,000 for the same period in 2010. Commission income was HK$3,930,000 for the six months ended 30 June 2011, compared with HK$256,000 in the same period in 2010.

Operating Expenses

Selling and distribution costs were HK$23,139,000 in the first half of 2011, compared with HK$13,767,000 in the same period in 2010. In the first half of 2011, the Group actively participated in some exhibitions in China, Malaysia and Indonesia. The exhibition costs and marketing expenses in the first half of 2011 were much higher than that in the same period last year. Logistic charges also increased, in line with the increase in turnover in the first six months of 2011.

Administrative expenses were HK$74,126,000 in the first half of 2011, compared with HK$69,491,000 in the same period in 2010. Travelling expenses and professional fees increased, in line with more business activities during the period.

Finance costs were HK$1,434,000 in the first half of 2011, compared with HK$1,547,000 in the same period last year. The Group's bank borrowing level as at 30 June 2011 was HK$116,070,000, a little lower than the level of HK$121,291,000 as at 31 December 2010. The Group's gearing ratio was further lower due to more cash on hand. The Group's gearing ratio was 12.4% as at 30 June 2011, compared with 18.9% as at 31 December 2010. Income tax expenses were HK$1,895,000 in the first half of 2011, and there was tax credit of HK$133,000 in the same period last year. The increase in tax expenses was mainly due to the profit situation of the subsidiaries in China, which faced a higher income tax rate.

Business Review

Most developed countries experienced a moderate recovery in their economy in 2010, however this economic growth has shown a lack of momentum since the beginning of 2011. By contrast, China has maintained its economic energy even though the country has also faced the challenges of high inflation, a bubble in the property market and a weakening export market. The country's newly announced GDP growth for the first half of 2011 was 9.6%, which was very close to the GDP growth rate in the last quarter of 2010. The value of industrial production was 14.3% higher than that in the first half of 2010, and it was quite stable for the last four quarters. The value of exports was 24% higher than that for the first half of 2010, but it fell for four consecutive months from March 2011.

The Group's business in the first half of 2011 was very strong. Most of the Group's business divisions recorded better contract booking results compared with the same period last year. Customers involved in serving the domestic market still showed a strong need to acquire equipment. The Group's biggest customer segments in the first half of 2011 were: electric machinery, molds and dies, environmental lighting, switchgear and telecommunications equipment. The business in Taiwan and South East Asia also recorded better results. In particular, the sheetmetal machinery business showed good progress in the region.

The negative impact of the tsunami disaster in March in Japan on the supply of equipment and tools lasted only a short time. Deliveries by the Group's Japanese suppliers were disturbed only from March to May. The delivery of goods has returned to normal since June. The faster delivery of goods is expected to improve the Group's business performance even more in the second half of 2011.

The Group participated in the 12th China International Machine Tool Show in Beijing in April 2011. This show is now the third-biggest machine tool show in the world, and world-leading manufacturers in machine tools, measuring instruments and cutting tools all participated. The enthusiasm of the participation demonstrates the importance and the scale of the China market. It is forecast that global demand for machine tools will grow by 9.4% per year until 2014, and will reach US$121 billion. The China market is likely to have a higher growth rate than the global average. China's consumption of machine tools was 25% of the world total in 2010.

The Group's contract bookings in the first half of 2011 were valued at HK$790,000,000, and was 17% higher than that in the first half of 2010 (HK$677,074,000). This shows that the China market is still full of opportunities. We are confident that the Group's contract bookings in 2011 will be higher than that in 2010.

Future Plans and Prospects

The high GDP growth in the first half of 2011 looks likely to continue in the second half of 2011 in China. China is still maintaining a strong momentum in its economic activity. As 2011 is the first year of the country's 12th Five-Year Plan, many capital investments and projects are likely to be launched in the short term and in the long term. The target to build a significant number of low-cost residential apartments for low-income citizens will also support the construction industry in 2011. Overall capital investment is predicted to grow by 25% in 2011, which will sustain the country's high economic growth.

The Group's business situation is still strong in the middle of the year. The automotive and high-speed train industries may slow down, but the telecommunication equipment, power-supply equipment, electronic products and general machinery industries are still growing fast. The overall sentiment of the market remains positive. However, customers involved in export business have faced a difficult situation of fewer orders but higher production costs, including the cost of raw materials and labour. Only customers involved in the production of high-end products are likely to be able to purchase equipment.

The Group is discussing with a German machine manufacturer for investment opportunities. This collaboration will broaden the Group's product range and improve the Group's business results in the near future. The Group will further explore joint-venture opportunities with suitable partners. In order to grasp the growing market in Asia, especially in China, the Group will speed up its investment in the region. The Group will also continue to recruit new staff in order to enhance its management team and business structure.

Given the trend in contract bookings, the Group's performance in the second half of 2011 is likely to be better than that in the first half of the year. We are confident that the energetic China market will continue to support the growth of the Group's business, and that the proper implementation of its long-term strategies will enable the Group to expand quickly and achieve greater success in the near future.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Group as at 30 June 2011 was HK$70,464,000 (31 December 2010: HK$58,973,000). The Group has maintained a good level of cash position. The Group's inventory balance as at 30 June 2011 was HK$140,301,000 (31 December 2010: HK$159,487,000). The turnover days of the inventory as at 30 June 2011 was 57 (31 December 2010: 70). The trade receivables and bills receivables balance was HK$209,508,000 as at 30 June 2011 (31st December 2010: HK$254,776,000). The turnover days of sales was 73 as at 30 June 2011 (31 December 2010: 67). The trade payables and bill payables balance was HK$150,470,000 as at 30 June 2011 (31 December 2010: HK$175,078,000).

The following is the currencies in which cash and cash equivalent was held.

Currency in which cash and cash equivalent was held

	30 June 2011 *HK$'000*	**31 December 2010** *HK$'000*
Cash and cash equivalents	73,890	62,525
Restricted bank deposits	59,420	45,014
Bank overdrafts	3,426	3,552
Cash and cash equivalents		
By currencies:		
EUR	4,481	4,811
HKD	12,025	9,029
JPY	13,832	9,769
RMB	34,109	28,605
USD	6,788	5,700
Other currencies	2,655	4,611
	73,890	62,525
Restricted bank deposits		
By currencies:		
EUR	20,844	3,860
HKD	20,202	25,147
JPY	3,191	–
RMB	1,684	–
USD	5,837	10,354
Other currencies	7,662	5,653
	59,420	45,014

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 30 June 2011, the Group had aggregate banking facilities of approximately HK$804,176,000, of which approximately HK$267,492,000 was utilised, bearing interest at prevailing market rates and secured by certain leasehold land, land and buildings and restricted bank deposits of the Group in Hong Kong and Singapore, with an aggregate carrying amount of HK$200,460,000 (31 December 2010: HK$186,447,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

The Group's net gearing ratio was approximately 12.4% as at 30 June 2011 (31 December 2010: 18.9%). The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. There was no seasonal fluctuation of the borrowing requirements. The following is the maturity profile and the currency in which the borrowings were made.

Maturity Profile of Borrowings

	30 June 2011	**31 December 2010**
	HK$'000	*HK$'000*
Within 1 year		
– Bank loans	69,274	55,090
– Others	43,996	60,220
	113,270	115,310
1-5 years		
– Bank loans	2,800	5,981
	2,800	5,981
Total:	116,070	121,291
By currencies:		
EUR	9,675	7,981
HKD	67,087	41,700
JPY	34,279	68,058
USD	5,029	–
Other currencies	–	3,552
	116,070	121,291

Capital Expenditure and Contingent Liabilities

For the first six months of 2011, the Group spent a total of HK$241,000 (30 June 2010: HK$409,000) in capital expenditure, which primarily consisted of property, plant and equipment. As at 30 June 2011, the Group had no material capital commitments and HK$49,452,000 (31 December 2010: HK$41,507,000) contingent liabilities in respect of letters of guarantee was given to customers.

Exposure to Fluctuations on Exchange Rates and Related Hedges

A substantial portion of the Group's sales and purchase were denominated in foreign currencies, which are subject to exchange rate risks. The Group will use the foreign currencies received from customers to settle the payments to overseas suppliers.

In the event that any material payment which cannot be fully matched, the Group will enter into foreign currency contracts with its bankers to minimise the Group's exposure to foreign exchange rate risks.

The Group is committed to buy the following foreign currencies under forward contracts:

	At end 30 June 2011			At end 31 December 2010	
	Buy	**For** *USD*	**For** *HK$*	**Buy**	**For** *HK$*
JPY	74,000,000	624,000	2,326,000	267,200,000	25,085,000
EUR	140,000	–	1,564,000	539,000	5,523,000
SGD	36,000	–	222,000	500,000	2,961,000
AUD	460,000	–	3,553,000	–	–
		624,000	7,665,000		33,569,000

Apart from those set out above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2010 annual report.

Details of the Charges Group's Assets

As at 30 June 2011, certain leasehold land, land and buildings and restricted bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK$200,460,000 (31 December 2010: HK$186,477,000) have been pledged to secure the banking facilities of the Group by way of a fixed charge.

Employees

As at 30 June 2011, the Group had 535 employees (2010: 507), of whom 150 were based in Hong Kong; 352 were based in mainland China, and 33 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies and discretionary performance bonuses.

A share option scheme was adopted by the Company on 17 June 2003 for a period of 10 years for employees and other eligible participants so as to provide incentives and rewards for their continued contributions to the Group.

Significant Investment

During the period ended 30 June 2011, the Company did not have any material significant investment that needed to be disclosed.

Segmental Information

The sales for the PRC market represented 72.9% of the Group's total and it was 69.5% for the same period of last year. The proportion of the PRC market to the Group increased due to the better economic situation in the PRC. The sales for the Hong Kong market represented 18.5% of the Group's total and it was 23.9% in the same period of last year. The sales for other countries represented 8.6% of the Group's total and it was 6.6% in the same period of last year. The sales for each segment of the market recorded growth for the six months ended 30 June 2011. The segment result for other countries recorded loss of HK$116,000 for the six months ended 30 June 2011 because of the expansion of the sheetmetal business in the region and additional operating expenses incurred.

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

	Six months ended 30 June 2011			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	420,493	106,662	49,385	576,540
Segment results	16,481	3,437	(116)	19,802
Finance costs				(1,434)
Profit before income tax				18,368
Income tax expense				(1,895)
Profit for the period				16,473

	Six months ended 30 June 2010			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	299,470	103,171	28,370	431,011
Segment results	11,482	126	1,122	12,730
Finance costs				(1,547)
Profit before income tax				11,183
Income tax credit				133
Profit for the period				11,316

Note (a): Other countries mainly include Taiwan, Singapore, United States, Macau, Germany, United Kingdom, Italy, Japan and Malaysia.

B. For the year ended 31 December 2010

Financial Performance

Turnover

The economic situation in China in 2010 was very encouraging. The demand for manufacturing equipment and tools increased very quickly as compared with the difficult situation in 2009, which was brought about by the global financial crisis. Most of the business divisions recorded a significant increase in invoicing and contract bookings. The turnover in 2010 amounted to HK$1,075,961,000 (2009: HK$758,562,000), representing an increase of 41.8% over 2009. The gross profit in 2010 amounted to HK$182,255,000 (2009: HK$136,759,000), representing an increase of 33.3% over 2009. The gross profit margin in 2010 was 16.9%, compared with 18.0% in 2009. The reduced gross profit margin in 2010 was due to an increased provision for aged stock.

Other Gains

Service income in 2010 was HK$17,581,000, compared with HK$16,212,000 in 2009. However, commission income in 2010 was only HK$1,895,000, compared with HK$5,585,000 in 2009.

Operating Expenses

Selling and distribution costs were HK$31,251,000 in 2010, compared with HK$35,981,000 in 2009, representing a decrease of 13.1%, even though turnover increased by 41.8% in 2010. This was due to the Group's prudent approach with respect to its promotion, exhibition and marketing expenses in 2010. Logistics expenses were also managed effectively during the year. Administrative expenses amounted to HK$146,706,000 in 2010, compared with HK$155,555,000 in 2009, representing a decrease of 5.7%. This was due to the efficiency achieved from the re-structuring of the Group's operations in the second half of 2009.

The Group maintained a very good level of cash net of overdraft, amounting to HK$58,973,000 as at 31 December 2010 (2009: HK$57,600,000). The finance costs in 2010 were HK$3,227,000, compared with HK$5,320,000 in 2009. The reduction in finance costs was due to lower in average bank borrowings in 2010. The gearing ratio, calculated as total borrowings less cash and cash equivalents divided by total equity, was 18.9% as at 31 December 2010, compared with 43.8% as at 31 December 2009. The low gearing ratio was due to the Group's strong cash position.

Business Review

The economic performance for China in 2010 was outstanding, even though most Western countries were still struggling to recover economically. The GDP growth rate was 10.3% for China in 2010. The industrial production value grew by 12.1% in 2010, compared with the growth rate of 8.3% in 2009. The export value grew significantly, at the rate of 31.3% in 2010, and it fell by 16.0% in 2009. The whole world envied China's tremendous economic achievements in 2010.

In 2010, China's consumption was also an important driver for its economic growth. Many manufacturing industries related to the Group's business showed significant growth over the course of the year. Transportation equipment recorded a 31.7% growth rate; electric machinery recorded a 40.4% growth rate, and computer and electronics equipment recorded a 48.2% growth rate. Automobile production grew by 34.8%, and telecommunication equipment grew by 21.8%. The significant growth of these industries contributed directly to the increase in the Group's business in 2010, compared with 2009.

China's dominance in machine tool consumption and production continued throughout 2010. By value, four out of every ten machine tools produced in the world last year were installed in China. The value of total consumption for China in 2010 was USD27.3 billion, an increase of 38% over 2009. The import value of machine tools for China in 2010 was USD9.1 billion, a 54% increase over 2009.

The Group recorded a contract booking amount exceeding HK$1.4 billion in 2010, compared with HK$0.8 billion in 2009. The high volume of contract bookings in 2010 was encouraging, and the market sentiment was very positive. Customers were willing to invest in machinery and equipment after hesitating in 2009. With some of the Group's products, there were actually problems with long delivery lead times because of the rapid recovery in demand during the year, as the production capacity of many of our suppliers was not able to adjust quickly enough to handle the sudden recovery in orders.

Business in South East Asia also improved, leading to a profit in 2010 compared with a loss in 2009.

The Group's operating expenses were well controlled despite the significant increase in business in 2010, and the lower operating expenses also contributed to the improvement in the Group's bottom line.

Future Plans and Prospects

China's 12th five-year economic plan has already set the strategic direction for the whole country for the five years starting from 2011. The targeted average GDP annual growth rate between 2011 and 2015 is 7%, and the Government aims for a 7% annual increase in the average disposable income per person. These targets show that the country has the confidence to continue its economic growth after overtaking Japan as the second-largest economy in the world.

The Government's promulgated strategies, such as an increase in workers' income, will directly increase the size of the country's consumer market. Industries related to electronic products, home appliances, automobiles and housing will also benefit. On the other hand, the higher labour costs will stimulate manufacturers to install more automation processes in order to reduce or replace their labour force. The strategy of developing new industries involving information technology, environmental protection, new energy, high-technology equipment, new energy automobiles etc. will ensure increased demand for high-end manufacturing equipment and tools. The overall market for manufacturing equipment and tools is therefore likely to continue to grow quickly.

In order to grasp the opportunities offered by this fast-growing market for manufacturing equipment and tools in China, the Group has devised several development strategies for its business over the next few years. A substantial recruitment of new sales and service people is to take place shortly, and training for sales and service staff will be enhanced, in co-operation with our suppliers.

As a consequence of the Government's policies, economic development showed an even distribution in the country's various regions in 2010. Capital investment in Eastern China grew by 21.4%; in Central China by 26.2%; in Western China by 24.5%, and in East Northern China by 29.5%. As a result of these latest developments, the Group will actively invest in different regions of the country, especially in Northern China, in order to increase its market share.

The Group has decided to further enhance its collaboration with Mitutoyo Corporation, one of the leading measuring instrument manufacturers in the world. Mitutotyo Corporation will take up an additional shareholding in Leeport Metrology Corporation, which has been a joint-venture between Leeport and Mitutoyo since 2003. Leeport and Mitutoyo will collectively intensify their investment in the China market with a set of comprehensive strategies and development plans. Furthermore, the Group is also seeking collaboration with other suppliers in order to expand the market share of its various products in China, in line with its long-term strategies.

The effective expansion of the organisation, and the enhancement of the team's management capabilities, are crucial for the advancement of the Group. Since the labour market in China has changed and the supply of labour there has tightened, it is a challenge for the Group to expand rapidly. The Group must find ways to handle its rising labour costs in China, which have now reached double-digit growth every year.

The Group's order bookings since the beginning of 2011 have been promising, as China's economy continues to be strong. The domestic consumption market in China is also booming. As the global economic situation, especially in the developed countries, improves, China's export business is likely to increase further. The Group needs to manage the long delivery lead times of some of its suppliers in order to meet its growth targets this year. Moreover, in light of the earthquake and tsunami that happened in Japan in March 2011, the Company is checking with the Japanese suppliers about the impact on their production and delivery. It is too early to form a conclusion if the disaster will have significant impact on the business of the Group in 2011. We will continue to monitor the situation closely. The management team looks forward to a successful year.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Group as at 31 December 2010 was HK$58,973,000 (2009: HK$57,600,000). The Group has maintained a good level of cash position. The Group's inventory balance as at 31 December 2010 was HK$159,487,000 (2009: HK$181,803,000). The days of inventory was 70 which was reasonable with reference to the increase of the business in 2010. The trade receivables and bills receivables balance was HK$254,776,000 as at 31 December 2010 (2009: HK$140,470,000). The days of sales was 67 which was also a reasonable level. The trade payables and bills payables balance was HK$175,078,000 as at 31 December 2010 (2009: HK$103,892,000). As the cash position was strong, the Group continued to minimize the short-term borrowings in order to reduce the finance costs. The balance of short-term borrowings was HK$121,291,000 as at 31 December 2010 (2009: HK$175,045,000).

The following is the currencies in which cash and cash equivalent was held.

Currency in which cash and cash equivalent was held

	31 December 2010	**31 December 2009**
	HK$'000	*HK$'000*
Cash and cash equivalents	62,525	57,813
Restricted bank deposits	45,014	60,027
Bank overdrafts	3,552	213
Cash and cash equivalents		
By currencies:		
EUR	4,811	5,500
HKD	9,029	13,864
JPY	9,769	13,796
RMB	28,605	13,068
USD	5,700	8,543
Other currencies	4,611	3,042
	62,525	57,813
Restricted bank deposits		
By currencies:		
EUR	3,860	4,043
HKD	25,147	38,900
USD	10,354	1,706
Other currencies	5,653	15,378
	45,014	60,027

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31 December 2010, the Group had aggregate banking facilities of approximately HK$802,730,000 of which approximately HK$264,439,000 was utilised, bearing interest at prevailing market rates and secured by certain leasehold land, buildings and leasehold land classified as finance lease and restricted bank deposits of the Group in Hong Kong and Singapore, with an aggregate carrying amount of HK$186,447,000 (31 December 2009: HK$179,802,000). The Directors are confident that the Group is able to meet its operational and capital expenditure and requirements.

The Group's net gearing ratio was approximately 18.9% as at 31 December 2010 (2009: 43.8%). The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. There was no seasonal fluctuation of the borrowing requirements. The following is the maturity profile and the currency in which the borrowing were made.

Maturity Profit of Borrowing

	31 December 2010 *HK$'000*	**31 December 2009** *HK$'000*
Within 1 year		
– Bank loans	55,090	97,417
– Others	60,220	56,727
	115,310	154,144
1-5 years		
– Bank loans	5,981	20,901
	5,981	20,901
Total:	121,291	175,045
By currencies:		
EUR	7,981	12,309
HKD	41,700	118,531
JPY	68,058	39,167
USD	–	5,038
Other currencies	3,552	–
	121,291	175,045

Capital Expenditure and Contingent Liabilities

In 2010, the Group spent a total of HK$969,000 (2009: HK$3,548,000) in capital expenditure, which primarily consisted of property, plant and equipment. As at 31 December 2010, the Group had no material capital commitments and HK$41,507,000 (2009: HK$24,425,000) contingent liabilities in respect of letters of guarantee was given to customers.

Exposure of Fluctuations in Exchange Rates and Related Hedges

A substantial portion of the Group's sales and purchases were denominated in foreign currencies, which are subject to exchange rate risks. The Group will use the foreign exchange received from its customers to settle payment to overseas suppliers.

In the event that any material payment cannot be fully matched, the Group will enter into foreign currency forward contracts with its bankers to minimize the Group's exposure to foreign exchange rate risks.

As at 31 December 2010, the Group has outstanding gross-settled foreign currency forward contracts to buy EUR539,000 for HKD5,523,000, buy JPY267,200,000 for HKD25,085,000 and buy SGD500,000 for HKD2,961,000 (2009: Buy EUR1,042,000 for HKD11,564,000 and buy JPY300,000,000 for HKD25,497,000).

Details of the Charges on the Group's Assets

As at 31 December 2010, certain leasehold land, buildings and leasehold land classified as finance lease and bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK$186,447,000 (2009: HK$179,802,000) were pledged to secure the banking facilities of the Group by way of a fixed charge.

Employees

As at 31 December 2010, the Group had 502 employees (2009: 502). Of these, 146 were based in Hong Kong, 328 were based in mainland China, and 28 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies, discretionary performance bonuses.

A share option scheme was adopted by the Company on 17 June 2003 for a period of 10 years for employees and other eligible participants so as to provide incentives and rewards for their continued contributions to the Group.

Significant Investment

During the year ended 31 December 2010, the Company did not have any material significant investment that needed to be disclosed.

Segmental Information

The sales for the PRC market represented 72.2% of the Group's total for the year ended 31 December 2010 and it was 73.0% in last year. The proportion of the PRC market to the Group was about the same in the last two years. The sales for the Hong Kong market represented 22.1% of the Group's total and it was 22.9% in last year. The sales for other countries represented 5.7% of the Group's total and it was 4.1% in last year. The sales for each segment of the market recorded growth for the year ended 31 December 2010.

The Board considered the business from a geographic region. Geographically, management considered the performance in the PRC, Hong Kong and other countries.

The Board assessed the performance of the operating segments based on a measure of segment result, total assets and total capital expenditure. The Group primarily operated in Hong Kong and the PRC. The Group's sales by geographical location was determined by the country in which the customer was located.

	For the year ended 31 December 2010			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	776,984	238,171	60,806	1,075,961
Segment results	22,856	5,589	601	29,046
Finance costs				(3,227)
Profit before income tax				25,819
Income tax expense				(1,500)
Profit for the year				24,319

	For the year ended 31 December 2009			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	553,882	173,604	31,076	758,562
Segment results	(13,080)	(11,925)	(5,872)	(30,877)
Finance costs				(5,320)
Loss before income tax				(36,197)
Income tax credit				919
Loss for the year				(35,278)

Note (a): Other countries mainly include Taiwan, Singapore, United States, Macau, Greece. Germany, United Kingdom, Italy, Japan and Malaysia.

C. For the year ended 31 December 2009

Financial Performance

The turnover of the Group in 2009 amounted to HK$758,562,000 (2008: HK$1,037,212,000), representing a decrease of 26.9% as compared with 2008. The loss attributable to equity holders was HK$34,348,000 (2008: Profit of HK$7,896,000).

The global financial crisis since the last quarter of year 2008 has significantly affected the demand for manufacturing equipment in China and South East Asia and the Group has accordingly recorded a loss for the year 2009.

The Group's gross profit in 2009 was HK$136,759,000 as compared with HK$194,152,000 in 2008. The gross profit percentage was 18.0% in 2009 as compared with 18.7% in 2008.

The recession also affected the Group's service income, which amounted to HK$16,212,000 in 2009 as compared with HK$19,804,000 in 2008.

Selling and distribution costs were HK$35,981,000 in 2009 as compared with HK$39,783,000 in 2008. This decrease of 9.6% was mainly due to savings in logistics and exhibition expenses.

Administrative expenses were HK$155,555,000 in 2009 as compared with HK$166,245,000 in 2008. The decrease of 6.4% was mainly due to the reduction in staff costs, office rental and travelling expenses.

Finance costs in 2009 were HK$5,320,000 as compared with HK$10,550,000 in 2008. The decrease of 49.6% was mainly due to lower trust receipt loans balance.

The Group was successful in reducing its inventory in 2009. The Group's inventory achieved a reasonable level in line with the demand of the latest business situation. It reduced its inventory by HK$112,935,000 by the end of 2009. Its inventory balance was HK$181,803,000 at the end of 2009 as compared with HK$294,738,000 at the end of 2008.

The Group also improved its cash position significantly with its inventory reduction measures, stricter purchasing policy and better credit control and collection procedures. The Group's cash balance net of bank overdrafts on hand at the end of 2009 was HK$57,600,000, a much better position than the cash balance net of bank overdrafts of HK$18,088,000 at the end of 2008.

The net gearing ratio was improved to 43.8% at the end of 2009 as compared with 68.4% at the end of 2008. This was due to a lower balance of loans and a higher balance of cash on hand in 2009.

Business Review

China achieved a GDP growth rate of 8.7% in 2009. However, the industrial production value increased by 8.3% in 2009 as compared with 9.5% in year 2008. The growth rate of industrial production value in 2009 was in fact the lowest since 2002. The export value fell by 16.0% in 2009 as compared with a 17.2% growth in 2008. The poor commercial situation for manufacturers involved in export has significantly affected the Group's business. Most manufacturers hesitated in acquiring new equipment. The situation, however, has improved since the last quarter of 2009.

In 2009, the Group's business was sustained by the customers involved in China's domestic market. The major customers from automotive industry, telecommunications and machine-makers, especially for the production of agricultural machinery and wind energy equipment, made a significant contribution to the Group's business and compensated to a certain extent for the loss of business from export manufacturers. China became the biggest market for automotives in the world in 2009 and 13,795,000 cars were produced in the year. Total car production in 2009 increased by 48.2% as compared with 2008. The production volume for mobile phones grew by 10.7% in 2009 and the production volume for computers grew by 33.3% in 2009. We believe these industries will continue to be important customer segments of the Group in the near future.

The business in South East Asia decreased by 47.0% as compared with 2008. The global financial crisis has significantly affected the economies of all South East Asian countries.

The Company launched a number of cost-reduction programmes in the second half of 2009. These included staff reductions, controls on travel expenses and reduced participation in exhibitions. The Group also reduced the size of some non-critical offices in China. The full effect of these reductions in operating costs will be seen in 2010.

Future Plans and Prospects

The poor business situation of the past year has improved since the last quarter of 2009. The Group's order bookings for the first two months of 2010 are encouraging and stand at about HK$200 million. The GDP growth rate of China is forecast to be 8% in 2010, and the value of China's exports is expected to grow again and to increase by 16.6% as compared with 2009. Market sentiment has become more positive and we believe that business will gradually pick up again.

China's domestic consumption market continues to be a major driver for the country's economy, and an improvement in its export market is likely to further enhance its economy. The Group believes that business in 2010 will return to a reasonable level as compared with 2009. Furthermore, the effect of the Group's cost-reduction programmes started in 2009 will be fully reflected in the Group's accounts in 2010, indicating that the operation and structure of the Group has become more cost-effective. Total cost savings in 2010 should reach a double-digit percentage as compared with the operating expenses in 2009. The Group aims to return to profit in year 2010.

As part of a long-term strategy, the Group is increasing its investment in South East Asia. A stronger team is being built to expand its metalforming business in the region. By establishing metrology centres in Beijing, Shanghai and Dongguan together with the support from our suppliers, we also expect significant growth in our metrology division in the whole of China.

The Group will continue to enhance its internal management on cost control, cash management, credit control and inventory control in order to produce the best possible result in the present challenging climate.

We are confident that as the global economy improves and China's economy continues to be strong, the Group's performance will likewise improve.

Liquidity and Financial Resources

The cash net of bank overdrafts at the end of the year were HK$57,600,000 compared with HK$18,088,000 in year 2008.

As at 31 December 2009, the Group had net tangible assets of approximately HK$267,804,000, comprising non-current assets of approximately HK$160,687,000, net current assets of approximately HK$140,279,000, and non-current liabilities of approximately HK$33,162,000. On the same date, the total liabilities of the Group amounted to approximately HK$377,204,000. On the other hand, the total assets of the Group were HK$645,008,000. The following is the currencies in which cash and cash equivalent was held.

Currency in which cash and cash equivalent was held

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Cash and cash equivalents	57,813	27,194
Restricted bank deposits	60,027	33,475
Bank overdrafts	213	9,106
Cash and cash equivalents		
By Currencies:		
EUR	5,500	563
HKD	13,864	5,241
JPY	13,796	3,760
RMB	13,068	8,750
USD	8,543	5,010
Other currencies	3,042	3,870
	57,813	27,194
Restricted bank deposits		
By Currencies:		
EUR	4,043	15,417
HKD	38,900	–
USD	1,706	–
Other currencies	15,378	18,058
	60,027	33,475

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31 December 2009, the Group had aggregate banking facilities of approximately HK$733,540,000 of which approximately HK$286,979,000 was utilised, bearing interest at prevailing market rates and were secured by certain leasehold land, buildings and restricted bank deposits of the Group in Hong Kong and Singapore with an aggregate carrying amount of HK$179,802,000 (2008: HK$76,165,000). The directors are confident that the Group is able to meet its operational and capital expenditure requirements in the foreseeable future.

The net gearing ratio of the Group was improved to approximately 43.8% (2008: 68.4%). There was no seasonal fluctuation of the borrowing requirements. The following is the maturity profile and the currency in which the borrowing were made.

Maturity Profile of Borrowing

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Within 1 year		
– Bank loans	97,417	68,810
– Others	56,727	152,070
	154,144	220,880
1-5 years		
– Bank loans	20,901	–
	20,901	–
Total:	175,045	220,880
By currencies:		
EUR	12,309	12,270
HKD	118,531	78,214
JPY	39,167	120,196
USD	5,038	9,218
Other currencies	–	982
	175,045	220,880

Capital Expenditure and Contingent Liabilities

In 2009, the Group spent a total of HK$3,548,000 (2008: HK$8,809,000) in capital expenditure, which primarily consisted of property, plant and equipment. As at 31 December 2009, the Group had no material capital commitments and HK$24,425,000 (2008: HK$44,113,000) contingent liabilities in respect of letters of guarantee was given to customers.

Exposure of Fluctuations in Exchange Rates and Related Hedges

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

As at 31 December 2009, the Group has outstanding gross-settled foreign currency forward contracts to buy EUR1,042,000 for HKD11,564,000 and buy JPY300,000,000 for HKD25,497,000 (2008: Buy EUR560,000 for HKD5,759,000 and buy SGD95,700 for HKD523,000).

Details of the Charges on the Group's Assets

As at 31 December 2009, certain leasehold land, buildings and bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK$179,802,000 (2008: HK$76,165,000) were pledged to secure the banking facilities of the Group by way of a fixed charge.

Employees

As at 31 December 2009, the Group had 502 employees (2008: 679). Of these, 151 were based in Hong Kong, 322 were based in mainland China, and 29 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies, discretionary performance bonuses.

A share option scheme was adopted by the Company on 17 June 2003 for a period of 10 years for employees and other eligible participants so as to provide incentives and rewards for their continued contributions to the Group.

Significant Investment

During the year ended 31 December 2009, the Company did not have any material significant investment that needed to be disclosed.

Segmental Information

The sales for the PRC market represented 73.0% of the Group's total for the year ended 31 December 2009 and it was 62.2% in last year. The sales for the Hong Kong market represented 22.9% of the Group's total and it was 32.2% in last year. The sales for other countries represented 4.1% of the Group's total and it was 5.6% in last year. The sales for each segment of the market recorded decrease for the year ended 31 December 2009 due to economic recession.

The Board considered the business from a geographic region. Geographically, management considered the performance of wholesale in PRC, Hong Kong and other countries.

The Board assessed the performance of the operating segments based on a measure of segment result, total asset and total capital expenditure. The Group primarily operated in Hong Kong and the PRC. The Group's sales by geographical location was determined by the country in which the customer was located.

	For the year ended 31 December 2009			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	553,882	173,604	31,076	758,562
Segment results	(13,080)	(11,925)	(5,872)	(30,877)
Finance costs				(5,320)
Loss before income tax				(36,197)
Income tax credits				919
Loss for the year				(35,278)

	For the year ended 31 December 2008			
	The PRC	**Hong Kong**	**Other countries** *(Note (a))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales	644,971	333,599	58,642	1,037,212
Segment results	19,653	(1,833)	(1,264)	16,556
Finance costs				(10,550)
Profit before income tax				6,006
Income tax expenses				(85)
Profit for the year				5,921

Note (a): Other countries mainly include Taiwan, Singapore, United States, Macau, Greece, Germany, United Kingdom, Italy, Japan and Malaysia.

D. For the year ended 31 December 2008

Financial Performance

The turnover of the Group in 2008 amounted to HK$1,037,212,000 (2007: HK$846,236,000), representing an increase of 22.6% as compared with 2007. The profit attributable to equity holders was HK$7,896,000 (2007: HK$23,406,000), representing a decrease of 66.3% compared with 2007.

The basic earnings per share amounted to HK3.71 cents (2007: HK11.15 cents), representing a decrease of 66.7% compared with 2007.

In 2008, the Chinese economy maintained its previous strength until the last quarter of the year. Most of the business divisions of the Group grew well in 2008. The Japanese government's export ban on most Mitutoyo products was lifted in January 2008, contributing to the growth in the sale of measuring instruments. The machine tool business also recorded significant growth until the last quarter of the year.

The gross profit of the Group was HK$194,152,000 in 2008 as compared with HK$180,185,000 in 2007. The gross profit percentage was 18.7% in 2008 as compared with 21.3% in 2007. The higher Japanese Yen in 2008 as compared with 2007 had a significant impact on the Group's gross profit margin.

The service income of the Group was HK$19,804,000 for the year 2008, an increase of 36.7% compared with 2007.

Selling and distribution costs increased by HK$8,258,000 mainly due to higher service costs of the authorised service agent.

Administrative expenses increased by HK$33,942,000 as compared with 2007. The increase was mainly due to increase in staff costs and travelling expenses. Also, the Group incurred net exchange losses of HK$10,889,000 in the second half of 2008, resulting in a loss in the second half as compared with the first half of 2008, which recorded a profit of HK$15,569,000.

Business Review

The overall turnover in 2008 was outstanding, as the Group's business achieved 22.6% growth compared with 2007. In terms of products, the machine tool business achieved 47.9% growth compared with 2007; the measuring instrument business achieved 38.3% growth compared with 2007, and the cutting tools and engineering tools business achieved 21.3% growth compared with 2007. However, the electronic equipment business recorded a 28.3% decrease compared with 2007. In terms of geographical distribution, the business in Southern China achieved 23.7% growth; the business in Central China achieved 47.5% growth, and the business in Northern China achieved 23.7% growth. The distribution of sales moved more to Central and Northern China. In 2008, the business in Northern and Central China already represented 30.3%

of the Group's business, as compared with about 25.5% in 2007. The successful exploration of markets beyond the Guangdong area of China has become more important to the Group. The business in South East Asia fell by 33.4%, because the economy in the region was weak during the year.

The impact on China of the financial tsunami did not surface until the last quarter of 2008, when contract bookings dropped considerably compared with the same period in 2007.

Business in the Guangdong area slowed sharply towards the end of the year, as most of the customers in the region were involved in export sales and their orders from Europe and the United States shrank drastically. The situation in Central and Northern China, however, was somewhat better.

Some of the Group's traditional customer base has been badly affected by the economic recession, e.g. mould-makers, machine manufacturers, automobile parts and electronic products. However, we envisage great opportunities for the industries involved in aerospace, railway transportation, wind energy and infrastructure. The Group has made good progress in working with potential customers in these fields.

As a result of the impact of the financial tsunami, the Group has had to delay the establishment of its new Beijing showroom, in order to economise on capital investment. Our development of a stronger team in Northern China, however, has continued as planned. On the other hand, the establishment of the new Metrology Solution Centre in Shanghai has effectively supported the sales activity for measuring instruments, especially large-scale measuring systems in Central China.

There was continued improvement in the service income of the Group. The aggregated service income from different divisions was HK$19,804,000 in 2008 as compared with HK$14,491,000 in 2007. The enhancement of service quality and the promotion of service contracts have made a bigger contribution to the business of the Group.

Future Plans and Prospects

2009 will be a big challenge for industries of all kinds. It is nevertheless encouraging that the Chinese government has already implemented certain measures to stimulate the country's economic growth. The government will support ten major industries: automotive, steel, textile, equipment manufacturing, ship-building, information technology, light industry, petroleum, colour metal and logistics. It is also the government's policy to promote the economy in rural areas, which will result in a significant increase in the volume of domestic consumption. This policy includes subsidising consumers' acquisition of home appliances and small cars, in addition to investment in community infrastructure. The Chinese government will spend no less than RMB4,000 billion in the coming few years to stimulate an economic recovery.

This fund will mean huge business opportunities throughout the country, involving increased demand for manufacturing equipment. The Group will certainly benefit from this government spending over the next few years.

To achieve these benefits, however, the Group must now be pro-active in tackling the immediate difficulties in the market. The invoiced sales and contract bookings in first half of 2009 will probably be weak, but an improvement has been forecast for the second half of the year.

Contract bookings in the first quarter of 2009 were 26% lower than in the same period of last year, affecting the Group's income adversely. Since the beginning of the year, several cost reduction programmes have been implemented. For example, negotiations on office rentals, stricter control of travelling expenses and the scaling back of participation in exhibitions will alleviate the burden of overheads in 2009.

Reducing the inventory level will also be a factor in improving our financial position. We forecast that the delivery of some outstanding contracts and new orders over the rest of the year will improve our inventory level. The Group also has implemented strict controls over purchases, and this is expected to improve our operational cash flow situation for the foreseeable future.

Improving the Group's internal management in areas such as credit control, cash management, purchase procedures and the promotion of cross-selling and upgrading of staff productivity will contribute to the maintenance of a strong financial position and improvements in business performance. The top management team has closely monitored the effect of the new management improvement programme.

We foresee a slowly improving market after the first quarter of 2009. We expect that our expansion into the Central and Northern China market and the exploration of customers from new industries will cover any loss of business from traditional customer base and will make a significant contribution to the Group's business. We are confident that China's economy will improve gradually and that the Group's business will improve in the second half of the year.

Liquidity and Financial Resources

The cash net of bank overdrafts at the end of year were HK$18,088,000 compared with 65,700,000 in year 2007.

As at 31 December 2008, the Group had net tangible assets of approximately HK$282,974,000, comprising non-current assets of approximately HK$136,788,000, net current assets of approximately HK$153,613,000, and non-current liabilities of approximately HK$7,427,000. On the same date, the total liabilities of the Group amounted to approximately HK$434,943,000. On the other hand, the total assets of the Group were HK$717,917,000. The following is the currency in which cash and cash equivalent was held.

Currency in which cash and cash equivalent was held

	31 December 2008 *HK$'000*	31 December 2007 *HK$'000*
Cash and cash equivalents	27,194	65,700
Restricted bank deposits	33,475	110,121
Bank overdrafts	9,106	–
Cash and cash equivalents		
By currencies:		
EUR	563	16,967
HKD	5,241	7,495
JPY	3,760	5,268
RMB	8,750	13,717
USD	5,010	15,169
Other currencies	3,870	7,084
	27,194	65,700
Restricted bank deposits		
By Currencies:		
EUR	15,417	15,771
JPY	–	87,259
Other currencies	18,058	7,091
	33,475	110,121

The Group generally finances its operation with internally generated resources and banking facilities provided by banks. As at 31 December 2008, the Group had aggregate banking facilities of approximately HK$713,750,000 of which approximately HK$313,358,000 was utilized, bearing interest at prevailing market rates and secured by certain leasehold land, buildings and restricted bank deposits of the Group in Hong Kong and Singapore, with an aggregate carrying amount of HK$76,165,000 (2007: HK$151,391,000). The directors were confident that the Group was able to meet its operational and capital expenditure requirements.

The net gearing ratio of the Group was approximately 68.4% (2007: 62.3%). There was no seasonal fluctuation of the borrowing requirements. The following was the maturity profile and the currency in which the borrowing were made.

Maturity Profile of Borrowing

	31 December 2008 *HK$'000*	31 December 2007 *HK$'000*
Within 1 year		
– Bank loans	68,810	128,825
– Others	152,070	95,014
	220,880	223,839
1-5 years		
– Bank loans	–	–
	–	–
Total:	220,880	223,839
By currencies:		
EUR	12,270	10,312
HKD	78,214	129,452
JPY	120,196	57,082
USD	9,218	12,063
Other currencies	982	14,930
	220,880	223,839

Capital Expenditure and Contingent Liabilities

In 2008, the Group spent a total of HK$8,809,000 (2007: HK$16,406,000) in capital expenditure, which primarily consisted of property, plant and equipment and leasehold land. As at 31 December 2008, the Group had no material capital commitments and HK$43,113,000 (2007: HK$37,414,000) contingent liabilities in respect of letters of guarantee was given to customers.

Exposure of Fluctuations in Exchange Rates and Related Hedges

A substantial portion of the Group's sales and purchases were denominated in foreign currencies, which are subject to exchange rate risks. The Group aligned the pricing of its products with the movement of foreign currency purchase against the local currency to minimize the risk of gross margin being deteriorated by exchange rate movement. In managing the Group's foreign exchange exposure of receivables, the Group may enter into foreign currency forward contracts with its bankers.

The Group is committed to the foreign currency forward contracts to buy EUR560,000 for HKD5,759,000 and buy SGD95,700 for HKD523,000 (2007: buy JPY303,600,000 for HKD21,114,000, buy SGD81,200 for HKD425,000, buy GBP430,000 for HKD6,683,000 and buy AUD300,000 for HKD1,956,000).

Details of the Charges on the Group's Assets

As at 31 December 2008, certain leasehold land, buildings and restricted bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK$76,165,000 (2007: HK$151,391,000) were pledged to secure the banking facilities of the Group by way of a fixed charge.

Employees

As at 31 December 2008, the Group had 679 employees (2007: 605). Of these, 190 were based in Hong Kong, 459 were based in mainland China, and 30 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies, discretionary performance bonuses.

A share option scheme was adopted by the Company on 17 June 2003 for a period of 10 years for employees and other eligible participants so as to provide incentives and rewards for their continued contributions to the Group.

Significant Investment

During the year ended 31 December 2008, the Company did not have any material significant investment that needed to be disclosed.

Segmental Information

The sales for the PRC market represented 62.2% of the Group's total for the year ended 31 December 2008 and it was 60.8% in last year. The sales for the Hong Kong market represented 32.2% of the Group's total and it was 26.2% in last year. The sales for other countries represented 5.6% of the Group's total and it was 13.0% in last year, The sales for the segment of the PRC and Hong Kong market recorded growth for the year ended 31 December 2008 was in line with the economic growth in the PRC and Hong Kong.

The Group primarily operated in Hong Kong and the PRC. The Group's turnover by geographical location was determined by where the customer was located.

	For the year ended 31 December	
	2008	**2007**
	HK$'000	*HK$'000*
Turnover:		
The PRC	644,971	514,917
Hong Kong	333,599	221,317
Other locations *(Note)*	58,642	110,002
	1,037,212	846,236

Note: Other locations mainly include Taiwan, Singapore, United States, Macau, Greece, United Kingdom, Japan and Malaysia.

A. For the 3 months ended 30 June 2011

Financial Review

For the period ended 30 June 2011, the revenue of the Project Company was EUR6,524,000 and it was EUR3,901,000 in the same period of last year, representing an increase of 67.2%

The operating profit was EUR490,000 and it was loss of EUR330,000 in the same period of last year. The net profit was EUR132,000 and it was net loss of EUR436,000 in the same period of last year.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Project Company as at 30 June 2011 was EUR1,789,000. The cash was held in Euro only. The Project Company's inventory balance as at 30 June 2011 was EUR9,994,000. The trade receivables and other receivables balance was EUR4,661,000 as at 30 June 2011. The trade payables and other payables balance was EUR4,607,000 as at 30 June 2011. The balance of short-term borrowings was EUR12,196,000 and the balance of long-term borrowings was EUR3,119,000 as at 30 June 2011.

The Project Company's net gearing ratio was approximately 960% as at 30 June 2011. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and other payable (loan from third party) less cash and cash equivalents. The borrowings of the Project Company was in Euro.

The Project Company generally finances its operations with internally generated resources and banking facilities provided by banks. As at 30 June 2011, the Project Company had aggregate banking facilities of approximately EUR14,965,000 of which approximately EUR11,928,000 was utilised, bearing interest at prevailing market rates and secured by certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders of the Project Company in Germany, with an aggregate carrying amount of EUR18,028,000.

Capital Expenditure and Contingent Liabilities

For the period ended 30 June 2011, the Project Company spent a total of EUR236,000 in capital expenditure, which primarily consisted of property, plant and equipment. And the Project Company had no material capital commitments and contingent liabilities.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Project Company's exposure to foreign risk arise from its overseas sales and purchases, which are primarily denominated in United States dollars (US$). Management has set up a policy to manage their foreign exchange risk against their functional currency.

In respect of the trade receivables and payables denominated in US$, the Company ensures that the net exposure is kept in an acceptable level. The amount denominated in US$ is considered to be insignificant at the reporting dates.

Details of the Charges of the Project Company's Assets

As at 30 June 2011, certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders in Germany with an aggregate carrying value of approximately EUR18,028,000 were pledged to secure the banking facilities of the Project Company by way of a fixed charge.

Employees

As at 30 June 2011, the Project Company had 138 employees. Of these, 125 were based in Germany, 13 were based in mainland China. Remuneration packages were structured to be commensurate with employees' individual job duties, qualifications, performance and years of experience.

Significant Investments

During the period ended 30 June 2011, the Project Company had no material investment on hand.

Material Acquisitions and Disposals

During the period ended 30 June 2011, the Project Company had no material acquisitions and disposals of assets or investments.

Comments on Segmental Information

The revenue from Germany market represented 66.9% of the Company total for the period ended 30 June 2011 and it was 58.3% in the same period of last year. The Germany market is very strong even compared with same period in last year. The revenue from the PRC market represented 23.3% of the Company total and it was 6.9% in the same period of last year. The PRC market showed a strong growing potential in the period.

Revenue by geographical location

	Three months ended 30 June	
	2010	**2011**
	EUR'000	*EUR'000*
	(Unaudited)	
Germany (place of domicile)	2,276	4,363
European Union, excluding Germany	1,332	427
The People's Republic of China ("The PRC")	269	1,517
The United States	12	158
Others	12	59
	3,901	6,524

Seasonal Effect

The first two quarters of the accounting year, that is, April to September, showed a weaker sales trend. The last two quarters of the accounting year, that is, October to March, was stronger in sales due to exhibition effect and customer intention to invest after Christmas time.

B. For the year ended 31 March 2011

Financial Review

For the year ended 31 March 2011, the revenue of the Project Company was EUR26,478,000 and it was EUR23,510,000 in the same period of last year, representing an increase of 12.6%.

The operating profit was EUR1,786,000 and it was EUR2,258,000 in the same period of last year, representing a decrease of 20.9%. The net profit was EUR254,000 and it was EUR591,000 in the same period of last year, representing a decrease of 57.0%.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Project Company as at 31 March 2011 was EUR1,173,000. The cash of EUR1,152,000 was held in Euro and EUR21,000 was held in Renminbi. The Project Company's inventory balance as at 31 March 2011 was EUR8,886,000. The trade receivables and other receivables balance was EUR6,413,000 as at 31 March 2011. The trade payables and other payables balance was EUR3,621,000 as at 31 March 2011. The balance of short-term borrowings was EUR12,433,000 and the balance of long-term borrowings was EUR3,186,000 as at 31 March 2011.

The Project Company's net gearing ratio was approximately 1,139% as at 31 March 2011. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and other payable (loan from third party) less cash and cash equivalents. The borrowings of the Project Company was in Euro.

The Project Company generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31 March 2011, the Project Company had aggregate banking facilities of approximately EUR14,168,000 of which approximately EUR12,170,000 was utilised, bearing interest at prevailing market rates and secured by certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders of the Project Company in Germany, with an aggregate carrying amount of EUR17,560,000.

Capital Expenditure and Contingent Liabilities

For the period ended 31 March 2011, the Project Company spent a total of EUR295,000 in capital expenditure, which primarily consisted of property, plant and equipment. And the Project Company had no material capital commitments and contingent liabilities.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Project Company's exposure to foreign risk arise from its overseas sales and purchases, which are primarily denominated in United States dollars (US$). Management has set up a policy to manage their foreign exchange risk against their functional currency.

In respect of the trade receivables and payables denominated in US$, the Company ensures that the net exposure is kept in an acceptable level. The amount denominated in US$ is considered to be insignificant at the reporting dates.

Details of the Charges on the Project Company's Assets

As at 31 March 2011, certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders in Germany with an aggregate carrying value of approximately EUR17,560,000 were pledged to secure the banking facilities of the Project Company by way of a fixed charge.

Employees

As at 31 March 2011, the Project Company had 139 employees. Of these, 127 were based in Germany, 12 were based in mainland China. Remuneration packages were structured to be commensurate with employees' individual job duties, qualifications, performance and years of experience.

Significant Investments

During the period ended 31 March 2011, the Project Company had no material investment on hand.

Material Acquisitions and Disposals

During the period ended 31 March 2011, the Project Company had no material acquisitions and disposals of assets or investments.

Comments on Segmental Information

The revenue from Germany market represented 51.1% of the Company total for the year ended 31 March 2011 and it was 60.8% in last year. There was little decrease with the Germany market compared with last year. The revenue from European Union market represented 21.1% of the Company's total and it was 19.7% in last year. There was some growth of the income from the European Union market. The revenue from the PRC market represented 19.7% of the Company total and it was 14.4% in last year. The PRC market grew strongly in the period.

Revenue by geographical location

	Year ended 31 March	
	2010	**2011**
	EUR'000	*EUR'000*
Germany (place of domicile)	14,288	13,548
European Union, excluding Germany	4,630	5,592
The People's Republic of China ("The PRC")	3,377	5,220
The United States	783	649
Others	432	1,469
	23,510	26,478

Seasonal Effect

The first two quarters of the accounting year, that is, April to September, showed a weaker sales trend. The last two quarters of the accounting year, that is, October to March, was stronger in sales due to exhibition effect and customer intention to invest after Christmas time.

C. For the year ended 31 March 2010

Financial Review

For the year ended 31 March 2010, the revenue of the Project Company was EUR23,510,000 and it was EUR32,277,000 in the same period of last year, representing a decrease of 27.2%.

The operating profit was EUR2,258,000 and it was loss of EUR569,000 in the same period of last year. The net profit was EUR591,000 and it was net loss of EUR1,328,000 in the same period of last year.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Project Company as at 31 March 2010 was EUR143,000. The cash of EUR127,000 was held in Euro and EUR16,000 was held in Renminbi. The Project Company's inventory balance as at 31 March 2010 was EUR8,547,000. The trade receivables and other receivables balance was EUR6,432,000 as at 31 March 2010. The trade payables and other payables balance was EUR3,657,000 as at 31 March 2010. The balance of short-term borrowings was EUR314,000 and the balance of long-term borrowings was EUR14,858,000 as at 31 March 2010.

The Project Company's net gearing ratio was 1,534% as at 31 March 2010. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and other payable (loan from third party) less cash and cash equivalents. The borrowings of the Project Company was in Euro.

The Project Company generally financed its operations with internally generated resources and banking facilities provided by banks. As at 31 March 2010, the Project Company had aggregate banking facilities of approximately EUR13,390,000 of which approximately EUR11,480,000 was utilised, bearing interest at prevailing market rates and secured by certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders of the Project Company in Germany, with an aggregate carrying amount of EUR17,491,000.

Capital Expenditure and Contingent Liabilities

For the period ended 31 March 2010, the Project Company spent a total of EUR30,000 in capital expenditure, which primarily consisted of property, plant and equipment. And the Project Company had no material capital commitments and contingent liabilities.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Project Company's exposure to foreign risk arise from its overseas sales and purchases, which are primarily denominated in United States dollars (US$). Management has set up a policy to manage their foreign exchange risk against their functional currency.

In respect of the trade receivables and payables denominated in US$, the Company ensures that the net exposure is kept in an acceptable level. The amount denominated in US$ is considered to be insignificant at the reporting dates.

Details of the Charges on the Project Company's Assets

As at 31 March 2010, certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders in Germany with an aggregate carrying value of approximately EUR17,491,000 were pledged to secure the banking facilities of the Project Company by way of a fixed charge.

Employees

As at 31 March 2010, the Project Company had 144 employees. Of these, 135 were based in Germany, 9 were based in mainland China. Remuneration packages were structured to be commensurate with employees' individual job duties, qualifications, performance and years of experience.

Significant Investments

During the period ended 31 March 2010, the Project Company had no material investment on hand.

Material Acquisitions and Disposals

During the period ended 31 March 2010, the Project Company had no material acquisitions and disposals of assets or investments.

Comments on Segmental Information

The revenue from Germany market represented 60.8% of the Company total for the year ended 31 March 2010 and it was 68.1% in last year. There was significant decrease with the Germany market compared with last year due to the soft market in Germany. The revenue from European Union market represented 19.7% of the Company total and it was 12.4% in last year. There was some growth of the income from the European Union market. The revenue from the PRC market represented 14.4% of the Company's total and it was 11.9% in last year. The PRC market close to the performance in last year.

Revenue by geographical location

	Year ended 31 March	
	2009	**2010**
	EUR'000	*EUR'000*
Germany (place of domicile)	21,984	14,288
European Union, excluding Germany	3,987	4,630
The People's Republic of China ("The PRC")	3,834	3,377
The United States	58	783
Others	2,414	432
	32,277	23,510

Seasonal Effect

The first two quarters of the accounting year, that is, April to September, showed a weaker sales trend. The last two quarters of the accounting year, that is, October to March, was stronger in sales due to exhibition effect and customer intention to invest after Christmas time.

D. For the year ended 31 March 2009

Financial Review

For the year ended 31 March 2009, the revenue of the Project Company was EUR32,277,000.

There was operating loss of EUR569,000. The net loss was EUR1,328,000.

Liquidity and Financial Resources

The balance of cash net of overdraft of the Project Company as at 31 March 2009 was EUR76,000. The cash of EUR5,000 was held in Euro and EUR71,000 was held in Renminbi. The Project Company's inventory balance as at 31 March 2009 was EUR9,725,000. The trade receivables and other receivables balance was EUR5,767,000 as at 31 March 2009. The trade payables and other payables balance was EUR4,876,000 as at 31 March 2009. The balance of short-term borrowings was EUR7,988,000 and the balance of long-term borrowings was EUR9,514,000 as at 31 March 2009.

The Project Company's net gearing ratio was not applicable as at 31 March 2009. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. The borrowings of the Project Company was in Euro.

The Project Company generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31 March 2009, the Project Company had aggregate banking facilities of approximately EUR18,290,000 of which approximately EUR13,585,000 was utilised, bearing interest at prevailing market rates and secured by certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders of the Project Company in Germany, with an aggregate carrying amount of EUR19,053,000.

Capital Expenditure and Contingent Liabilities

For the period ended 31 March 2009, the Project Company spent a total of EUR4,307,000 in capital expenditure, which primarily consisted of property, plant and equipment. And the Project Company had no material capital commitments and contingent liabilities.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Project Company's exposure to foreign risk arise from its overseas sales and purchases, which are primarily denominated in United States dollars (US$). Management has set up a policy to manage their foreign exchange risk against their functional currency.

In respect of the trade receivables and payables denominated in US$, the Company ensures that the net exposure is kept in an acceptable level. The amount denominated in US$ is considered to be insignificant at the reporting dates.

Details of the Charges on the Project Company's Assets

As at 31 March 2009, certain property, plant equipment, intangible assets, inventories, trade receivables, bank deposits, loans to shareholders in Germany with an aggregate carrying value of approximately EUR19,053,000 were pledged to secure the banking facilities of the Project Company by way of a fixed charge.

Employees

As at 31 March 2009, the Project Company had 148 employees. Of these, 139 were based in Germany, 9 were based in mainland China. Remuneration packages were structured to be commensurate with employees' individual job duties, qualifications, performance and years of experience.

Significant Investments

During the period ended 31 March 2009, the Project Company had no material investment on hand.

Material Acquisitions and Disposals

During the period ended 31 March 2009, the Project Company had acquired a freehold land and building at the consideration of EUR3,743,000. There was no material disposal of any assets or investments.

Comments on Segmental Information

The revenue from Germany market represented 68.1% of the Company total for the period ended 31 March 2009. The revenue from European Union market represented 12.4% of the Company total. The revenue from the PRC market represented 11.9% of the Company total.

Revenue by geographical location

	Year ended 31 March 2009
	EUR'000
Germany (place of domicile)	21,984
European Union, excluding Germany	3,987
The People's Republic of China ("The PRC")	3,834
The United States	58
Others	2,414
	32,277

Seasonal Effect

The first two quarters of the accounting year, that is, April to September, showed a weaker sales trend. The last two quarters of the accounting year, that is, October to March, was stronger in sales due to exhibition effect and customer intention to invest after Christmas time.

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 :

(a) the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive; and

(b) there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests of the Directors or chief executives of the Company in the Shares and the underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(i) Beneficial interests and long positions in Shares

	Number of Shares				
Name of Director	**Personal Interests**	**Family Interest**	**Other Interests**	**Total**	**Approximate percentage of the issued share capital of the Company**
Ms. TAN, Lisa Marie (“Ms. Tan”)	1,396,000 Shares	8,332,000 Shares *(Note (c))*	144,529,982 shares *(Note (a))*	154,257,982 Shares	69.94%
Mr. LEE Sou Leung, Joseph (“Mr. Lee”)	8,332,000 Shares	816,000 Shares *(Note (b))*	144,529,982 Shares *(Note (a))*	153,677,982 Shares	69.68%
Mr. CHAN Ching Huen, Stanley (“Mr. Chan”)	780,000 Shares	Nil	Nil	780,000 Shares	0.35%
Mr. NIMMO, Walter Gilbert Mearns (“Mr. Nimmo”)	100,000 Shares	402,445 Shares *(Note (d)*	Nil	502,445 Shares	0.23%

Name of Director	Number of Shares: Personal Interests	Family Interest	Other Interests	Total	Approximate percentage of the issued share capital of the Company
Dr. Lui Sun Wing ("Dr. Lui")	360,000 Shares	Nil	Nil	360,000 Shares	0.16%

Notes:

(a) The 144,529,982 Shares are 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 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.

(b) Mr. Lee is the husband of Ms. Tan. The personal interests of Ms. Tan above are also disclosed as the family interests of Mr. Lee.

(c) The personal interests of Mr. Lee above are disclosed as the family interest of Ms. Tan.

(d) The 402,445 Shares are owned by the spouse of Mr. Nimmo.

(ii) Share options

The Company granted share options to the Directors in accordance with the share option scheme of the Company adopted on 17 June 2003 subject to the acceptance of the Directors. Details of share options granted to the Directors are set out below:

Eligible participants	Date of grant	Exercise price *(HK$)*	Number of Options Granted	Exercised	Expired/ Lapsed/ Cancelled	As at the Latest Practicable Date
Director						
Mr. LEE Sou Leung Joseph	22 April 2008	1.25	500,000	–	(500,000)	–
	29 March 2010	0.61	580,000	(580,000)	–	–
Ms. TAN Lisa Marie	22 April 2008	1.25	500,000	–	(500,000)	–
	29 March 2010	0.61	580,000	–	–	580,000
Mr. CHAN Ching Huen Stanley	22 April 2008	1.25	500,000	–	(500,000)	–
	29 March 2010	0.61	580,000	(580,000)		–
Dr. LUI Sun Wing	22 April 2008	1.25	100,000	–	(100,000)	–
	29 March 2010	0.61	100,000	(100,000)	–	–
	4 July 2011	0.96	260,000	–	–	260,000
Mr. PIKE Mark Terence	22 April 2008	1.25	100,000	–	(100,000)	–
	29 March 2010	0.61	100,000	–	(100,000)	–

Eligible participants	Date of grant	Exercise price (HK$)	Number of Options Granted	Exercised	Expired/ Lapsed/ Cancelled	As at the Latest Practicable Date
Mr. NIMMO Walter Gilbert Mearns	22 April 2008	1.25	100,000	–	(100,000)	–
	29 March 2010	0.61	100,000	–	–	100,000
Employees	22 April 2008	1.25	5,548,000	–	(5,548,000)	–
(excluding directors)	29 March 2010	0.61	5,940,000	(3,842,000)	–	2,098,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares and the underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial Shareholders

Save as disclosed in this circular, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, there were no other person (other than the Directors or chief executives of the Company as disclosed in the above) who had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group 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

The following contracts (not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years up to the Latest Practicable Date and which are or may be material:

(a) the sale and purchase agreement dated 21 January 2011 entered into between Mitutoyo Corporation as purchaser and Leeport Machine Tool Company Limited, a wholly-owned subsidiary of the Company as vendor in relation to the disposal of 41% of the issued share capital of Leeport Metrology Corporation at an aggregate consideration in the sum of HK$28,700,000; and

(b) the Agreement.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholder nor any of their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or any conflict of interest which any such person has or may have with the Group other than those businesses to which the Directors and their respective associates were appointed to represent the interests of the Company and/or the Group.

7. INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group was made up.

8. INTERESTS OF DIRECTORS OR EXPERTS ACQUIRED OR DISPOSED OF BY OR LEASED TO ANY MEMBER OF THE GROUP

Since 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up until the Latest Practicable Date, no Director or expert had any direct or indirect interests in any assets which had been or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. CONTRACTS OR ARRANGEMENTS WHICH DIRECTORS ARE MATERIALLY INTERESTED AND ARE SIGNIFICANT IN RELATION TO THE BUSINESS OF THE GROUP

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

10. EXPERTS AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or letter contained in this circular:

Name	Qualifications
Grant Thornton Jingdu Tianhua ("**Grant Thornton**")	Certified Public Accountant
Cushman & Wakefield Valuation Advisory Services (HK) Limited ("**Cushman & Wakefield**")	Property Valuer

Each of Grant Thornton and Cushman & Wakefield has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, none of Grant Thornton or Cushman & Wakefield have any direct or indirect interest in any assets which have been, since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

As of the Latest Practicable Date, Grant Thornton or Cushman & Wakefield did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

11. MISCELLANEOUS

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The company secretary and qualified accountant of the Company is Mr. Chan Ching Huen, Stanley. Mr. Chan is a fellow member of the Chartered Association of Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(c) The head office and principal place of business of the Company 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.

(d) The principal share register of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.

(e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

12. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Company were made up.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekdays other than public holidays at the principal place of business of the Company in Hong Kong from the date of this circular up to including the date of the EGM:

(a) this circular;

(b) the memorandum of association and bye-laws of the Company;

(c) the interim report of the Company for the six month ended 30 June 2011 and the annual reports of the Company for each of the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010;

(d) the accountants' reports on the Project Company prepared by Grant Thornton as set out in Appendix II to this circular;

(e) the report on unaudited pro forma financial information on the Group prepared by Grant Thornton as set out in Appendix III to this circular;

(f) the valuation report on the Target Group prepared by Cushman & Wakefield, the text of which is set out in Appendix IV of this circular;

(g) the letters of consents from Grant Thornton and Cushman & Wakefield referred to in the section headed "Qualifications and Consents of Experts" in this appendix; and

(h) copies of the material contracts as referred to in the paragraph headed "Material Contracts" in this appendix.

14. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

Leeport

LEEPORT (HOLDINGS) LIMITED

力豐（集團）有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 387)

NOTICE IS HEREBY GIVEN that a Special General Meeting of Leeport (Holdings) Limited (the "**Company**") 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 28 December 2011 at 3:00 p.m. to consider and, if thought fit, pass the following resolutions, with or without amendments, as an ordinary resolution of the Company:

(1) "**THAT**

(a) a share purchase agreement dated 21 October 2011 (the "**Agreement**") (a copy of which has been produced at this Meeting and marked "A" and initialled by the chairman of this Meeting for the purpose of identification) entered into between Leeport Machine Tool Company Limited (a wholly owned subsidiary of the Company) (the "**Purchaser**"), Guangdong Greatoo Molds Inc, Reiner Jung OPS GmbH & Co. KG and OPS-Ingersoll Funkenerosion GmbH, pursuant to which the Purchaser has agreed (1) to acquire the 49.996% registered capital of OPS Ingersoll Holding GmbH (formerly known as Platin 752. GmbH) (the "**Target Company**") at a purchase price of EUR13,124 (equivalent to approximately HK$141,000); and (2) to contribute EUR1,500,000 (equivalent to approximately HK$16,129,000) to the capital reserve of the Target Company which will be satisfied in cash at completion and the transactions contemplated thereunder or incidental to the Agreement including the distribution agreement dated 15 October 2011 entered into between the Purchaser and OPS-Ingersoll Funkenerosion GmbH be and are hereby approved, ratified and confirmed; and

(b) a loan agreement to be entered into between the Purchaser or its nominee as lender and the Target Company as borrower at completion of the Agreement in relation to a loan up to the sum of EUR3,000,000 (equivalent to approximately HK$32,258,000) (the "**Loan Agreement**") (a copy of which has been produced at this Meeting and marked "B" and initialled by the chairman of this Meeting for the purpose of identification) to be advanced by the Purchaser or its nominee to the Target Company pursuant to the terms of the Loan Agreement and the transactions contemplated thereunder or incidental to the Loan Agreement be and are hereby approved and confirmed; and

* *For identification purposes only*

(c) the directors of the Company are hereby authorised to do all such further acts and things and execute such further documents which in their opinion may be necessary or expedient to give effect to the terms of the Agreement, the Loan Agreement and the transactions contemplated thereunder (the "**Transactions**")."

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

Hong Kong, 9 December 2011

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.

2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a registered shareholder of the Company.

3. In order to be valid, the form of proxy must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.