

Leeport

力豐(集團)有限公司

LEEPOR (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0387)



**A Total Solution
in Manufacturing
Technology**

Interim Report
2015



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MANAGEMENT COMMENTARY

The Board of Directors (the “Directors”) of Leeport (Holdings) Limited (the “Company”) would like to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2015, along with the unaudited comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and which have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Sales

In the first half of 2015, the economic situation in China was stagnant, and in general, the market for manufacturing equipment did not improve, due to a lack of momentum.

In the first six months of 2015, the Group’s sales amounted to HK\$339,731,000, compared with HK\$331,207,000 in the same period last year, representing an increase of 2.6%. The gross profit amounted to HK\$65,532,000, compared with HK\$65,074,000 in the same period last year, representing an increase of 0.7%. The gross profit percentage was 19.3%, which was slightly lower than the figure of 19.6% in the same period last year.

Other Income and Gains

The total value of other income and gains was HK\$9,612,000, compared with HK\$9,937,000 in the same period last year, representing a decrease of 3.3%.

The service income was HK\$4,563,000, compared with HK\$5,283,000 in the same period last year. The commission income was HK\$1,291,000, compared with HK\$37,000 in the same period last year. Other income also included rental of HK\$817,000, a management fee of HK\$716,000 charged against Mitutoyo Leeport Metrology Corporation, and gains on derivative financial instruments of HK\$270,000.

Furthermore, in the first half of 2015, our investee, Prima Industrie S.p.A., the parent company of Prima Power Suzhou Company Limited, also declared a dividend for the first time after wholly acquiring FinnPower in 2008. As a result, the Group received a dividend amounting to HK\$346,000.



Operating Expenses

Selling and distribution costs were HK\$16,120,000, compared with HK\$16,250,000 in the same period last year, representing a decrease of 0.8%. These costs basically were in line with the sales volume.

Administrative expenses amounted to HK\$53,939,000, compared with HK\$63,308,000 in the same period last year, representing a decrease of 14.8%. This decrease was due to the cost reduction program implemented last year. The areas of savings included staff costs, travelling expenses and office expenses.

Share of Profit of Associates

The share of profit of the associates in the first half of 2015 was HK\$9,551,000, compared with HK\$8,471,000 in the same period last year, representing an increase of 12.7%.

The share of profit of Mitutoyo Leeport Metrology Corporation was HK\$8,425,000, compared with HK\$6,107,000 in the same period last year, representing an increase of 38.0%. The business of Mitutoyo Leeport Metrology Corporation continued to grow at a steady rate in the first half of 2015.

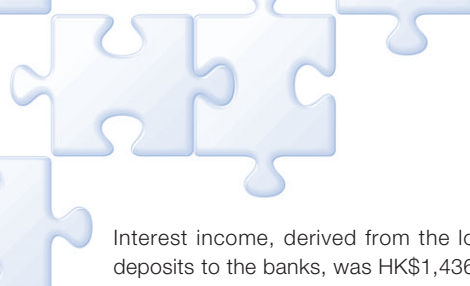
The share of profit of OPS Ingersoll Funkenerosion GmbH was HK\$2,587,000, compared with HK\$3,133,000 in the same period last year, representing a decrease of 17.4%. This decrease was due mainly to seasonal effects. The overall sales income of OPS Ingersoll continued to grow.

The newly established joint-venture plant, Prima Power Suzhou Company Limited, still incurred a loss in first half of 2015. The share of loss for Prima Power Suzhou was HK\$1,461,000. In the first half of 2015, the number of orders for the Prima Power Suzhou plant was below expectations. Orders in second half of 2015 are forecast to be better.

Finance Expenses – Net

Finance costs net of interest income were HK\$47,000, compared with HK\$774,000 in the same period last year.

Finance costs incurred in the first half of 2015 were HK\$1,483,000, compared with HK\$2,179,000 in the same period last year, representing a decrease of 31.9%. Finance costs were lower due to the lower level of bank loans during the period. The short-term borrowing level was lower as the Group reduced the pledged loan balances, considering the better cash on hand position. The overall cash on hand situation improved in the first six months of 2015, due mainly to the significant reduction in inventory level.



Interest income, derived from the loan to OPS Ingersoll Funkenerosion GmbH and other deposits to the banks, was HK\$1,436,000, compared with HK\$1,405,000 in the same period last year, representing an increase of 2.2%.

Profit Attributable to Owners of the Company and Earnings Per Share

In the first six months of 2015, the profit attributable to owners of the Company was HK\$13,175,000, compared with HK\$2,843,000 in the same period last year, representing an increase of 363.4%.

The operating profit of the Company was HK\$5,085,000, compared with an operating loss of HK\$4,547,000 in the same period last year. The significant improvement in the operating result is attributable to the reduction in administrative expenses.

The further increase in the share of profit of the associated companies also contributed to the improvement of the profit attributable to owners of the Company.

The basic earnings per share were HK5.93 cents, compared with the basic earnings per share of HK1.28 cents in the same period last year, representing an increase of 363.3%.

INTERIM DIVIDEND

The Directors has resolved to declare an interim dividend of HK3.5 cents per ordinary share for the six months ended 30th June 2015 to shareholders whose names appear on the register of members of the Company on 7th October 2015 (2014: Nil). The interim dividend will be payable on or around 16th October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5th October 2015 (Monday) to 7th October 2015 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order for members to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 2nd October 2015 (Friday).



BUSINESS REVIEW

In the first half of 2015, the economic situation in China did not change significantly compared with the second half of 2014. China's GDP growth rate was 7% in the first half of 2015, and actually it already met the Central Government's target, even though it was lower than the growth rate of 7.4% in 2014. The value of industrial production in the first half of 2015 grew by 6.3%, which was lower than the growth rate of 8.3% in 2014.

In China, most of the statistics for various industries in the first half of 2015 showed a slow-down in growth as compared with last year. Some of the major customer segments of the Group were: production of cars, which grew by 2.0% (2014: 7.1%), production of general machinery, which grew by 3.5% (2014: 9.1%), and production of computer, telecommunications and electronic equipment, which grew by 10.8% (2014: 12.2%). All these growth rates were lower than the figures last year. The value of imported machine tools also fell by 14.1% compared with same period last year.

The Group has successfully received orders from some key customers from the car manufacturing and mobile phone industries. The value of orders from the elevator, switchgear and electronics products industries remained stable. These industries were important to the business of the Group.

The value of the Group's outstanding orders as at the end of July 2015 was HK\$190,128,000. This can only be described as steady compared with last year.

The business of the associated company, Mitutoyo Leepport Metrology Corporation, was outstanding in the first half of 2015. Mitutoyo's products continued the momentum of expanding the company's market share in China. The business of OPS Ingersoll Funkenerision GmbH continued to grow. OPS Ingersoll continued the success of its business in Europe and USA. In the first half of 2015, the number of orders for the Prima Power Suzhou plant was limited. It was the first year that Prima Power was selling locally manufactured machines in China, and we believe it will take time to develop market acceptance.

The financial performance of the Group in the first half of 2015 improved significantly as compared with same period last year. This has been due mainly to the implementation of cost saving programs in operating expenses since 2014.



LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash net of overdraft of the Group as at 30th June 2015 was HK\$68,181,000 (31st December 2014: HK\$57,154,000). The Group maintained a reasonable cash position. The Group's inventory balance as at 30th June 2015 was HK\$61,750,000 (31st December 2014: HK\$80,899,000). The turnover days of inventory was 41 at the end of June 2015, compared with 54 at the end of December 2014. The inventory level was lower at 30th June 2015 than at 31st December 2014, due to the delivery of more cutting tools for the completion of outstanding contracts delayed from last year. The balance of trade receivables and bills receivable was HK\$109,424,000 as at 30th June 2015 (31st December 2014: HK\$106,073,000). The turnover days of trade receivables was 59, compared with 57 at the end of December 2014. There was no significant change of the turnover days of the trade receivables. The balance of trade payables and bills payable was HK\$141,074,000 as at 30th June 2015 (31st December 2014: HK\$107,270,000). The balance of short-term borrowings was HK\$102,823,000 as at 30th June 2015 (31st December 2014: HK\$144,390,000). The short-term borrowing level was lower, as the Group reduced the pledged loan balances because of the better cash on hand situation.

The Group's net gearing ratio was approximately 9.7% as at 30th June 2015 (31st December 2014: 24.5%). The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalent. This reduction in the gearing ratio came about because of a further reduction in pledged loans balances and an increase in cash on hand.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 30th June 2015, the Group had aggregate banking facilities of approximately HK\$782,669,000, of which approximately HK\$231,252,000 was utilised, bearing interest at prevailing market rates and secured by certain leasehold land, land and buildings, investment property and restricted bank deposits of the Group in Hong Kong and Singapore, with an aggregate carrying amount of HK\$244,012,000 (31st December 2014: HK\$259,814,000). The directors are confident that the Group is able to meet its operational and capital expenditure requirements.



FUTURE PLANS AND PROSPECTS

The economy in Europe and the United States seems likely to improve in the near future, and this will benefit the export business for China's manufacturing industry. The Chinese Government is also actively promoting the "One Belt, One Road" economic model, which is likely to benefit the export business for the infrastructure, high-speed train and equipment manufacturing industries. It is believed that, in order to support the economic growth of the country, the Central Government of China will continue to invest in infrastructure, railway construction and related equipment. These kinds of measures will benefit the manufacturing industry.

The Group will expand its sales teams in different geographical areas by recruiting more sales people and covering more territories around the country. Key customer management also is an important area for building the business. Even though the market situation is challenging, the Group believes the market size is huge and that, with stronger management support, there are plenty of opportunities to increase the income of the Group.

The Group foresees that in the second half of 2015, the business for the associated companies, Mitutoyo Leepport Metrology Corporation and OPS Ingersoll Funkenersion GmbH, will be as good as in the first half of the year. The business for Prima Power Suzhou Company Limited is expected to improve in the second half of 2015.

Strategically, the Group will continue to look for new investment opportunities and introduce new products to the market. The Group will further enhance its collaboration with suppliers in the area of market penetration and customer service.

In conclusion, the Group is confident that the result for the second half of 2015 will continue to improve.

EMPLOYEES

As at 30th June 2015, the Group had 256 employees (31st December 2014: 321). Of these, 84 were based in Hong Kong, 159 were based in mainland China, and 13 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 and discretionary performance bonuses.

SHARE OPTION SCHEME

On 15th May 2013, a share option scheme (“the Scheme”) has been adopted in the annual general meeting held to replace the old Scheme. Details of the Scheme are set out in the circular dated 15th April 2013 which was sent to the shareholders.

DETAILS OF OPTIONS GRANTED BY THE COMPANY

As at 30th June 2015, options to subscribe for an aggregate of 7,907,000 shares of the Company granted to Directors and certain employees pursuant to the Scheme remained outstanding, details of which were as follows:

Name and Category of participants	Date of grant	Exercise prices of share options HK\$ per share	Exercise periods of share options	At 31st December 2014	Granted during the period	Exercised during the period	At 30th June 2015
Directors							
Mr. LEE Sou Leung, Joseph (Note 1)	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	1,000,000	-	1,000,000
Mr. CHAN Ching Huen, Stanley	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	1,000,000	-	1,000,000
Mr. WONG Man Shun, Michael	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	1,000,000	-	1,000,000
Mr. CHU Weiman	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	1,000,000	-	1,000,000
Mr. PIKE, Mark Terence	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	110,000	-	110,000
Dr. LEE Tai Chiu	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	110,000	-	110,000
Mr. ZAVATTI Samuel	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	110,000	-	110,000
Dr. LUI Sun Wing (Note 6)	15/11/2013	1.13	15/11/2013 to 14/11/2016 (Notes 4 & 5)	1,740,000	-	(1,740,000)	-
Sub-total				1,740,000	4,330,000	(1,740,000)	4,330,000
Employees							
In aggregate	17/03/2015	1.026	17/12/2015 to 16/6/2017 (Notes 2 & 3)	-	3,577,000	-	3,577,000
Total				1,740,000	7,907,000	(1,740,000)	7,907,000

Notes:

1. Mr. LEE Sou Leung, Joseph is substantial shareholder of the Company. As a condition of the grant of options, Mr. Lee undertakes not to exercise any options granted to him to such an extent that the exercise would result in the number of shares held by him and his associates exceeds 75% of the voting rights of the Company.
2. The options, granted on 17th March 2015, are exercisable from 17th December 2015 to 16th June 2017 (both days inclusive).
3. According on the binomial option pricing model, the fair value of the options granted on 17th March 2015 was estimated at HK\$1,508,000. The key parameters used in the model were as follows:

Date of grant	17th March 2015
Number of share options granted	7,907,000
Share price at date of grant (HK\$)	1.01
Exercise price (HK\$)	1.026
Expected life of options	2.25 years
Annualised volatility	40.47%
Risk free interest rate	0.63%
Dividend payout rate	3.47%

Closing price of the shares of the Company immediately before the date on which the options was granted was HK\$1.02.

4. The options, granted on 15th November 2013, are exercisable from 15th November 2013 to 14th November 2016 (both days inclusive).
5. Closing price of the shares of the Company immediately before the date on which the options was granted was HK\$1.13.
6. Dr. LUI Sun Wing resigned as non-executive director of the Company with effect from 1st July 2014.
7. The weighted average closing price of the shares immediately before the dates on which the options were exercised was approximately HK\$2.04.
8. During the period, no options was cancelled or lapsed.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 30th June 2015, certain land and buildings, leasehold land, investment property and restricted bank deposits in Hong Kong and Singapore, with an aggregate carrying value of approximately HK\$244,012,000 (31st December 2014: HK\$259,814,000), were pledged to secure the banking facilities of the Group by way of a fixed charge.



CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

For the first six months of 2015, the Group spent a total of HK\$3,431,000 (30th June 2014: HK\$3,543,000) in capital expenditure, primarily consisting of property, plant and equipment. The Group also spent a total of HK\$6,822,000 for the investment in an associated company (30th June 2014: HK\$2,506,000). As at 30th June 2015, the Group has settled all capital commitments regarding property, plant and equipment. (31st December 2014: HK\$17,355,000 on property, plant and equipment). In the meantime, a total of HK\$23,794,000 (31st December 2014: HK\$14,557,000) in contingent liabilities in respect of letters of guarantee was given to customers.

EXPOSURE OF FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

As at 30th June 2015, the Group has outstanding gross-settled foreign currency forward contracts to buy EUR2,132,000 for HKD18,343,000, EUR245,000 for USD274,000, CNY8,000,000 for HKD9,993,000, JPY951,200,000 for HKD59,556,000, AUD525,000 for HKD3,094,000 and SGD635,000 for HKD3,659,000 (2014: EUR2,369,000 for HKD23,022,000, EUR245,000 for USD310,000, CNY11,000,000 for HKD13,737,000, JPY356,000,000 for HKD25,562,000, JPY32,000,000 for CNY1,726,000, GBP84,000 for HKD1,045,000 and AUD 525,000 for HKD3,597,000).

Apart from those set out above, the current information in other management discussion and analysis has not changed materially from those information disclosed in the last published 2014 annual report.


PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30th June 2015, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations and their associates (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company, are as follows:

Director		Number of ordinary shares of HK\$0.10 each held			Share options (Note (c))	Total Interests	Percentage
		Personal interests	Family interests	Other Interests			
Mr. LEE Sou Leung, Joseph ("Mr. Lee")	Long position	19,580,000 shares	1,396,000 shares Note (b)	144,529,982 shares Note (a)	1,000,000	166,505,982 shares	74.44%
Mr. CHAN Ching Huen, Stanley ("Mr. Chan")	Long position	500,000 shares	-	-	1,000,000	1,500,000 shares	0.67%
Mr. WONG Man Shun Michael ("Mr. Wong")	Long position	432,000 shares	-	-	1,000,000	1,432,000 shares	0.64%
Mr. CHU Weiman ("Mr. Chu")	Long position	-	-	-	1,000,000	1,000,000 shares	0.45%
Mr. PIKE, Mark Terence ("Mr. Pike")	Long position	-	-	-	110,000	110,000 shares	0.05%
Dr. LEE Tai Chiu ("Dr. Lee")	Long position	-	-	-	110,000	110,000 shares	0.05%
Mr. ZAVATTI Samuel ("Mr. Zavatti")	Long position	-	-	-	110,000	110,000 shares	0.05%

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- (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 Lisa Marie 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 Lisa Marie. The personal interests of Ms. Tan above are also disclosed as the family interests of Mr. Lee and Ms. Tan is deemed to be interested in all the interests held by her husband.
 - (c) Information relation to the share options held by the directors is disclosed in the "Details of options granted by the Company" section.

Other than as disclosed above, and other than those as disclosed in the "Details of options granted by the Company" section, at no time during the period was the Company, its subsidiaries or its holding company a party to any arrangement to enable the directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

At 30th June 2015, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the directors as disclosed above.



CORPORATE GOVERNANCE

During the six months ended 30th June 2015, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following:

Code Provision A.2.1

The Board is of the view that although Mr. Lee Sou Leung, Joseph is the Chairman and the Managing Director of the Company, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the company. The Company has no such title as the chief executive officer.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period ended 30th June 2015.

AUDIT COMMITTEE

The Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. PIKE, Mark Terence, Dr. LEE Tai Chiu, and Mr. ZAVATTI Samuel has reviewed the accounting principles and practices adopted by the Group with the management and has discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial information for the six months ended 30th June 2015 with the directors.

As at the date of this report, the executive directors of the Company are Mr. LEE Sou Leung, Joseph, Mr. CHAN Ching Huen, Stanley, Mr. WONG Man Shun, Michael and Mr. CHU Weiman and the independent non-executive directors are Mr. PIKE, Mark Terence, Dr. LEE Tai Chiu and Mr. ZAVATTI Samuel.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF LEEPORT (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 15 to 44, which comprises the condensed consolidated interim balance sheet of Leeport (Holdings) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2015 and the related condensed consolidated interim income statement, and condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14th August 2015

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30th JUNE 2015

	Note	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	185,981	187,168
Leasehold land	8	8,725	8,895
Investment property	7	40,400	40,400
Investments in associates	9	91,487	81,482
Loan to an associate	19(d)	26,858	28,281
Prepayments		16,811	7,449
		370,262	353,675
Current assets			
Inventories		61,750	80,899
Trade receivables and bills receivables	10	109,424	106,073
Other receivables, prepayments and deposits		20,228	20,618
Available-for-sale financial assets		34,641	22,122
Derivative financial instruments		982	25
Amount due from an associate	19(c)	–	234
Restricted bank deposits		41,669	56,905
Cash and cash equivalents		68,181	58,737
		336,875	345,613
Total assets		707,137	699,288



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30th JUNE 2015

	Note	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	11	22,367	22,193
Other reserves		157,475	158,377
Retained earnings			
– Proposed dividend		7,829	7,768
– Others		168,605	160,795
Total equity		356,276	349,133

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30th JUNE 2015

	Note	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		23,206	23,315
Current liabilities			
Trade payables and bills payables	12	141,074	107,270
Other payables, accruals and deposits received		82,189	70,792
Derivative financial instruments		132	3,749
Borrowings	13	102,823	144,390
Tax payable		1,302	639
Amount due to an associate	19(c)	135	–
		327,655	326,840
Total liabilities		350,861	350,155
Total equity and liabilities		707,137	699,288
Net current assets		9,220	18,773
Total assets less current liabilities		379,482	372,448

The notes on pages 24 to 44 form an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Note	Unaudited Six months ended 30th June	
		2015 HK\$'000	2014 HK\$'000
Sales	6	339,731	331,207
Cost of goods sold		(274,199)	(266,133)
Gross profit		65,532	65,074
Other income and gains – net		9,612	9,937
Selling and distribution costs		(16,120)	(16,250)
Administrative expenses		(53,939)	(63,308)
Operating profit/(loss)	14	5,085	(4,547)
Finance income		1,436	1,405
Finance costs		(1,483)	(2,179)
Finance costs – net		(47)	(774)
Share of post-tax profits of associates	9	9,551	8,471
Profit before income tax		14,589	3,150
Income tax expense	15	(1,414)	(307)
Profit for the period		13,175	2,843
Attributable to owners of the Company		13,175	2,843

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Note	Unaudited Six months ended 30th June	
		2015 HK cents per share	2014 HK cents per share
<hr/>			
Earnings per share attributable to owners of the Company			
Basic earnings per share	16	5.93	1.28
Diluted earnings per share	16	5.88	1.28

The notes on pages 24 to 44 form an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Unaudited	
	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	13,175	2,843
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences	–	8,305
Movement of deferred tax	418	407
	418	8,712
<i>Items that may be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets, net of tax	3,214	7,109
Currency translation differences	(2,546)	(1,286)
Share of other comprehensive (loss)/income of associates	(1,831)	1,309
	(1,163)	7,132
Other comprehensive (loss)/income, net of tax	(745)	15,844
Total comprehensive income for the period attributable to owners of the Company	12,430	18,687

The notes on pages 24 to 44 form an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Unaudited							Total equity HK\$'000
	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Land and building revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1st January 2015	22,193	29,790	159,641	(53,225)	10,861	11,310	168,563	349,133
Comprehensive income								
Profit for the period	-	-	-	-	-	-	13,175	13,175
Other comprehensive income								
Movement of deferred tax	-	-	418	-	-	-	-	418
Transfer of land and building revaluation reserve to retained earnings on depreciation of buildings	-	-	(2,525)	-	-	-	2,525	-
Change of value of available-for-sale financial assets	-	-	-	-	3,214	-	-	3,214
Currency translation differences	-	-	(178)	(2,368)	-	-	-	(2,546)
Share of other comprehensive income of associates	-	-	-	(1,831)	-	-	-	(1,831)
Total comprehensive income for the period ended 30th June 2015	-	-	(2,285)	(4,199)	3,214	-	15,700	12,430
Transaction with owners								
Employees share option scheme:								
Share option scheme								
- value of services provided (Note 11)	-	-	-	-	576	-	-	576
- exercise of options	174	1,792	-	-	-	-	-	1,966
Dividend paid relating to 2014	-	-	-	-	-	-	(7,829)	(7,829)
Total transaction with owners, recognised directly in equity	174	1,792	-	-	576	-	(7,829)	(5,287)
Balance at 30th June 2015	22,367	31,582	157,356	(57,424)	14,651	11,310	176,434	356,276

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Unaudited							
	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Land and building revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1st January 2014	22,193	29,790	155,748	(28,856)	5,981	11,310	144,596	340,762
Comprehensive income								
Profit for the period	-	-	-	-	-	-	2,843	2,843
Other comprehensive income								
Movement of deferred tax	-	-	407	-	-	-	-	407
Transfer of land and building revaluation reserve to retained earnings on depreciation of buildings	-	-	(2,466)	-	-	-	2,466	-
Change of value of available-for-sale financial assets	-	-	-	-	7,109	-	-	7,109
Currency translation differences	-	-	308	6,711	-	-	-	7,019
Share of other comprehensive income of associates	-	-	-	1,309	-	-	-	1,309
Total comprehensive income for the period ended 30th June 2014	<u>-</u>	<u>-</u>	<u>(1,751)</u>	<u>8,020</u>	<u>7,109</u>	<u>-</u>	<u>5,309</u>	<u>18,687</u>
Transaction with owners								
Dividend paid relating to 2013	-	-	-	-	-	-	(3,329)	(3,329)
Total transaction with owners, recognised directly in equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,329)</u>	<u>(3,329)</u>
Balance at 30th June 2014	<u>22,193</u>	<u>29,790</u>	<u>153,997</u>	<u>(20,836)</u>	<u>13,090</u>	<u>11,310</u>	<u>146,576</u>	<u>356,120</u>

The notes on pages 24 to 44 form an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30th JUNE 2015

	Note	Unaudited Six months ended 30th June	
		2015 HK\$'000	2014 HK\$'000
Cash flow from operating activities			
Cash generated from operation		65,638	35,027
Income tax (paid)/refund		(442)	22
Net cash generated from operating activities		65,196	35,049
Cash flow from investing activities			
Purchase of property, plant and equipment		(2,805)	(1,838)
Prepayment for purchase of property, plant and equipment		(16,811)	-
Purchase of available-for-sale financial assets		(9,305)	-
Proceeds from disposal of property, plant and equipment		6	-
Investment in an associate	9	-	(2,506)
Decrease in restricted bank deposits		15,236	53,347
Dividend received from an associate	9	4,538	1,862
Dividend received from available-for-sale financial assets		346	-
Other investing cash flow – net		1,436	1,405
Net cash (used in)/generated from investing activities		(7,359)	52,270
Cash flows from financing activities			
Dividends paid to the Company's shareholders	17	(7,829)	(3,329)
Proceeds from exercise of share options		1,966	-
Net repayment of collateralised borrowings and bank loans	13	(39,984)	(68,850)
Net cash used in financing activities		(45,847)	(72,179)
Net increase in cash, cash equivalents and bank overdrafts		11,990	15,140
Cash, cash equivalents and bank overdrafts at beginning of the period		57,154	51,444
Effect of the exchange rate for the period		(963)	(104)
Cash, cash equivalents and bank overdrafts at end of the period		68,181	66,480
Bank overdrafts		-	475
Cash and cash equivalents at end of the period		68,181	66,955

The notes on pages 24 to 44 form an integral part of these condensed consolidated interim financial information.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Leeport (Holdings) Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the trading, installation and provision of after-sales service of metalworking machinery, measuring instruments, cutting tools and electronic equipment.

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 14th August 2015.

These condensed consolidated interim financial statements have been reviewed, not audited.

2 Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30th June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Accounting policies (Continued)

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after 1st January 2015 that either have no significant impact or are not currently relevant to the Group:

HKAS 19 (Amendment) Annual Improvements Project	Defined Benefit Plans: Employee Contributions Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle
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The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1st January 2015 that not currently relevant to the Group and have not been early adopted:

HKAS 1 Amendment	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ¹
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue of Contracts from Customers ²
HKFRS 9 (2014)	Financial Instrument ³
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ¹

¹ Effective for the Group for the annual periods beginning on or after 1st January 2016

² Effective for the Group for the annual periods beginning on or after 1st January 2017

³ Effective for the Group for the annual periods beginning on or after 1st January 2018

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations that have been issued but are not effective for annual periods beginning on or after 1st January 2015, and does not expect there will be a significant impact to the Group's consolidated financial statements.



4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2014.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2014.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5 Financial risk management (Continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

See Note 7 for disclosure of the property, plant and equipment and investment property that are measured at fair value.

The following table presents the Group's assets and liabilities that are measured at fair value at 30th June 2015.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Derivative financial instruments	-	927	-	927
Available-for-sale financial assets – listed securities	34,641	-	-	34,641
	<u>34,641</u>	<u>927</u>	<u>-</u>	<u>35,568</u>
Liabilities				
Derivative financial instruments	-	77	-	77

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31st December 2014.


	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Derivative financial instruments	–	25	–	25
Available-for-sale financial assets				
– listed securities	22,122	–	–	22,122
	<u>22,122</u>	<u>25</u>	<u>–</u>	<u>22,147</u>
Liabilities				
Derivative financial instruments	–	3,749	–	3,749

There were no transfers between Levels 1, 2 and 3 during the period.

There were no changes in valuation techniques during the period.

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 trading derivatives comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in active market. The effects of discounting are generally insignificant for Level 2 derivatives.



5 Financial risk management (Continued)

5.5 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables and bills receivables
- Other receivables and deposits
- Amount due from an associate
- Restricted bank deposits
- Cash and cash equivalents
- Trade payables and bills payables
- Other payables and accruals
- Borrowings
- Amount due to an associate

6 Segment information

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

The Board considers the business from a geographic region perspective. Geographically, management considers the performance in the People's Republic of China (the "PRC"), Hong Kong and other countries.

The Group is principally engaged in the trading, installation and provision of after-sales service of metalworking machinery, measuring instruments, cutting tools and electronic equipment in three main geographical areas, namely the PRC, Hong Kong and other countries (principally Taiwan, Singapore, Macau, Malaysia and Indonesia). The PRC, for the purpose of this condensed consolidated interim financial information, excludes Hong Kong, Taiwan and Macau.

6 Segment information (Continued)

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

	Unaudited			
	Six months ended 30th June 2015			
	The PRC HK\$'000	HK HK\$'000	Others HK\$'000	Total HK\$'000
Sales	<u>286,970</u>	<u>42,653</u>	<u>10,108</u>	<u>339,731</u>
Segment results	<u>6,330</u>	<u>423</u>	<u>(1,668)</u>	5,085
Finance costs – net				(47)
Share of profit of associates				<u>9,551</u>
Profit before income tax				14,589
Income tax expense				<u>(1,414)</u>
Profit for the period				<u>13,175</u>

6 Segment information (Continued)

	Unaudited			Total HK\$'000
	Six months ended 30th June 2014			
	The PRC HK\$'000	HK HK\$'000	Others HK\$'000	
Sales	<u>233,335</u>	<u>71,635</u>	<u>26,237</u>	<u>331,207</u>
Segment results	<u>(2,793)</u>	<u>(2,148)</u>	<u>394</u>	<u>(4,547)</u>
Finance costs – net				(774)
Share of profit of associates				<u>8,471</u>
Profit before income tax				3,150
Income tax expense				<u>(307)</u>
Profit for the period				<u>2,843</u>

During the period ended 30th June 2015, revenue derived from the Group's largest customer amounted to HK\$91,609,000 or 27.0% of the Group's revenue (2014: HK\$41,314,000 or 12.5% of the Group's revenue).

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Total assets:		
The PRC	240,059	224,280
Hong Kong	355,043	370,142
Other countries (Note (a))	112,035	104,866
	<u>707,137</u>	<u>699,288</u>

6 Segment information (Continued)

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

Segment assets consist primarily of property, plant and equipment, leasehold land, investment property, investment in associates, inventories, receivables, derivative financial instruments, available-for-sale financial assets, operating cash and restricted bank deposits.

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Capital expenditure:		
The PRC	57	674
Hong Kong	3,374	2,869
	3,431	3,543

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

Capital expenditure comprises mainly additions to property, plant and equipment.

Note:

(a) Other countries mainly include Taiwan, Singapore, Macau, Indonesia and Malaysia.

7 Property, plant and equipment and investment property

	Property, plant and equipment HK\$'000	Investment property HK\$'000
As at 1st January 2015	187,168	40,400
Additions	3,431	-
Disposal	(7)	-
Depreciation (Note 14)	(4,730)	-
Exchange differences	119	-
As at 30th June 2015	<u>185,981</u>	<u>40,400</u>
As at 1st January 2014	178,433	37,700
Additions	3,543	-
Depreciation (Note 14)	(4,407)	-
Exchange differences	4,680	-
As at 30th June 2014	<u>182,249</u>	<u>37,700</u>

The Group's land and buildings and investment property were revalued at 31st December 2014. No valuation was performed during the period as there was no indication of significant changes in the values since previous annual reporting date.

Bank borrowings are secured on land and buildings and investment property with a carrying amount of HK\$200,438,000 (31st December 2014: HK\$200,885,000) (Note 13).

8 Leasehold land

The Group's interests in leasehold land represent prepaid operating lease payments and their net book values are analysed as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Outside Hong Kong, held on: Leases of between 10 to 50 years	<u>8,725</u>	<u>8,895</u>

8 Leasehold land (Continued)

Movements of the lease prepayment for land are as follows:

	Unaudited HK\$'000
As at 1st January 2015	8,895
Exchange differences	(13)
Amortisation (Note 14)	(157)
As at 30th June 2015	8,725
As at 1st January 2014	9,359
Exchange differences	37
Amortisation (Note 14)	(196)
As at 30th June 2014	9,200

Bank borrowings are secured on leasehold land with carrying amounts totalling HK\$1,905,000 (31st December 2014: HK\$2,024,000) (Note 13).

9 Investments in associates

Movements of investments in associates are as follows:

	Unaudited	
	30th June 2015 HK\$'000	30th June 2014 HK\$'000
Beginning of the period	81,482	69,205
Additions	6,823	2,506
Share of post-tax profits of associates	9,551	8,471
Share of other comprehensive (loss)/income of associates	(1,831)	1,309
Dividend received from an associate	(4,538)	(1,862)
End of the period	91,487	79,629

9 Investments in associates (Continued)

The Group's share of the results in associates and their aggregated assets and liabilities are shown below.

	Unaudited 30th June 2015		
	Prima Power Suzhou Co., Ltd. ("Prima") HK\$'000	Mitutoyo Leeport Metrology Corporation ("MLMC") HK\$'000	OPS-Ingersoll Funkenerosion GmbH ("OPS") HK\$'000
Assets	22,793	78,111	77,683
Liabilities	8,306	28,167	54,079
Revenue	7,193	57,976	41,054
Share of (loss)/profit	(1,461)	8,425	2,587
Share of other comprehensive income/(loss)	252	(1,038)	(1,045)
Percentage held	30.00%	49.00%	22.34%

	Unaudited 30th June 2014		
	Prima HK\$'000	MLMC HK\$'000	OPS HK\$'000
Assets	6,639	73,301	87,968
Liabilities	414	25,011	66,306
Revenue	–	54,033	48,087
Share of (loss)/profit	(769)	6,107	3,133
Share of other comprehensive income/(loss)	–	1,580	(271)
Percentage held	19.00%	49.00%	22.34%

10 Trade receivables and bills receivables

At 30th June 2015 and 31st December 2014, the ageing analysis of trade receivables and bills receivables by due date are as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Current	44,718	55,640
1–3 months	43,138	29,831
4–6 months	5,029	9,492
7–12 months	8,818	7,210
Over 12 months	14,270	10,277
	115,973	112,450
Less: provision for impairment of receivables	(6,549)	(6,377)
	109,424	106,073

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

11 Share capital

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000

11 Share capital (Continued)

	Number of shares (in thousand)	Share capital HK\$'000
Issued and fully paid:		
At 1st January 2015	221,934	22,193
Exercise of options	1,740	174
At 30th June 2015	223,674	22,367

Share options

On 17th March 2015, 7,907,000 share options have been offered and granted to directors and certain employees of the Group with an exercise price of HK\$1.026 per share.

The Company used the binomial option pricing model to value the share options granted. The key parameters used in the model were as follows:

Date of grant

17th March 2015

Number of share options granted	7,907,000
Share price at date of grant (HK\$)	1.01
Exercise price (HK\$)	1.026
Expected life of options	2.25 years
Annualised volatility	40.47%
Risk free interest rate	0.63%
Dividend payout rate	3.47%

The share-based payment expenses recognised in the consolidated income statement for these share options granted to directors and employees for the period ended 30th June 2015 is HK\$576,000 (2014: Nil).

12 Trade payables and bills payables

At 30th June 2015 and 31st December 2014, the ageing analysis of the trade payables and bills payables are as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Current	133,793	98,845
1–3 months	2,497	3,089
4–6 months	1,122	1,068
7–12 months	3,264	3,439
Over 12 months	398	829
	141,074	107,270

13 Borrowings

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Current		
Trust receipt loans	16,351	55,032
Short-term bank loans	86,472	87,775
Bank overdrafts	–	1,583
Total borrowings	102,823	144,390

Bank borrowings are secured by the leasehold land (Note 8), property, plant and equipment, investment property (Note 7) and restricted bank deposits of the Group.

13 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	Unaudited HK\$'000
As at 1st January 2015	144,390
Repayments of borrowings	(109,434)
Proceeds from borrowings	69,651
Repayments of bank overdrafts	(1,583)
Exchange differences	(201)
As at 30th June 2015	102,823
As at 1st January 2014	221,935
Repayments of borrowings	(144,531)
Proceeds from borrowings	74,503
Proceeds from bank overdrafts	410
Exchange differences	1,178
As at 30th June 2014	153,495

14 Operating profit/(loss)

The following items have been charged to the operating profit/(loss) during the period:

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	274,821	262,655
Depreciation on property, plant and equipment	4,730	4,407
Amortisation on leasehold land	157	196
Employee benefits expenses (including directors' remuneration)	32,125	37,561
Foreign exchange loss	605	795
Operating lease rentals	1,493	2,023
(Reversal of provision for)/provision for slow moving inventories	(2,020)	1,317
Provision for impairment of trade and bills receivables	203	174
Professional fee	2,377	2,453

15 Income tax expense

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

	Unaudited	
	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong profits tax	829	100
– PRC and overseas taxation	301	7
– Over-provision in previous years	(25)	(238)
Deferred income tax	309	438
	1,414	307

Income tax expense are recognised based on management's best estimate of the projected annual effective income tax rate which is expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

Enterprise income tax ("EIT") in the PRC has been provided at the rate of 25% (2014: 25%) on the estimated assessable profit for the period with certain preferential provisions.

Corporate tax in Singapore has been provided at the rate of 17% (2014: 17%) on the estimated assessable profit for the period.

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

16 Earnings per share

(a) Basic

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

	Unaudited Six months ended 30th June	
	2015	2014
Profit from continuing operations attributable to owners of the Company (HK\$'000)	13,175	2,843
Weighted average number of ordinary shares in issue (in thousands)	222,182	221,934
Basic earnings per share attributable to owners of the Company (HK cents per share)	5.93	1.28

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share options. A calculation was performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

16 Earnings per share (Continued)

(b) Diluted (Continued)

	Unaudited	
	Six months ended 30th June	
	2015	2014
Profit attributable to owners of the Company (HK\$'000)	13,175	2,843
Weighted average number of ordinary shares in issue (in thousands)	222,182	221,934
Adjustments for:		
– Share options (thousands)	1,796	–
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	223,978	221,934
Diluted earnings per share attributable to owners of the Company (HK cents per share)	5.88	1.28

17 Dividends

A dividend of HK\$7,829,000 that relates to the year ended 31st December 2014 was paid in June 2015 (2014: HK\$3,329,000). On 14th August 2015, the Board resolved to declare an interim dividend of HK3.5 cents per shares (2014: Nil), totalling of approximately HK\$7,829,000 (2014: Nil).

18 Contingent liabilities

	Unaudited	Audited
	30th June	31st December
	2015	2014
	HK\$'000	HK\$'000
Letters of guarantee given to customers	23,794	14,557

Certain subsidiaries have given undertakings to banks that they will perform certain contractual non-financial obligations to third parties. In return, the banks have provided letters of guarantee to third parties on behalf of these subsidiaries. As at 30th June 2015, the amount of guarantees outstanding was HK\$23,794,000 (31st December 2014: HK\$14,557,000).

19 Related party transactions

The Group is controlled by Peak Power Technology Limited (incorporated in the British Virgin Islands), which owns 64.62% of the Company's shares. The remaining 35.38% of the shares are widely held.

Other than those as disclosed in other notes to the condensed consolidated interim financial information, the Group has entered into the following significant transactions with a related party during the period:

(a) Key management compensation

Key management includes directors (executive and non-executive), members of Executive Committee and the Company Secretary. The compensation paid or payable to key management for employee service is shown below:

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	4,482	5,326
Pension costs – defined contribution plans	158	166
Share-based compensation	348	–
	4,988	5,492

(b) Sales and purchase of goods and services

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Purchase of goods from associates		
– MLMC	1,470	356
– Prima	7,070	–
	8,540	356
Management fee income from an associate		
– MLMC	716	702
Service income from an associate		
– OPS	187	–

The transaction price was determined by the directors and agreed with the related parties.

19 Related party transactions (Continued)

(c) Period/year-end balance arising from sales of goods/services

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Receivables from an associate – MLMC	–	234
Payables to an associate – MLMC	135	–

(d) Loan to an associate

The balance represents a loan effectively made to OPS. The loan is unsecured, interest bearing at HIBOR plus 4.5% and will not be repaid within twelve months but within five years from the reporting date. During the period, interest received from OPS amounted to HK\$649,000 (2014: HK\$754,000).

As at 30th June 2015, the carrying value of the loan to an associate was HK\$26,858,000 (31st December 2014: HK\$28,281,000). Based on assessment on the recoverability of the balance, management considers no impairment provision is necessary.

On behalf of the Board
LEE Sou Leung, Joseph
Chairman

Hong Kong, 14th August 2015