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IPE GROUP LIMITED

IPE集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

Financial Highlights

1. Revenue increased by 8.9% to HK\$861,716,000 (2007: HK\$791,179,000).
2. Sales of HDD components increased by 12.7% to HK\$600,810,000 (2007: HK\$533,151,000), sales of hydraulic equipment components increased by 0.8% to HK\$167,298,000 (2007: HK\$165,932,000) and sales of automotive components increased by 29.5% to HK\$57,468,000 (2007: HK\$44,365,000).
3. Gross profit increased by 1.1% to HK\$204,871,000 (2007: HK\$202,573,000).
4. Profit for the year decreased by 42.8% to HK\$60,384,000 (2007: HK\$105,481,000).
5. Basic earnings per share decreased by 40.8% to HK8.65 cents (2007: HK14.61 cents).
6. Net asset value per share was HK\$1.35 (2007: HK\$1.33).
7. Addition of fixed assets amounted to HK\$294,695,000 during the year (2007: HK\$148,934,000).
8. Gearing ratio, which is net debt divided by the capital plus net debt, was 41.5% as at 31 December 2008 (2007: 33.9%).
9. The Board does not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: HK2.4 cents per share).

The board of directors (the “Board”) of IPE Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group” or “IPE Group”) for the year ended 31 December 2008, together with the comparative results for the previous year:

Condensed Consolidated Income Statement

		Year ended 31 December	
		2008	2007
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
REVENUE	3&4	861,716	791,179
Cost of sales		<u>(656,845)</u>	<u>(588,606)</u>
Gross profit		204,871	202,573
Other income and gains	4	2,759	25,696
Selling and distribution costs		(24,244)	(18,730)
Administrative expenses		(69,995)	(62,520)
Other expenses		(21,432)	(6,763)
Finance costs	6	<u>(23,319)</u>	<u>(27,423)</u>
PROFIT BEFORE TAX	5	68,640	112,833
Tax	7	<u>(8,256)</u>	<u>(7,352)</u>
PROFIT FOR THE YEAR		<u>60,384</u>	<u>105,481</u>
Attributable to:			
Equity holders of the Company		61,149	105,739
Minority interests		<u>(765)</u>	<u>(258)</u>
		<u>60,384</u>	<u>105,481</u>
DIVIDENDS	8		
Interim dividend		16,824	14,459
Proposed final dividend		<u>–</u>	<u>17,014</u>
		<u>16,824</u>	<u>31,473</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		<u>HK 8.65 cents</u>	<u>HK 14.61 cents</u>
Diluted		<u>N/A</u>	<u>HK 14.47 cents</u>

Condensed Consolidated Balance Sheet

		As at 31 December	
		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,122,805	941,806
Prepaid land lease payments		38,582	37,496
Investment properties		17,000	21,046
Loan to an unlisted equity investment		5,000	2,850
Available-for-sale investment		150	150
Other non-current assets		95	191
Deferred tax assets		1,150	599
		<hr/>	<hr/>
Total non-current assets		1,184,782	1,004,138
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	<i>11</i>	259,220	198,232
Trade receivables	<i>12</i>	165,325	233,704
Derivative financial instruments		–	69
Prepayments, deposits and other receivables		19,698	14,407
Cash and cash equivalents		136,468	235,049
		<hr/>	<hr/>
Total current assets		580,711	681,461
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	68,702	95,576
Other payables and accruals	<i>14</i>	219,805	60,287
Derivative financial instruments		–	292
Tax payable		5,201	6,073
Interest-bearing bank and other borrowings		257,664	364,484
		<hr/>	<hr/>
Total current liabilities		551,372	526,712
		<hr/>	<hr/>
NET CURRENT ASSETS		29,339	154,749
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,214,121	1,158,887
		<hr/>	<hr/>

		As at 31 December	
		2008	2007
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		259,519	202,426
Deferred tax liabilities		2,408	2,171
Other payables and accruals	<i>14</i>	472	–
Derivative financial instruments		6,557	–
		<hr/>	<hr/>
Total non-current liabilities		268,956	204,597
		<hr/>	<hr/>
Net assets		945,165	954,290
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		69,780	71,843
Reserves		874,287	863,666
Proposed final dividend		–	17,014
		<hr/>	<hr/>
		944,067	952,523
Minority interests		1,098	1,767
		<hr/>	<hr/>
Total equity		945,165	954,290
		<hr/>	<hr/>

Condensed Consolidated Cash Flow Statement

	Year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	68,640	112,833
Adjustments for:		
Depreciation	131,311	113,559
Amortisation of other non-current assets	95	95
Recognition of prepaid land lease payments	922	875
Provision against inventory obsolescence/(write-back of provision)	2,124	(4,679)
(Gain)/loss on disposal of items of property, plant and equipment, net	(133)	599
Impairment of items of property, plant and equipment	–	4,744
Fair value losses/(gains) on investment properties	3,000	(4,291)
Fair value losses/(gains), net:		
Derivative financial instruments		
– transactions not qualifying as hedges	6,334	(723)
Equity-settled share option expense	563	2,973
Finance costs	23,319	27,423
Bank interest income	(1,993)	(1,404)
Impairment of goodwill	–	1,950
Impairment of trade receivables	3,938	–
	238,120	253,954
(Increase)/decrease in inventories	(63,112)	2,541
Decrease/(increase) in trade receivables	37,077	(66,711)
Increase in prepayments, deposits and other receivables	(5,281)	(1,376)
Increase in a loan to an unlisted equity investment	(2,150)	(1,500)
Decrease in trade and bills payables	(41,422)	(5,340)
Increase/(decrease) in other payables and accruals	9,094	(11,373)
Cash generated from operations	172,326	170,195
Interest received	1,993	1,404
Interest paid	(20,901)	(22,543)
Interest element of finance lease rental payments	(1,434)	(4,047)
Income taxes paid	(9,350)	(4,856)
Net cash inflow from operating activities	142,634	140,153

	Year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	142,634	140,153
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(142,429)	(189,618)
Proceeds from disposal of items of property, plant and equipment	2,022	2,187
Proceeds from disposal of investment property	1,046	–
Net cash outflow from investing activities	(139,361)	(187,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(29,027)	(4,968)
Share options exercised	8,312	120
New bank loans and other borrowings	402,592	363,555
Repayment of bank loans and other borrowings	(416,691)	(162,198)
Capital element of finance lease rental payments	(29,648)	(30,806)
Dividends paid	(33,838)	(27,472)
Net cash (outflow)/inflow from financing activities	(98,300)	138,231
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	(95,027)	90,953
Cash and cash equivalents at beginning of year	233,950	138,670
Effect of foreign exchange rate changes, net	(2,455)	4,327
CASH AND CASH EQUIVALENTS AT END OF YEAR	136,468	233,950
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	98,439	163,512
Non-pledged time deposits with original maturity of less than three months when acquired	38,029	71,537
	136,468	235,049
Bank overdrafts	–	(1,099)
	136,468	233,950

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 July 2002 under the Companies Law. Its issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 1 November 2004.

The principal place of business is located at 11th Floor, Block E1, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The principal activities of the Group during the year were the manufacture and sale of precision metal components for hard disk drives (“HDD”), hydraulic equipment and automotive parts and components for other applications.

In the opinion of the directors, the holding company and the ultimate holding company of the Group is Tottenham Limited, which was incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of a subsidiary during prior year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combination to the fair value of the identifiable assets acquired, at the date of acquisition. The cost of the acquisition is measured at the fair value of the assets given, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholder not held by the Group in the results and net assets of a subsidiary of the Company.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	HKFRS 2 – <i>Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	HKAS 19 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The adoption of this interpretation has had no impact on the financial position or results of operations of the Group.

(c) **HK(IFRIC)-Int 12 Service Concession Arrangements**

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) **HK(IFRIC)-Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by geographical segment; and (ii) on a secondary segment reporting basis, by business segment.

The Group's operating businesses are structured and managed separately according to geographical locations of the customers. Each of the Group's geographical segments represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of the other geographical segments.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The locations of the geographical segments are as follows:

- (a) Thailand;
- (b) Malaysia;
- (c) Mainland China, Macau and Hong Kong;
- (d) North America;
- (e) Europe; and
- (f) Other countries.

In determining the Group's business segments, revenues and assets are attributed to the segments based on the products they provide.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) **Geographical segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

Year ended	Thailand	Malaysia	Mainland China, Macau and Hong Kong	North America	Europe	Other countries	Eliminations	Total
31 December 2008	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	300,135	217,990	135,867	76,341	95,074	36,309	-	861,716
Intersegment sales	83,272	-	20	-	-	-	(83,292)	-
Other revenue	205	-	561	-	-	-	-	766
Total revenue	<u>383,612</u>	<u>217,990</u>	<u>136,448</u>	<u>76,341</u>	<u>95,074</u>	<u>36,309</u>	<u>(83,292)</u>	<u>862,482</u>
Segment results	30,672	23,018	33,325	8,061	10,039	3,834	(18,983)	89,966
Interest income								1,993
Interest expense								(23,319)
Profit before tax								68,640
Tax								(8,256)
Profit for the year								<u>60,384</u>
Assets and liabilities								
Segment assets	226,904	45,908	1,510,216	20,787	11,369	8,773	(59,478)	1,764,479
Unallocated assets								1,014
Total assets								<u>1,765,493</u>
Segment liabilities	109,841	-	711,592	1,220	3,426	53,512	(59,478)	820,113
Unallocated liabilities								215
Total liabilities								<u>820,328</u>

Year ended			Mainland China, Macau and Hong Kong	North America	Europe	Other countries	Eliminations	Total
31 December 2008	Thailand HK\$'000	Malaysia HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Capital expenditure	<u>23,752</u>	<u>-</u>	<u>270,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,695</u>
Depreciation and amortisation	<u>21,940</u>	<u>-</u>	<u>110,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,328</u>
Changes in fair value of derivative financial instruments:								
Interest rate swap	-	-	6,265	-	-	-	-	6,265
Forward currency contracts	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69</u>
Gain on disposal of items of property, plant and equipment	-	-	(133)	-	-	-	-	(133)
Fair value losses on investment property	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>

Year ended			Mainland China, Macau and Hong Kong	North America	Europe	Other countries	Eliminations	Total
31 December 2007	Thailand HK\$'000	Malaysia HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	320,737	155,285	101,902	68,633	110,600	34,022	–	791,179
Intersegment sales	60,293	–	114	–	–	–	(60,407)	–
Other revenue	1,943	–	22,349	–	–	–	–	24,292
Total revenue	<u>382,973</u>	<u>155,285</u>	<u>124,365</u>	<u>68,633</u>	<u>110,600</u>	<u>34,022</u>	<u>(60,407)</u>	<u>815,471</u>
Segment results	64,840	24,441	30,057	10,802	17,408	5,354	(14,883)	<u>138,019</u>
Interest income								1,404
Interest expense								<u>(26,590)</u>
Profit before tax								112,833
Tax								<u>(7,352)</u>
Profit for the year								<u>105,481</u>
Assets and liabilities								
Segment assets	350,580	48,827	1,276,868	30,586	27,284	32,605	(81,409)	1,685,341
Unallocated assets								<u>258</u>
Total assets								<u>1,685,599</u>
Segment liabilities	135,253	648	89,175	121	8,680	50,161	(81,409)	202,629
Unallocated liabilities								<u>528,680</u>
Total liabilities								<u>731,309</u>

Year ended	Thailand	Malaysia	Mainland China, Macau and Hong Kong	North America	Europe	Other countries	Eliminations	Total
31 December 2007	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Capital expenditure	14,408	-	134,526	-	-	-	-	148,934
Depreciation and amortisation	24,550	-	89,979	-	-	-	-	114,529
Fair value gains on investment properties	-	-	(4,291)	-	-	-	-	(4,291)
Changes in fair value of derivative financial instruments:								
Interest rate swap	-	-	256	-	-	-	-	256
Forward currency contracts	-	-	(979)	-	-	-	-	(979)
Loss on disposal of items of property, plant and equipment	-	-	599	-	-	-	-	599
Impairment of items of property, plant and equipment	-	-	4,744	-	-	-	-	4,744
Impairment of goodwill	-	-	1,950	-	-	-	-	1,950

(b) Business segments

The following tables present revenue and certain asset and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Year ended	HDD	Hydraulic	Automotive	Others	Eliminations	Total
31 December 2008	components	equipment	components			
	HK\$'000	components	components	HK\$'000	HK\$'000	HK\$'000
		HK\$'000	HK\$'000			
Segment revenue:						
Sales to external customers	<u>600,810</u>	<u>167,298</u>	<u>57,468</u>	<u>36,140</u>	<u>-</u>	<u>861,716</u>
Other segment information:						
Segment assets	466,574	162,803	56,113	65,459	-	750,949
Unallocated assets						<u>1,014,544</u>
Total assets						<u>1,765,493</u>
Capital expenditure	-	-	-	-	-	-
Corporate and other unallocated amounts						<u>294,695</u>
Total capital expenditure						<u>294,695</u>
Year ended	HDD	Hydraulic	Automotive	Others	Eliminations	Total
31 December 2007	components	equipment	components			
	HK\$'000	components	components	HK\$'000	HK\$'000	HK\$'000
		HK\$'000	HK\$'000			
Segment revenue:						
Sales to external customers	<u>533,151</u>	<u>165,932</u>	<u>44,365</u>	<u>47,731</u>	<u>-</u>	<u>791,179</u>
Other segment information:						
Segment assets	468,290	135,824	50,366	73,198	-	727,678
Unallocated assets						<u>957,921</u>
Total assets						<u>1,685,599</u>
Capital expenditure	-	-	-	-	-	-
Corporate and other unallocated amounts						<u>148,934</u>
Total capital expenditure						<u>148,934</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Year ended 31 December	
	2008 HK\$'000	2007 HK\$'000
Revenue		
Sale of goods and materials	<u>861,716</u>	<u>791,179</u>
Other income		
Bank interest income	1,993	1,404
Others	<u>633</u>	<u>1,327</u>
	<u>2,626</u>	<u>2,731</u>
Gains		
Foreign exchange gains, net	–	17,695
Fair value gains:		
Derivative financial instruments		
– transactions not qualifying as hedges:		
Forward currency contracts	–	979
Fair value gains on investment properties, net	–	4,291
Gain on disposal of items of property, plant and equipment	<u>133</u>	<u>–</u>
	<u>133</u>	<u>22,965</u>
	<u>2,759</u>	<u>25,696</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Cost of inventories sold	656,845	588,606
Depreciation	131,311	113,559
Recognition of prepaid land lease payments	922	875
Equity-settled share option expense	563	2,973
Auditors' remuneration	2,067	1,962
Employee benefits expense (excluding directors' remuneration):		
Wages and salaries	100,229	80,286
Equity-settled share option expense	–	1,789
Pension scheme contributions	2,505	1,978
	102,734	84,053
Impairment of goodwill	–	1,950
Minimum lease payments under operating leases:		
Land and buildings	1,084	527
Equipment	39	59
	1,123	586
Foreign exchange losses/(gains) net	5,120	(17,695)
Research and development costs	12,638	11,133
Change in fair value of investment properties	3,000	(4,291)
Fair value losses/(gains), net:		
Derivative financial instruments – transactions not qualifying as hedges:		
Interest rate swap	6,265	256
Forward currency contracts	69	(979)
	6,334	(723)
(Gain)/loss on disposal of items of property, plant and equipment	(133)	599
Impairment of items of property, plant and equipment	–	4,744
Impairment of trade receivables	3,938	–
Provision against inventory obsolescence/ (write-back of inventory provision)	2,124	(4,679)

6. FINANCE COSTS

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	20,879	22,502
Interest on finance leases	1,434	4,047
Financial arrangement fees	984	833
Other interest expense	22	41
	<u>23,319</u>	<u>27,423</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong Charge for the year	–	2,100
Current – Elsewhere Charge for the year	8,479	4,525
Deferred	(223)	727
Total tax charge for the year	<u>8,256</u>	<u>7,352</u>

8. DIVIDENDS

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend – HK2.4 cents (2007: HK2.0 cents) per ordinary share	16,824	14,459
Proposed final dividend – Nil (2007: HK2.4 cents per ordinary share)	–	17,014
	<u>16,824</u>	<u>31,473</u>

The Board does not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: HK2.4 cents per share).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

A diluted earnings per share for the year ended 31 December 2008 has not been disclosed as the share options outstanding during the year has an anti-dilutive effect on the basic earnings per share for the year.

The calculation of diluted earnings per share for the year ended 31 December 2007 was based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation was the ordinary shares in issue during that year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	<u>61,149</u>	<u>105,739</u>
	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	707,148,750	723,807,083
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>–</u>	<u>7,056,475</u>
	<u>707,148,750</u>	<u>730,863,558</u>

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:							
At 1 January 2008	276,579	5,240	957,608	25,743	15,787	44,081	1,325,038
Additions	5,021	29	21,577	4,397	2,327	261,344	294,695
Transfer in/(out)	10,025	1,125	133,770	3,374	3,228	(151,522)	–
Disposals	–	–	(11,427)	(357)	(1,516)	–	(13,300)
Exchange realignment	6,109	–	5,111	451	185	2,225	14,081
At 31 December 2008	<u>297,734</u>	<u>6,394</u>	<u>1,106,639</u>	<u>33,608</u>	<u>20,011</u>	<u>156,128</u>	<u>1,620,514</u>
Accumulated depreciation and impairment:							
At 1 January 2008	(38,687)	(3,892)	(320,502)	(9,597)	(10,554)	–	(383,232)
Depreciation provided during the year	(18,541)	(606)	(103,819)	(6,070)	(2,275)	–	(131,311)
Disposals-depreciation	–	–	9,746	321	1,344	–	11,411
Exchange realignment	(116)	–	5,530	94	(85)	–	5,423
At 31 December 2008	<u>(57,344)</u>	<u>(4,498)</u>	<u>(409,045)</u>	<u>(15,252)</u>	<u>(11,570)</u>	<u>–</u>	<u>(497,709)</u>
At 31 December 2008:							
Cost	297,734	6,394	1,106,639	33,608	20,011	156,128	1,620,514
Accumulated depreciation	<u>(57,344)</u>	<u>(4,498)</u>	<u>(409,045)</u>	<u>(15,252)</u>	<u>(11,570)</u>	<u>–</u>	<u>(497,709)</u>
Net carrying amount	<u>240,390</u>	<u>1,896</u>	<u>697,594</u>	<u>18,356</u>	<u>8,441</u>	<u>156,128</u>	<u>1,122,805</u>

Group	Freehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost:							
At 1 January 2007	228,518	5,240	765,479	15,765	13,990	55,191	1,084,183
Additions	876	–	18,277	1,434	320	128,027	148,934
Transfer in/(out)	26,733	–	107,559	7,558	982	(142,832)	–
Disposals	(729)	–	(11,537)	(437)	(239)	(21)	(12,963)
Exchange realignment	21,181	–	77,830	1,423	734	3,716	104,884
At 31 December 2007	<u>276,579</u>	<u>5,240</u>	<u>957,608</u>	<u>25,743</u>	<u>15,787</u>	<u>44,081</u>	<u>1,325,038</u>
Accumulated depreciation and impairment:							
At 1 January 2007	(19,698)	(3,532)	(210,231)	(5,525)	(8,771)	–	(247,757)
Depreciation provided during the year	(17,000)	(360)	(90,553)	(3,935)	(1,711)	–	(113,559)
Impairment	–	–	(4,744)	–	–	–	(4,744)
Disposals-depreciation	72	–	4,791	392	178	–	5,433
Disposals-impairment	–	–	4,744	–	–	–	4,744
Exchange realignment	(2,061)	–	(24,509)	(529)	(250)	–	(27,349)
At 31 December 2007	<u>(38,687)</u>	<u>(3,892)</u>	<u>(320,502)</u>	<u>(9,597)</u>	<u>(10,554)</u>	<u>–</u>	<u>(383,232)</u>
At 31 December 2007:							
Cost	276,579	5,240	957,608	25,743	15,787	44,081	1,325,038
Accumulated depreciation	<u>(38,687)</u>	<u>(3,892)</u>	<u>(320,502)</u>	<u>(9,597)</u>	<u>(10,554)</u>	<u>–</u>	<u>(383,232)</u>
Net carrying amount	<u>237,892</u>	<u>1,348</u>	<u>637,106</u>	<u>16,146</u>	<u>5,233</u>	<u>44,081</u>	<u>941,806</u>

The freehold land amounting to Thai Baht19,201,000 (equivalent to HK\$4,282,000) included in freehold land and buildings is situated in Thailand (2007: Thai Baht19,201,000 (equivalent to HK\$5,007,000)).

11. INVENTORIES

	As at 31 December	
	2008 HK\$'000	2007 HK\$'000
Raw materials	114,548	81,078
Consumables	43,461	42,414
Work in progress	49,982	46,915
Finished goods	58,365	32,837
	<u>266,356</u>	<u>203,244</u>
Less: Provision against inventory obsolescence	<u>(7,136)</u>	<u>(5,012)</u>
	<u>259,220</u>	<u>198,232</u>

12. TRADE RECEIVABLES

	As at 31 December	
	2008 HK\$'000	2007 HK\$'000
Trade receivables	169,263	233,704
Impairment	(3,938)	–
	<u>165,325</u>	<u>233,704</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payments in advance are normally required. The credit period generally ranges from 30 to 120 days, but longer credit terms will be granted to certain major customers with the approval of the directors. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	As at 31 December	
	2008 HK\$'000	2007 HK\$'000
Within 1 month	31,409	91,976
1 to 2 months	49,888	73,224
2 to 3 months	59,569	47,744
3 to 4 months	20,889	13,715
4 to 12 months	6,420	6,221
Over 12 months	1,088	824
	<u>169,263</u>	<u>233,704</u>

The movements in provision for impairment of trade receivables are as follows:

	As at 31 December	
	2008 HK\$'000	2007 HK\$'000
At 1 January	–	–
Impairment losses recognised (note 5)	3,938	–
	<u>3,938</u>	<u>–</u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$3,938,000 (2007: nil) with a carrying amount of HK\$3,938,000 (2007: nil). The individually impaired trade receivables relate to customers that were in dispute and only a portion of the receivables is expected to be recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	As at 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	81,297	165,200
Less than 90 days past due	80,458	61,459
90 to 180 days past due	3,562	6,221
Over 180 days past due	8	824
	<u>165,325</u>	<u>233,704</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	As at 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	12,584	41,774
1 to 2 months	20,485	28,189
2 to 3 months	17,480	11,667
3 to 4 months	11,721	8,922
4 to 12 months	6,418	4,924
Over 1 year	14	100
	<u>68,702</u>	<u>95,576</u>

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

14. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2008	2007
	HK\$'000	HK\$'000
Other payables (<i>Note</i>)	212,424	55,032
Accruals	7,853	5,255
	<u>220,277</u>	<u>60,287</u>
Portion classified as non-current:		
Other payable (<i>Note</i>)	(472)	–
	<u>219,805</u>	<u>60,287</u>

Note: Other payables include an amount of HK\$747,000 which represents payable for the water pipeline construction project of Integrated Precision Engineering (Thailand) Company Limited in Thailand. This amount is unsecured, interest-free and repayable within three years. Of this amount HK\$275,000 is repayable within one year, the remaining HK\$472,000 is repayable in the second to third years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2008 was a challenging and difficult year for almost every sector of the global economy. With the financial crisis sparked by the sub-prime mortgage problem in the US spreading very rapidly across the world, most business sectors have been hit hard, particularly manufacturing industries and of course IPE Group could not be unaffected.

For IPE Group, the year started well and in the first half of 2008 both our turnover and profits recorded satisfactory growth. But in the latter part of 2008, our business slowed down notably and turnover dropped compared to the corresponding period of 2007. However, we did manage to record a profit for the period, albeit much reduced compared to the second half of 2007. The profit attributable to equity holders of the Company for the full year decreased to approximately HK\$61,149,000, representing a drop of 42.2% as compared with 2007.

Turnover increased by 8.9% to HK\$861,716,000 during the year. Each of our three main business segments, HDD components, hydraulic equipment components, and automotive components, recorded an increase in sales during 2008, notwithstanding the substantial drop in orders in the latter part of the year as the global financial crisis deepened and economic growth slowed down or actually reversed in those countries which slipped into recession.

The Group's revenue by business segment is as follows:

	2008		2007		YoY
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>%</i>
HDD components	600,810	70%	533,151	67%	+13%
Hydraulic equipment components	167,298	19%	165,932	21%	+1%
Automotive components	57,468	7%	44,365	6%	+30%
Others	36,140	4%	47,731	6%	-24%
	<u>861,716</u>	100%	<u>791,179</u>	100%	+9%

The growing use, both at the workplace and at home, of more powerful computers which have become more and more affordable together with the greater availability of fast internet connections have resulted in strong demand for data storage capacity as computer users download music, videos, online games and other data. A hard disk is the most cost efficient medium of storage and demand for HDDs was strong in 2008. As a market leader in the supply of certain HDD components, IPE Group benefited from the growth in demand. Growth in the sales of HDD components was strong in the first half of 2008. However, the demand for HDD components dropped in the second half year due to the impact of the financial crisis, with the drop being particularly sharp in the fourth quarter. For the year as a whole, sales of HDD components rose by 12.7% from HK\$533,151,000 in 2007 to HK\$600,810,000.

In the hydraulic equipment components market, many customers in US and Europe have chosen to outsource the manufacture of components to manufacturers in low cost countries and conduct final assembly only in the home country. Benefiting from this outsourcing trend, IPE Group gained new customers and with increased orders from existing customers, sales of our hydraulic equipment components business in the first half year rose by 19.9% compared to the first half of 2007. Nevertheless, due to the drop in sales in the second half year under the impact of the financial crisis, sales for the full year increased by only 0.8% when compared to 2007.

The impact of the financial crisis meant that the growth of sales of automotive components, which was 116.7% at the first half year stage, was restricted to only 29.5% for the year as a whole with sales rising to HK\$57,468,000 from HK\$44,365,000 in 2007.

PROSPECTS

Looking ahead, the severity of the financial crisis means that the global economy will take some time to recover. A considerable period of time may be needed for a full recovery.

All our customers have been affected by a sharp drop in demand. In response, they have become very cautious in their ordering, preferring to run down their existing inventories. As a result, the business environment continues to be difficult and the Group expects the result may not be satisfactory in the first half of 2009.

Recently, the downward trend in orders received by the Group has reversed. Initially, this pick-up in orders simply represented the receipt of orders from our customers to replenish those parts of their inventories that have been run down. However, we now see the improvement as possibly the start of a gradual recovery which we believe can be sustained.

Governments in a number of countries have introduced various measures to stimulate their economies and in some countries there is already evidence of improvement in certain economic data. It may therefore be reasonable to expect that the operating environment for the Group will improve as economic stimulus policies take effect.

To cope with the financial crisis, the Group will reinforce its cash flow management strategy of maintaining adequate liquidity. While we are confident that the current pick-up in sales will continue, we do not expect that sales will quickly return to pre-crisis levels. The Group will also further streamline its production processes and tighten cost control to safeguard its competitive edge so as to benefit from a recovery in demand. In addition, to strengthen its competitive position, the Group is continuing to develop further its sub-assembly capability where we do not simply manufacture discrete components but we also assemble such components to form higher value added sub-assemblies, thus providing a “one-stop” service in supplying quality precision metal parts to customers.

Having said that, the Group is optimistic about its long term prospects, particularly as the current difficult trading environment weed out weak competitors, some of whom have already ceased operations or are likely to do so.

FINANCIAL REVIEW

With the prices of raw materials rising persistently high until the latter part of the year, and with other cost pressures including rising labour cost, the gross profit margin of the Group was under notable pressure. The Group uses metals such as stainless steel bars, copper and brass bars, alloy steel bars and aluminum ingots as major materials in manufacturing. In 2008, climbing high prices of metal costs pushed up direct material costs of the Group. Fortunately, the Group was at times able to pass on some of its higher cost to customers. In addition, the Group was able to improve production efficiency and benefited from economies of scale in the first half year when the volume of sales was growing. Gross profit of the Group for the year was HK\$204,871,000, representing an increase of HK\$2,298,000 or of 1.1% when compared to HK\$202,573,000 in 2007. The gross profit margin slightly decreased from 25.6% in 2007 to 23.8% in 2008.

Other income of the Group recorded a decrease of HK\$22,937,000 in 2008 when compared to 2007. In 2007, other income of the Group mainly comprised foreign exchange gains on settlement of Japanese Yen and Thai Baht, fair value gains on investment properties and interest income from bank deposits. In 2008, owing to continuous appreciation of Japanese Yen in the second half year, the Group recorded an exchange loss of HK\$5,120,000 while in 2007 the Group recorded an exchange gain of HK\$17,695,000. Furthermore, with the decline of the property market in 2008, the Group's investment property recorded a fair value loss of HK\$3,000,000 as compared to a gain of HK\$4,291,000 in 2007.

In 2008, selling and distribution costs amounted to HK\$24,244,000 and the percentage to turnover was 2.8%, a minimal increase when compared to the percentage to turnover of 2.4% in 2007.

Major administrative expenses included directors' remuneration, staff salaries and benefits, general depreciation and general overhead costs. During the year, administrative expenses amounted to HK\$69,995,000, an increase of 12.0% from HK\$62,520,000 in 2007. This was mainly due to the increase in staff costs and miscellaneous administrative costs to support the development of the Group's business.

Finance costs decreased by 15.0% to approximately HK\$23,319,000 during the year. The decrease was due to the decline in interest rates and a reduction in interest-bearing bank loans and other borrowings.

The profit attributable to equity holders of the Company for the year ended 31 December 2008 amounted to approximately HK\$61,149,000, representing a decrease of 42.2% when compared to that of the previous year (2007: HK\$105,739,000). The net profit margin of the Group decreased to 7.0% in 2008 as compared to 13.3% in 2007. The decrease in profitability was mainly due to the increase in staff costs and appreciation of Japanese Yen against US dollar and Hong Kong dollar during the year.

Basic earnings per share for the year under review came to HK8.65 cents, representing a decrease of 40.8% when compared to HK14.61 cents in 2007.

Details of Charges on the Group's Assets

As at 31 December 2008, the Group had total borrowings of approximately HK\$517,183,000 (2007: HK\$566,910,000) secured by corporate guarantee made by the Group, and net borrowings (total borrowings less cash and bank balances) were HK\$380,715,000 (2007: HK\$331,861,000). The Group had no charge on any of its assets for its banking facilities as at 31 December 2008.

Currency Exposure and Management

The Group is exposed to fluctuations in foreign exchange rates. Since most of the Group's revenue is denominated in US dollars, whereas most of the Group's expenses, such as costs of major raw materials and machineries and production expenses, are denominated in Japanese Yen, Renminbi, Thai Baht and Hong Kong dollars, fluctuations in exchange rates can materially affect the Group; in particular, an appreciation in value of Japanese Yen will adversely affect the Group's profitability. Accordingly, the Group has entered into forward exchange contracts to reduce potential exposure to currency fluctuations.

Liquidity, Financial Resources and Financial Ratios

The Group generally finances its operations with internally generated cash flow as well as bank facilities provided by its bankers.

In June 2008, the Group successfully entered into a loan facility agreement with Standard Chartered Bank (Hong Kong) Limited as coordinating arranger in the sum of HK\$225,000,000 made available to the Group for a term of four years. This facility has substantially enhanced the Group's cash flow liquidity.

As at 31 December 2008, cash per share was HK\$0.20 (2007: HK\$0.33) and net asset value per share was HK\$1.35 (2007: HK\$1.33), based on the 697,795,000 ordinary shares in issue (2007: 718,425,000).

During the year under review, the Group recorded a net cash inflow from operating activities of HK\$142,634,000 (2007: HK\$140,153,000). Due to the expansion of production capacity, the Group paid HK\$142,429,000 for new machineries and equipment during the year (2007: HK\$189,618,000) and a net cash outflow from investing activities of HK\$139,361,000 (2007: HK\$187,431,000) was recorded. Due to repayment of bank loans, payment of dividends and repurchase of shares, a net cash outflow from financing activities of HK\$98,300,000 was recorded after taking account of new bank loans. As at 31 December 2008, the Group had cash and cash equivalents of HK\$136,468,000 (2007: HK\$235,049,000).

As at 31 December 2008, total bank borrowings of the Group amounted to approximately HK\$517,183,000 (2007: HK\$566,910,000), representing a decrease of 8.8% as compared to that of 2007. The gearing ratio defined as net debt (represented by total bank borrowings minus cash and bank balances) divided by shareholders' equity was 40.3% as at 31 December 2008 when compared to 34.8% as at 31 December 2007.

Human Resources

Responding to the challenging business environment, the Group streamlined its structure during the year. The Company, together with its subsidiaries, had 3,192 employees as at 31 December 2008, a decrease of 20.2% when compared to 3,998 employees as at 31 December 2007.

The Group has a share option scheme in place for selected participants as incentive and reward for their contribution to the Group. A mandatory provident fund scheme and respective local retirement benefit schemes are also offered to employees.

The Group encourages employees to seek training to sharpen their work skills and for personal development. The Group also provides workshops for staff at different levels to enhance their knowledge on work safety and to build team spirit among them. Staff are rewarded based on performance of the Group as well as individual performance and contribution.

SUPPLEMENTARY INFORMATION

Purchase, redemption or sale of listed securities of the Company

The Company repurchased a total of 31,285,000 shares on the Stock Exchange during the year ended 31 December 2008. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarized as follows:

Month of repurchases	Total number of shares repurchased	Repurchase price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
January 2008	3,380,000	1.03	0.85	3,096
February 2008	3,465,000	0.99	0.88	3,191
March 2008	2,750,000	0.94	0.86	2,490
April 2008	180,000	0.93	0.90	164
May 2008	2,055,000	1.07	0.93	2,109
June 2008	2,265,000	1.08	1.00	2,342
July 2008	2,215,000	1.05	1.00	2,292
August 2008	555,000	0.97	0.93	527
September 2008	8,740,000	1.04	0.88	8,364
October 2008	5,680,000	0.94	0.30	4,452
	<u>31,285,000</u>			<u>29,027</u>

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: HK2.4 cents per share).

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1.

Currently, Mr. Chui Siu On assumes the roles of both Chairman and Chief Executive Officer of the Company. As one of the founders of the Group, he has extensive experience in the design and manufacture of automation equipment, precision mechanical components and machinery parts. The Board believes that by holding both roles Mr. Chui will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group.

Audit Committee

The Audit Committee of the Company, comprising the three independent non-executive directors, namely Dr. Cheng Ngok (Chairman of the Audit Committee), Mr. Choi Hon Ting, Derek and Mr. Wu Karl Kwok, has reviewed with senior management of the Group and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting processes including the review of the Company's consolidated financial statements for the year ended 31 December 2008.

Publication on the Stock Exchanges's Website

The results announcement will be published on the Company's website (www.ipegroup.com) and the Stock Exchange's website (www.hkexnews.hk). The 2008 Annual Report will be despatched to shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

Board of Directors

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. Chui Siu On
Mr. Ho Yu Hoi
Mr. Lai Man Kit
Mr. Li Chi Hang
Mr. Wong Kwok Keung

Non-Executive Directors:

Mr. Ng Kin Nam
Mr. Wan Tak Wing, Gary
Dr. Cheng Ngok*
Mr. Choi Hon Ting, Derek*
Mr. Wu Karl Kwok*

* *Independent Non-Executive Directors*

By order of the Board
Chui Siu On
Chairman
IPE Group Limited

Hong Kong, 17 April 2009