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IPE GROUP LIMITED

國際精密集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF MACHINERIES

On 8 September 2010, the Contracts were entered into by the Group with the KEL Group for the purchase of various new machineries comprising CNC precision automatic lathes and their related accessories at a total consideration of approximately HK\$71.7 million.

As all the relevant percentage ratios (as defined in the Listing Rules) for the total consideration under the Contracts exceed 5% but, even when aggregated with the contracts entered into with the KEL Group in the past 12 months, are less than 25%, the entering into of the Contracts constitutes a discloseable transaction on the part of the Company under the Listing Rules.

THE CONTRACTS

On 8 September 2010, the Contracts were entered into by the Group with the KEL Group for the purchase of various new machineries comprising CNC precision automatic lathes and their related accessories at a total consideration of approximately HK\$71.7 million. The new machineries under the Contracts are expected to be delivered to the Group by November 2010.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, KEL, the KEL Group and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

All contract sums payable under the Contracts shall be settled by cash on open account basis and will be financed by the Group's internal resources.

* *for identification purposes only*

REASONS FOR THE ACQUISITION OF MACHINERIES

The Group is principally engaged in the manufacture and sale of precision metal components used in a variety of applications. Precision metal components manufactured by the Group include certain precision metal components used in hard disk drives (HDD), in hydraulic control devices, in the automotive industry and in other applications.

As mentioned in the interim report of the Company for 2010, the Group has experienced a strong recovery in orders for HDD, hydraulic equipment and automotive components. In order to meet the expected growth in orders, the Group has continually been ordering more new machineries to increase the capacity of its production facilities.

The Group has been purchasing various machineries from the KEL Group in the past for use in its production process. The Group has also been purchasing its core machineries from the KEL Group in the past for the reasons of stability and reliability. KEL has been the exclusive dealer for certain well known Japanese brand CNC automatic lathes such as “Miyano” and “Tugami” which are commonly used by the Group in its production and the Group has good business relationship with the KEL Group for more than 17 years.

The terms of the Contracts (including but not limited to the consideration payable by the Group) for the purchase of machineries were determined on normal commercial terms through arm’s length negotiation with the KEL Group by reference to the market prices of comparable machineries. The Directors consider the terms of the Contracts are fair and reasonable and the Contracts are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As all the relevant percentage ratios (as defined in the Listing Rules) for the total consideration under the Contracts exceed 5% but, even when aggregated with the contracts entered into with the KEL Group in the past 12 months, are less than 25%, the entering into of the Contracts constitutes a discloseable transaction on the part of the Company under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“CNC”	acronym for computer numerical control, a technology in machining featuring built-in computer aided design/computer aided manufacturing software program for precision manufacturing process
“Company”	IPE Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules

“Contracts”	four legally binding purchasing orders and contracts with the KEL Group all dated 8 September 2010 for the acquisition of machineries
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“KEL”	Kowloon Engineering Limited, a company incorporated in Hong Kong principally engaged in the trading of industrial machineries
“KEL Group”	九龍機械(廣州)有限公司 (Kowloon Engineering (Guangzhou) Co., Ltd.#) and 東莞忠輝機械有限公司 (Dongguan Zhong Fei Engineering Co., Ltd.#), both of them are group companies of KEL and are principally engaged in the trading of industrial machineries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

The English name is not an official name and is provided for reference only

By order of the board of directors of
IPE Group Limited
Chui Siu On
Chairman

Hong Kong, 8 September 2010

As at the date of this announcement, the board of directors of the Company comprises 7 executive Directors, namely Mr. Chui Siu On (Chairman), Mr. Ho Yu Hoi, Mr. Lai Man Kit, Mr. Li Chi Hang, Mr. Wong Kwok Keung, Mr. Lau Siu Chung and Mr. Yuen Chi Ho; and 3 independent non-executive Directors, namely Dr. Cheng Ngok, Mr. Choi Hon Ting, Derek and Mr. Wu Karl Kwok.