



Company Profile

IPE Group is principally engaged in the manufacture and sale of high precision metal components, including HDD components, hydraulic products and automotive parts. The Group has strong presence in the international marketplace with customers spanning across North America, Europe, Thailand, Malaysia, Hong Kong and the PRC.

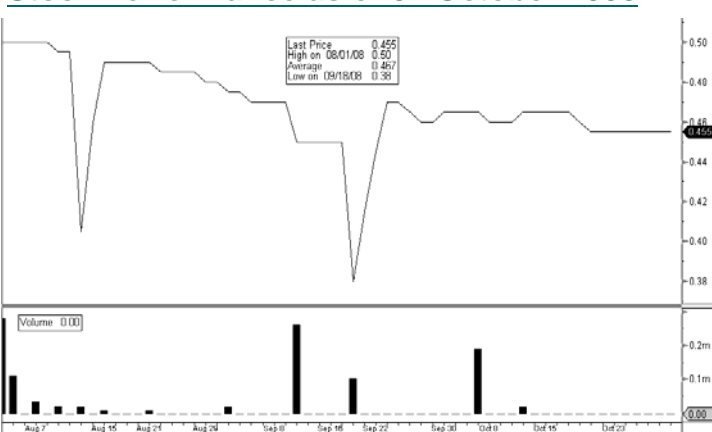
The Company is headquartered in Hong Kong and has 3 highly efficient production plants in

- Dongguan, China
- Zengcheng, Guangzhou City, China
- Ayutthaya, Thailand

Financial Performance

Year Ended 31 Dec (HK\$ million)	1H2008	1H2007	Change
Turnover	470.5	360.4	+30.5%
Gross profit	125.2	96.9	+29.2%
Gross profit margin	26.6%	26.9%	-0.3pt
Net profit	56.6	50.5	+12.1%
Net profit margin	12.0%	14.0%	-2.0pt
Basic EPS (HK cents)	8.0	7.0	+14.3%
Dividend per share (HK cents)	2.0	2.0	- %

Stock Performance as of 31 October 2008



Products



HDD Components – Pivot shafts, pivot housings, spindle motor shafts, spindle motor housing components used in the assembly of pivot cartridges and spindle motors of a hard disk drives. In particular, pivot shafts and pivot housings have been the mainstay of the Group's products over the years and IPE Group has successfully established itself as a leading manufacturer of the products in the industry with a worldwide market share of approximately 20%.



Hydraulic Components – The Group manufactures a variety of hydraulic precision components on an OEM basis for global hydraulic device and equipment manufacturers in Europe and the US. Our customers are mainly specialists in the manufacture of hydraulic pumps, motors, valves, gear boxes, mobile electronics and accessories. Industrial hydraulic components are widely applicable in the following industries: Plastic machinery, Automatic handling equipment, Aerospace equipment and Dams and bridges.



Automotive Components – The Group is awarded with QS9000 quality and safety accreditation and has achieved TS16949 certification. It has also been qualified by several major multi-national auto parts makers as a certified vendor. IPE is supplying high-value components of fuel-injection systems, braking systems, steering systems, airbag systems and electric motor assemblies.



Others – The Group also manufactures a wide array of precision metal components in accordance with customer specifications. Such precision metal components are generally applied to electronic devices and general industrial goods such as facsimile machines and photocopying machines.





Competitive advantages

Global Player – Leading manufacturer of HDD pivot components which commands approximately 20% of global market share. Its high production efficiency and relatively low cost production have fostered considerable economies of scale and reinforced the Group's position in the market while maintaining healthy profit margins.



High Barriers to Entry – The scale of production, hefty capital investment and high sub-micron requirements create barriers for new entrants to the industry. It is complicated and costly for suppliers to become qualified by large multinational customers, which are often reluctant to switch new suppliers once the qualification and relationship have been established.



Advanced Facilities – The Group owns approximately 1,000 units of CNC precision automatic lathe and has a total work force of approximately 4,536 as at 30 June 2008 in China and Thailand. Equipped with full-range of production and assembling machinery, we have capability and product know-how to further develop OEM and ODM assembled parts for its customers.



Stringent Quality Control – Stringent quality control policies and high precision control and testing equipment facilitate the production of components with sub-micron tolerance.

Strategy

Product Range Diversification – To broaden our product mix and to develop new components projects and fully-assembled parts projects in cooperation with global customers

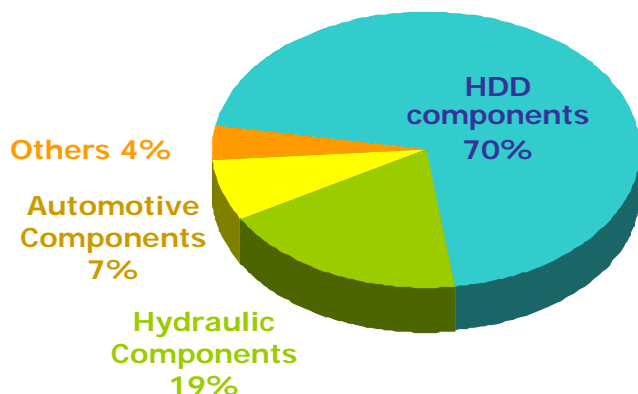
Market Expansion – To further penetrate into automotive components market and hydraulic components market through continuous research and product development while maintain market share in HDD pivot components

Improvement in Production Capacity and Capability – To invest in new machinery and equipment to expand production capacity, as well as maximize the use of production space in existing plants, optimizing the productivity and production efficiency

Balance Sheet Highlights

Year Ended 31 Dec (HK\$ million)	1H2008	FY2007	FY2006
Non-current asset	1,124.0	1,004.1	891.6
Current assets	786.1	681.5	514.8
Current liabilities	557.0	526.7	377.8
Net current assets	229.1	154.8	137.0
Total assets	1,910.1	1,685.6	1,406.4
Total liabilities	884.4	731.3	599.2
Net assets	1,025.7	954.3	807.2

Turnover by Products as at 1H2008



Management Team

Executive Directors:

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Ho Yu Hoi

Li Chi Hang

Lai Man Kit

Wong Kwok Keung

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