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 2007

Financial Highlights

1. Revenue increased by approximately 36.0% to HK$791,179,000 (2006: HK$581,642,000).

2. Sales of hydraulic components increased by 82.0% to HK$165,932,000 (2006: HK$91,151,000) and sales of automotive components increased by 294.3% to HK$44,365,000 (2006: HK$11,252,000).

3. Profit for the year grew by approximately 24.4% to HK$105,481,000 (2006: HK$84,758,000).

4. Basic earnings per share increased by approximately 17.8% to HK14.61 cents (2006: HK12.40 cents).

5. Final dividend of HK2.4 cents per share proposed (2006: HK1.8 cents) and payable on or about 30 May 2008.

6. Addition of fixed assets amounted to HK$148,934,000 during the year (2006: HK$218,573,000).

7. Consolidated net asset value increased by approximately 18.2% to HK$954,290,000 from HK$807,183,000 in 2006.

8. Gearing ratio, which is net debt divided by the capital plus net debt, was 33.9% as at 31 December 2007 (2006: 36.0%).

9. Strong increase of net cash from operating activities by approximately 91.1% to HK$140,153,000 (2006: HK$73,347,000).

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 2007, together with the comparative results for the previous year:

Condensed Consolidated Income Statement

		Year ended 31 December	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**791,179**	581,642
Cost of sales		**(588,606)**	(411,427)
Gross profit		**202,573**	170,215
Other income and gains	*4*	**25,696**	21,354
Selling and distribution costs		**(18,730)**	(16,742)
Administrative expenses		**(62,520)**	(53,257)
Other expenses		**(6,763)**	(8,924)
Finance costs	*6*	**(27,423)**	(23,497)
PROFIT BEFORE TAX	*5*	**112,833**	89,149
Tax	*8*	**(7,352)**	(4,391)
PROFIT FOR THE YEAR		**105,481**	84,758
Attributable to:			
Equity holders of the Company	*9*	**105,739**	84,758
Minority interests		**(258)**	–
		105,481	84,758
DIVIDENDS	*10*		
Interim dividend		**14,459**	10,857
Final dividend paid in respect of the previous year		**–**	2,161
Proposed final dividend		**17,014**	13,013
		31,473	26,031
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*11*		
Basic		**14.61 cents**	12.40 cents
Diluted		**14.47 cents**	12.11 cents

Condensed Consolidated Balance Sheet

		As at 31 December	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**941,806**	836,426
Prepaid land lease payments		**37,496**	35,681
Investment properties		**21,046**	16,755
Loan to an unlisted equity investment		**2,850**	1,350
Available-for-sale investment		**150**	150
Other non-current assets		**191**	286
Deferred tax assets		**599**	975
Total non-current assets		**1,004,138**	891,623
CURRENT ASSETS			
Inventories	*13*	**198,232**	196,094
Trade receivables	*14*	**233,704**	166,993
Derivative financial instruments		**69**	–
Prepayments, deposits and other receivables		**14,407**	12,970
Cash and cash equivalents		**235,049**	138,703
Total current assets		**681,461**	514,760
CURRENT LIABILITIES			
Trade and bills payables	*15*	**95,576**	97,382
Other payables and accruals	*16*	**60,287**	109,039
Derivative financial instruments		**292**	946
Tax payable		**6,073**	4,304
Interest-bearing bank and other borrowings		**364,484**	166,121
Total current liabilities		**526,712**	377,792
NET CURRENT ASSETS		**154,749**	136,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,158,887**	1,028,591

	As at 31 December	
	2007	2006
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**202,426**	219,664
Deferred tax liabilities	**2,171**	1,744
Total non-current liabilities	**204,597**	221,408
Net assets	**954,290**	807,183
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**71,843**	72,296
Reserves	**863,666**	721,874
Proposed final dividend	**17,014**	13,013
	952,523	807,183
Minority interests	**1,767**	–
Total equity	**954,290**	807,183

Condensed Consolidated Cash Flow Statement

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
NET CASH FROM OPERATING ACTIVITIES	**140,153**	73,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(189,618)**	(297,668)
Proceeds from disposal of items of property, plant and equipment	**2,187**	741
Investment in an unlisted equity investment	**–**	(150)
Net cash outflow from investing activities	**(187,431)**	(297,077)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**–**	224,400
Share issue expenses	**–**	(12,073)
Repurchase of shares	**(4,968)**	(1,032)
Share options exercised	**120**	2,400
New bank loans and other borrowings	**363,555**	136,069
Repayment of bank loans and other borrowings	**(162,198)**	(85,607)
Capital element of finance lease rental payments	**(30,806)**	(31,516)
Dividends paid	**(27,472)**	(23,885)
Net cash inflow from financing activities	**138,231**	208,756
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**90,953**	(14,974)
Cash and cash equivalents at beginning of year	**138,670**	152,340
Effect of foreign exchange rate changes, net	**4,327**	1,304
CASH AND CASH EQUIVALENTS AT END OF YEAR	**233,950**	138,670
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**163,512**	96,726
Non-pledged time deposits with original maturity of less than three months when acquired	**71,537**	41,977
	235,049	138,703
Bank overdrafts	**(1,099)**	(33)
	233,950	138,670

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, 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 Tottenhill 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 Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007. 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 significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of a subsidiary during the 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 shareholders not held by the Group in the results and net assets of the Company's subsidiary.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised 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 and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

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

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements - Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees and service providers for identified services provided in accordance with the Group's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[5]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 (Revised) and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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 2007 and 2006.

Year ended 31 December 2007	**Thailand** *HK$'000*	**Malaysia** *HK$'000*	**Mainland China, Macau and Hong Kong** *HK$'000*	**North America** *HK$'000*	**Europe** *HK$'000*	**Other countries** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'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	**382,973**	**155,285**	**124,365**	**68,633**	**110,600**	**34,022**	**(60,407)**	**815,471**
Segment results	**64,840**	**24,441**	**30,057**	**10,802**	**17,408**	**5,354**	**(14,883)**	**138,019**
Interest income								**1,404**
Interest expense								**(26,590)**
Profit before tax								**112,833**
Tax								**(7,352)**
Profit for the year								**105,481**
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								**258**
Total assets								**1,685,599**
Segment liabilities	**135,253**	**648**	**89,175**	**121**	**8,680**	**50,161**	**(81,409)**	**202,629**
Unallocated liabilities								**528,680**
Total liabilities								**731,309**

Year ended 31 December 2007	Thailand *HK$'000*	Malaysia *HK$'000*	Mainland China, Macau and Hong Kong *HK$'000*	North America *HK$'000*	Europe *HK$'000*	Other countries *HK$'000*	Eliminations *HK$'000*	Total *HK$'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**

Year ended 31 December 2006	Thailand *HK$'000*	Malaysia *HK$'000*	Mainland China, Macau and Hong Kong *HK$'000*	North America *HK$'000*	Europe *HK$'000*	Other countries *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue:								
Sales to external customers	274,159	131,506	53,965	26,570	65,971	29,471	–	581,642
Intersegment sales	82,768	–	4,994	–	–	–	(87,762)	–
Other revenue	9,262	–	7,518	–	–	–	–	16,780
Total revenue	366,189	131,506	66,477	26,570	65,971	29,471	(87,762)	598,422
Segment results	59,111	23,015	18,887	4,689	11,644	5,143	(15,250)	107,239
Interest income								4,574
Interest expense								(22,664)
Profit before tax								89,149
Tax								(4,391)
Profit for the year								84,758
Assets and liabilities								
Segment assets	289,967	29,701	1,122,753	8,872	22,428	40,604	(110,152)	1,404,173
Unallocated assets								2,210
Total assets								1,406,383
Segment liabilities	118,611	–	141,937	834	4,371	51,766	(110,152)	207,367
Unallocated liabilities								391,833
Total liabilities								599,200

Year ended 31 December 2006	Thailand *HK$'000*	Malaysia *HK$'000*	Mainland China, Macau and Hong Kong *HK$'000*	North America *HK$'000*	Europe *HK$'000*	Other countries *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Other segment information:								
Capital expenditure	8,463	–	210,260	–	–	–	–	218,723
Depreciation and amortisation	19,647	–	56,677	–	–	–	–	76,324
Fair value gains on investment properties	–	–	(769)	–	–	–	–	(769)
Changes in fair value of derivative financial instruments:								
Interest rate swap	–	–	1,222	–	–	–	–	1,222
Forward currency contracts	–	–	(2,011)	–	–	–	–	(2,011)
Gain on disposal of items of property, plant and equipment	(247)	–	–	–	–	–	–	(247)
Loss on disposal of items of property, plant and equipment	–	–	1,956	–	–	–	–	1,956
Impairment of items of property, plant and equipment	–	–	8,422	–	–	–	–	8,422

(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 2007 and 2006.

Year ended 31 December 2007	**HDD components** *HK$'000*	**Hydraulic equipment components** *HK$'000*	**Automotive components** *HK$'000*	**Others** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue:						
Sales to external customers	**533,151**	**165,932**	**44,365**	**47,731**	**–**	**791,179**
Other segment information:						
Segment assets	**468,290**	**135,824**	**50,366**	**73,198**	**–**	**727,678**
Unallocated assets						**957,921**
Total assets						**1,685,599**
Capital expenditure	**–**	**–**	**–**	**–**	**–**	**–**
Corporate and other unallocated amounts						**148,934**
Total capital expenditure						**148,934**

Year ended 31 December 2006	HDD components *HK$'000*	Hydraulic equipment components *HK$'000*	Automotive components *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	467,828	91,151	11,252	11,411	–	581,642
Other segment information:						
Segment assets	219,773	76,109	19,213	47,992	–	363,087
Unallocated assets						1,043,296
Total assets						1,406,383
Capital expenditure	–	–	–	–	–	–
Corporate and other unallocated amounts						218,723
Total capital expenditure						218,723

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	
	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sale of goods and materials	**791,179**	581,642
Other income		
Bank interest income	**1,404**	4,574
Sundry income	**1,327**	3,052
	2,731	7,626
Gains		
Foreign exchange gains, net	**17,695**	10,701
Fair value gains:		
Derivative financial instruments		
– transactions not qualifying as hedges:		
Forward currency contracts	**979**	2,011
Fair value gains on investment properties, net	**4,291**	769
Gain on disposal of items of property, plant and equipment	**–**	247
	22,965	13,728
	25,696	21,354

5. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold*	**588,606**	411,427
Depreciation	**113,559**	75,415
Recognition of prepaid land lease payments	**875**	814
Equity-settled share option expense**	**2,973**	3,924
Auditors' remuneration	**1,962**	1,911
Employee benefits expense (excluding directors' remuneration *(note 7)*):		
Wages and salaries	**67,557**	61,447
Equity-settled share option expense**	**1,789**	1,993
Pension scheme contributions***	**1,978**	1,563
	71,324	65,003
Impairment of goodwill****	**1,950**	–
Minimum lease payments under operating leases:		
Land and buildings	**527**	125
Equipment	**59**	237
	586	362
Foreign exchange gains, net	**(17,695)**	(10,701)
Research and development costs******	**11,133**	10,086
Fair value gains on investment properties	**(4,291)**	(769)
Fair value (gains)/losses, net:		
Derivative financial instruments – transactions not qualifying as hedges:		
Interest rate swap	**256**	1,222
Forward currency contracts	**(979)**	(2,011)
	(723)	(789)
Loss on disposal of items of property, plant and equipment	**599**	1,709
Impairment of items of property, plant and equipment*****	**4,744**	8,422
(Write-back of provision)/provision against inventory obsolescence	**(4,679)**	4,674

Notes:

* The cost of inventories sold includes an amount of approximately HK$147,736,000 (2006: HK$113,508,000) relating to the employee benefits expense, depreciation and operating lease charges, the amount of which were also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The equity-settled share option expense for the year is included in "Administrative expenses" on the face of the consolidated income statement.

The equity-settled share option expense includes an amount of approximately HK$1,789,000 (2006: HK$1,993,000) relating to the employee benefit expense which was also included in the employee benefit expense separately disclosed above.

*** At 31 December 2007, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2006: Nil).

**** The impairment of goodwill is included in "Other expenses" on the face of the consolidated income statement.

***** The impairment of items of property, plant and equipment for the year is included in "Cost of sales" on the face of the consolidated income statement.

****** The research and development costs for the year is included in "Cost of sales" and "Other expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**22,502**	16,290
Interest on finance leases	**4,047**	6,158
Financial arrangement fees	**833**	833
Other interests	**41**	216
	27,423	23,497

7. DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the year disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance is analysed as follows:

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Fees	**1,771**	2,094
Other emoluments:		
Salaries, allowances and benefits in kind	**4,211**	3,730
Employee share option benefits	**627**	1,750
Pension scheme contributions	**51**	51
	4,889	5,531
	6,660	7,625

During the prior year, all of the directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees and employee share option benefits paid to independent non-executive directors during the year were as follows:

	Fees *HK$'000*	Employee share option benefits *HK$'000*	Total remuneration *HK$'000*
2007			
Dr. Cheng Ngok	**80**	**–**	**80**
Mr. Choi Hon Ting, Derek	**80**	**–**	**80**
Mr. Wu Karl Kwok	**80**	**–**	**80**
	240	**–**	**240**
2006			
Dr. Cheng Ngok	60	–	60
Mr. Choi Hon Ting, Derek	60	–	60
Mr. Wu Karl Kwok	60	–	60
	180	–	180

There were no other emoluments payable to the independent non-executive directors during the year (2006: Nil).

(b) Executive directors and a non-executive director

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Employee share option benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2007					
Executive directors:					
Mr. Chui Siu On	**98**	**1,512**	**88**	**12**	**1,710**
Mr. Ho Yu Hoi	**453**	**1,185**	**139**	**–**	**1,777**
Mr. Lai Man Kit	**360**	**628**	**139**	**12**	**1,139**
Mr. Li Chi Hang	**200**	**346**	**139**	**12**	**697**
Mr. Wong Kwok Keung	**360**	**540**	**122**	**12**	**1,034**
	1,471	**4,211**	**627**	**48**	**6,357**
Non-executive director:					
Mr. Ng Kin Nam	**60**	**–**	**–**	**3**	**63**
	1,531	**4,211**	**627**	**51**	**6,420**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2006					
Executive directors:					
Mr. Chui Siu On	390	1,220	256	12	1,878
Mr. Ho Yu Hoi	544	1,006	416	–	1,966
Mr. Lai Man Kit	360	628	416	12	1,416
Mr. Li Chi Hang	200	336	416	12	964
Mr. Wong Kwok Keung	360	540	246	12	1,158
	1,854	3,730	1,750	48	7,382
Non-executive director:					
Mr. Ng Kin Nam	60	–	–	3	63
	1,914	3,730	1,750	51	7,445

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office (2006: Nil).

8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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	
	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**2,100**	2,011
Current – Elsewhere		
Charge for the year	**4,525**	3,666
Deferred	**727**	(1,286)
Total tax charge for the year	**7,352**	4,391

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Profit before tax	**112,833**	89,149
Tax at the applicable tax rates	**28,823**	19,554
Lower tax rate for local authorities	**(7,980)**	(1,818)
Expenses not deductible for tax	**33,530**	14,679
Income not subject to tax	**(48,695)**	(29,285)
Adjustments in respect of current tax of previous years	**–**	677
Tax losses not recognised	**1,674**	584
Tax charge at the Group's effective rate of 6.5% (2006: 4.9%)	**7,352**	4,391

According to the income tax law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, Dongguan Koda Metal Products Company Limited ("Dongguan Koda") and Guangzhou Xinghao Precision Metal Products Company Limited ("Xing Hao"), two wholly-owned subsidiaries of the Group established in the Dongguan Coastal Economic Open Zone and Zengcheng Xiancun Lantian Economic Open Zone, respectively, are subject to corporate income tax at a rate of 24%, and are exempt from PRC corporate income tax for the first two profitable years of their operations, and thereafter, are eligible for a 50% relief from PRC corporate income tax for the following three years. Subsequent to completion of a tax relief period of three years at a rate of 10%, Dongguan Koda further obtained an approval from the local tax authority that it would be subject to a tax rate of 15% for the year 2007 because that it was authorised as a Hi-Tech Enterprise, which is entitled to enjoy certain tax favourable policies according to local tax regime. Dongguan Koda was subject to a tax rate of 15% during the year ended 31 December 2007 (2006: 10%). Xing Hao began its first profitable year in the year ended 31 December 2004 and it was subject to a tax rate of 12% during the year ended 31 December 2007 (2006: 12%).

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to Enterprises with Foreign Investment from 1 January 2008 will increase to 25% after cessation of existing tax favourable policies. The implementation of the New CIT Law will directly affect the Group's effective tax rate prospectively from 2008.

Integrated Precision Engineering (Thailand) Company Limited ("IPE Thailand"), a subsidiary of the Group incorporated in Thailand, is subject to income tax in Thailand at a rate of 30% on the estimated assessable profits arising in or derived from Thailand. IPE Thailand has two production factories, Factory I and Factory II (Phase 1) and Factory II (Phase 2). IPE Thailand is exempted from income tax for a period of three years from 2 June 2000 to 1 June 2003 for income generated from Factory I due to the promotion privileges granted under the Investment Promotion Act B.E. 2520 by the Board of Investment, a government authority, in Thailand. The Board of Investment also granted IPE Thailand an exemption from income tax for a period of three years from 3 January 2003 to 2 January 2006 for income generated from Factory II (Phase 1). During the year, IPE Thailand was subject to income tax at a rate of 30% for Factory I and Factory II (Phase 1) after the tax holiday. For Factory II (Phase 2), the Board of Investment granted IPE Thailand an exemption from income tax as well for a period of six to eight years from 31 July 2005 to 30 July 2011 or 2013 for income generated therefrom. IPE Thailand is entitled to tax exemption for one additional year after the aforementioned tax holiday if certain conditions are met.

Under Decree-Law no.58/99/M, companies in Macau incorporated under that Law (referred to as the "58/99/M Companies") are exempted from Macau complementary tax (Macau income tax) as long as they do not sell their products to a Macau resident company. IPE Macao Commercial Offshore Limited, a subsidiary of the Group in Macau, is qualified as a 58/99/M Company.

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2007 includes a profit of HK$160,472,000 (2006: HK$109,889,000) which has been dealt with in the financial statements of the Company.

10. DIVIDENDS

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Interim dividend – HK2.0 cents (2006: HK1.5 cents) per ordinary share	**14,459**	10,857
Final dividend paid in respect of the previous year on shares issued under the Company's share option scheme and placement of new shares subsequent to the balance sheet date and before the close of the register of members of the Company, of HK1.8 cents per ordinary share	**–**	2,161
Proposed final dividend – HK2.4 cents (2006: HK1.8 cents) per ordinary share	**17,014**	13,013
	31,473	26,031

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. 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.

The calculation of diluted earnings per share is 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 is the ordinary shares in issue during the 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	
	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**105,739**	84,758

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**723,807,083**	683,430,417
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,056,475**	16,578,375
	730,863,558	700,008,792

12. PROPERTY, PLANT AND EQUIPMENT

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	276,579	5,240	957,608	25,743	15,787	44,081	1,325,038
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	(38,687)	(3,892)	(320,502)	(9,597)	(10,554)	–	(383,232)
At 31 December 2007:							
Cost	276,579	5,240	957,608	25,743	15,787	44,081	1,325,038
Accumulated depreciation	(38,687)	(3,892)	(320,502)	(9,597)	(10,554)	–	(383,232)
Net carrying amount	237,892	1,348	637,106	16,146	5,233	44,081	941,806
At 31 December 2006:							
Cost	228,518	5,240	765,479	15,765	13,990	55,191	1,084,183
Accumulated depreciation	(19,698)	(3,532)	(210,231)	(5,525)	(8,771)	–	(247,757)
Net carrying amount	208,820	1,708	555,248	10,240	5,219	55,191	836,426

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 2006	124,148	3,729	530,008	7,409	11,766	155,707	832,767
Additions	8,684	1,798	17,785	1,727	434	188,145	218,573
Transfer in/(out)	88,183	–	200,854	6,159	2,329	(297,525)	–
Disposals	–	(287)	(19,253)	(31)	(903)	–	(20,474)
Exchange realignment	7,503	–	36,085	501	364	8,864	53,317
At 31 December 2006	228,518	5,240	765,479	15,765	13,990	55,191	1,084,183
Accumulated depreciation and impairment:							
At 1 January 2006	(10,967)	(3,656)	(142,427)	(3,586)	(8,088)	–	(168,724)
Depreciation provided during the year	(7,870)	(145)	(64,346)	(1,705)	(1,349)	–	(75,415)
Impairment	–	–	(8,422)	–	–	–	(8,422)
Disposals-depreciation	–	269	8,496	24	813	–	9,602
Disposals-impairment	–	–	8,422	–	–	–	8,422
Exchange realignment	(861)	–	(11,954)	(258)	(147)	–	(13,220)
At 31 December 2006	(19,698)	(3,532)	(210,231)	(5,525)	(8,771)	–	(247,757)
At 31 December 2006:							
Cost	228,518	5,240	765,479	15,765	13,990	55,191	1,084,183
Accumulated depreciation	(19,698)	(3,532)	(210,231)	(5,525)	(8,771)	–	(247,757)
Net carrying amount	208,820	1,708	555,248	10,240	5,219	55,191	836,426
At 31 December 2005:							
Cost	124,148	3,729	530,008	7,409	11,766	155,707	832,767
Accumulated depreciation	(10,967)	(3,656)	(142,427)	(3,586)	(8,088)	–	(168,724)
Net carrying amount	113,181	73	387,581	3,823	3,678	155,707	664,043

The freehold land amounting to HK$5,007,000 included in Freehold land and buildings is situated in Thailand (2006: HK$4,232,000).

The net book values of the Group's property, plant and equipment held under finance leases included in the total amount of the respective categories of property, plant and equipment as at 31 December 2007 are:

(i) plant and machinery amounting to HK$121,049,000 (2006: HK$138,636,000);

(ii) construction in progress amounting to HK$1,965,000 (2006: HK$4,446,000); and

(iii) there were no motor vehicles held under finance lease (2006: HK$119,000).

At 31 December 2007 and 2006, none of the Group's plant and machinery, land and buildings were pledged to secure the interest-bearing bank and other borrowings and the general banking facilities granted to the Group.

13. INVENTORIES

	As at 31 December	
	2007	2006
	HK$'000	*HK$'000*
Raw materials	**81,078**	73,579
Consumables	**42,414**	32,549
Work in progress	**46,915**	76,984
Finished goods	**32,837**	22,673
	203,244	205,785
Less: Provision against inventory obsolescence	**(5,012)**	(9,691)
	198,232	196,094

14. TRADE RECEIVABLES

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

	As at 31 December	
	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**91,976**	61,485
1 to 2 months	**73,224**	52,673
2 to 3 months	**47,744**	36,726
3 to 4 months	**13,715**	11,457
4 to 12 months	**6,221**	4,652
Over 12 months	**824**	–
	233,704	166,993

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.

During the year, the Group has no provision for impairment of trade receivables (2006: Nil).

15. TRADE AND BILLS PAYABLES

An aged 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	
	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**41,774**	36,241
1 to 2 months	**28,189**	24,593
2 to 3 months	**11,667**	22,647
3 to 4 months	**8,922**	11,170
4 to 12 months	**4,924**	2,668
Over 1 year	**100**	63
	95,576	97,382

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

16. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2007	2006
	HK$'000	*HK$'000*
Other payables	**55,032**	102,499
Accruals	**5,255**	6,540
	60,287	109,039

The other payables, which mainly represented payables for the purchase of machinery, are non-interest-bearing and repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Total revenue for the twelve months ended 31 December 2007 was HK$791,179,000, an increase of 36.0% over HK$581,642,000 in 2006. The Group's revenue by business segment is as follows:

	2007		2006		YoY
	HK$'000	***%***	*HK$'000*	*%*	*%*
HDD components	**533,151**	**67%**	467,828	80%	+14%
Hydraulic equipment components	**165,932**	**21%**	91,151	16%	+82%
Automotive components	**44,365**	**6%**	11,252	2%	+294%
Others	**47,731**	**6%**	11,411	2%	+318%
	791,179	**100%**	581,642	100%	+36%

By geographical market, sales to North America increased by 158.3% while sales to Europe and China (including Hong Kong and Macau) rose by 67.6% and 88.8% respectively. Aggregate sales to Thailand and Malaysia, amounted to HK$476,022,000, increased by 17.3% from HK$405,665,000 in 2006.

Growth in the sales of HDD components has remained strong in 2007 as more consumer electronic products such as set-top box, Play Stations and digital video recorders are using HDD as a storage medium and continuous replacement of personal computers and notebook computers has also boosted the demand for HDD.

In the hydraulic and automotive components markets, many US and Europe domestic customers have chosen to build new manufacturing plants in China to benefit from lower labor costs and therefore they need more components made in China for local assembly. In addition, more customers have chosen to outsource the manufacture of components to manufacturers in low cost countries and only take care of final assembly at home. IPE Group benefited from this outsourcing trend and recorded a significant increase in turnover from the two product segments in 2007.

Further the Group has been certified as a qualified vendor by various global automotive parts customers since 2005 and since then we were working closely with customers to develop automotive components projects and started preparation of samples and pre-production audit. During 2007 audit approvals were gradually granted to those projects as expected and they were launched accordingly and mass volume production began. As such sales of automotive components in 2007 increased significantly by 294.3% from 2006.

FINANCIAL REVIEW

With a 36.0% leap in revenue, the Group's gross profit reached HK$202,573,000, a 19.0% increase from HK$170,215,000 in 2006. Gross profit margin, however, dropped from 29.3% in 2006 to 25.6% in 2007, which was mainly because of the continuous increase in prices of raw materials during the year.

Other income mainly comprised foreign exchange gains on settlement of Japanese Yen and Thai Baht, and interest income from bank deposits.

Selling and distribution costs amounted to HK$18,730,000 in 2007, increased by approximately 11.9% from HK$16,742,000 in 2006. The rate of increase in such costs was far below the growth rate in turnover in 2007, thanks to effective control and enhanced economies of scale in production.

Administrative expenses amounted to HK$62,520,000 in 2007, increased by approximately 17.4% from HK$53,257,000 in 2006. This was mainly due to the increase in staff costs and miscellaneous administration costs to support the growing business volume.

Finance costs amounted to HK$27,423,000 in 2007, up by approximately 16.7% from HK$23,497,000 in 2006 because there was an increase in interest-bearing bank and other borrowings of HK$181,125,000 during the year.

Provision for taxation amounted to HK$7,352,000 in 2007, increasing by approximately 67.4% from HK$4,391,000 in 2006 as a result of the increase in taxable profit earned and higher applicable tax rate in countries where the Group operates.

Profit for the year attributable to equity holders of the Company was approximately HK$105,739,000 for 2007, an increase of 24.8% from HK$84,758,000 in 2006. Net profit margin contracted to 13.3% in 2007 from 14.6% in the previous year, due to the impact of higher material costs, increase in staff costs and appreciation of Renminbi against US dollars and Hong Kong dollars during the year.

Basic earnings per share increased to HK14.61 cents per share, an increase of 17.8% from HK12.40 cents per share in 2006.

Details of Charges on the Group's Assets

As at 31 December 2007, the Group's total borrowings of approximately HK$566,910,000 (2006: HK$385,785,000) were secured by corporate guarantee issued by the Company and the Group had no pledged deposits to secure its banking facilities as at 31 December 2007. Net borrowings (total borrowings less cash and bank balances) amounted to HK$331,861,000 as at 31 December 2007 (2006: HK$247,082,000).

Currency Exposure and Management

The Group operates globally and is thus exposed to foreign exchange risk. Its revenue is mainly denominated in US dollars, while major raw materials, machineries purchases and manufacturing overheads are settled in Japanese Yen, Renminbi, Thai Baht and Hong Kong dollars. Apart from Hong Kong dollars which is pegged to the US dollars, the Group entered into forward currency contracts from time to time during the year, mainly for Japanese Yen, to reduce the potential exposure to currency fluctuations.

Assets and Liabilities

As at 31 December 2007, the Group had total net assets of HK$954,290,000 (2006: HK$807,183,000). The increase in net assets was attributable to the substantial increase in the net profit reported in year 2007 plus the appreciation of Renminbi assets and Thai Baht assets during the year.

Liquidity, Financial Resources and Financial Ratios

As at 31 December 2007, cash per share was HK$0.33 (2006: HK$0.19) and net asset per share was HK$1.33 (2006: HK$1.12), based on 718,425,000 issued ordinary shares (2006: 722,960,000 issued ordinary shares).

The Group had cash to current liabilities ratio of 0.45 as at 31 December 2007 (2006: 0.37).

Gearing ratio, which is net debt divided by the capital plus net debt, was 33.9% as at 31 December 2007 (2006: 36.0%).

Human Resources and Remuneration Policies

In line with the Group's business expansion, experienced engineers and skilful talents were recruited during the year. As at 31 December 2007, the Group had a workforce of 3,998 employees (2006: 4,087).

We place high value on our employees as they are our greatest asset. We encourage on-the-job training in diversified fields that address both personal development and work skills enhancement. We also provide workshops for staff at different levels to improve work safety and build up team spirit. Our staff are rewarded based on performance of the Group as well as their individual performance and contributions.

A share option scheme has been adopted for selected participants (including full-time employees) as an incentive to reward them for their contribution to the Group. A mandatory provident fund scheme and respective local retirement benefit schemes are also in place.

PROSPECTS

Looking ahead, seeing a continuous steady demand for HDD components in the market, we believe the HDD components business will remain one of the core businesses and a cash cow of the Group in the foreseeable future.

Riding on the strong customer relations, we expect both the hydraulic equipment components segment and the automotive parts segment to grow significantly and assume a bigger portion of the Group's business in the near future. We also anticipate profit growth for 2008 as these two business segments have already moved out of the start-up phase and thus will be able to provide higher contributions to the Group.

We will focus on improving operating margins through implementing lean management, enhanced automation of the production process and also maximising utilization of existing production capacity.

Apart from supplying high volume precision components according to customer specifications, we are providing solutions to our global partners and working very closely with them in implementing new projects. Such projects typically take longer time to come to fruition as they involve development of many metal and plastic parts and electronic circuits and necessary know-how in final assembly and testing of the assembled device before shipment to the end customers can take place.

We will continue to transform IPE Group from a volume precision metal components supplier into a fully integrated one-stop solutions provider by acquiring new know-how and technology, investing in new equipment and training staff in-house.

Furthermore, the Group has established strategic business partnerships in the form of joint ventures and technical cooperation with experts from the hydraulic industry and metal surface treatment industry. These partnerships have helped to strengthen the core competences of the Group and make sure we stay ahead of our competitors all the times.

SUPPLEMENTARY INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

The Company repurchased its 4,700,000 listed shares on the Stock Exchange during the year ended 31 December 2007. Such shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

Details of the repurchases are summarised as follows:

Month of repurchases	Total number of shares repurchased	Repurchase price per share Highest *HK$*	Repurchase price per share Lowest *HK$*	Aggregate consideration *HK$'000*
January, 2007	55,000	1.24	1.21	68
October, 2007	2,035,000	1.17	1.03	2,246
November, 2007	670,000	1.12	1.01	708
December, 2007	1,940,000	1.04	0.97	1,946
	4,700,000			4,968

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

Subsequent to year end, the Company repurchased its 9,595,000 listed shares on the Stock Exchange from 1 January 2008 to 21 April 2008. Such shares were also cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

Final Dividend

The Board recommended the payment of a final dividend of HK2.4 cents per share for the year ended 31 December 2007 (2006: HK1.8 cents) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at Monday, 26 May 2008. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 26 May 2008, the said final dividend will be paid to the Company's shareholders on or around Friday, 30 May 2008.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 21 May 2008 to Monday, 26 May 2008 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 December 2007 and for attending and voting at the annual general meeting of the Company to be held on Monday, 26 May 2008, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 May 2008.

Corporate Governance

The Company commits 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. Mr. Chui Siu On currently assumes the roles of both Chairman and Chief Executive Officer of the Company. He is one of the founders of the Group and has extensive experience in the design and manufacture of automation equipment, precision mechanical components and machinery parts. The Board believes that Mr. Chui's taking up of both roles provides 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. 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 2007.

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
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, 21 April 2008

This announcement can also be accessed through our internet site at www.ipegroup.com and www.irasia.com/listco/hk/ipe.