IPE GROUP LIMITED

國際精密集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

PROFIT WARNING

This announcement is made by IPE Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (CAP. 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors in the Company that, based on the information currently available to the Board, the revenue and net profit of the Group for the year ended 31 December 2015 are expected to decline as compared to the year ended 31 December 2014. During the year ended 31 December 2015, the Group managed to record a growth in the sales of automotive components. Such growth however could only partially offset the significant drop in sales of hard disk drive components and hydraulic equipment components caused by the contraction of the global personal computer market and the weakening macro-economic environment respectively. The drop was also a result of the Group's strategy to focus on products with better profit margin and allocate more resources to develop hydraulic equipment products and its new robot business. Based on the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2015 and the estimate of the unaudited consolidated results of the Group for the month of December 2015, it is expected that the revenue and net profit of the Group for the year ended 31 December 2015 would decline by not less than 10% as compared to that for the year ended 31 December 2014 (the "**Profit Warning Statement**").

The information contained in this announcement is based on a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2015 and the estimate of the unaudited consolidated results of the Group for

* *for identification purposes only*

the month of December 2015, which have not been reviewed or audited by the auditor of the Company. The Company is still in the process of preparing its audited consolidated annual results for the year ended 31 December 2015.

Reference is made to the announcement dated 21 December 2015 issued by Baoan Technology Company Limited (the "**Offeror**") in relation to the voluntary conditional cash offers (the "**Offers**") made by GF Securities (Hong Kong) Brokerage Limited for and on behalf of the Offeror (i) to acquire all the issued ordinary shares of the Company not already owned by the Offeror and parties acting in concert with it; and (ii) to cancel all outstanding share options of the Company (the "**Offer Announcement**"). Following the publication of the Offer Announcement, the Company is required to comply with the requirements under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). The Profit Warning Statement constitutes a profit forecast pursuant to Rule 10 of the Takeovers Code and has been reported on by Ernst & Young, auditors of the Company, and the Company's financial adviser, Optima Capital Limited, in accordance with Rule 10.4 of the Takeovers Code and the reports have already been lodged with the Executive (as defined in the Offer Announcement).

Shareholders and potential investors in the Company are advised to read the response document in relation to the Offers to be sent to the Shareholders on or before 25 January 2016, which contains the Profit Warning Statement, the aforesaid reports issued by Ernst & Young and Optima Capital Limited, as well as information relating to the Group including its business plan on the new robot business.

Shareholders and potential investors in the Company should exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits of the Offers and/or any dealings in the securities of the Company. They are strongly advised to read carefully the offer document issued by the Offeror on 11 January 2016 and the response document to be issued by the Company before making any decisions on the Offers and/or any dealings in the securities of the Company.

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

Hong Kong, 22 January 2016

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Chui Siu On (Chairman), Mr. Ho Yu Hoi, Mr. Li Chi Hang, Mr. Lau Siu Chung, Mr. Yuen Chi Ho and Ms. Chiu Tak Chun; and four independent non-executive Directors, namely, Dr. Cheng Ngok, Mr. Choi Hon Ting, Derek, Mr. Wu Karl Kwok and Mr. Nguyen, Van Tu Peter.