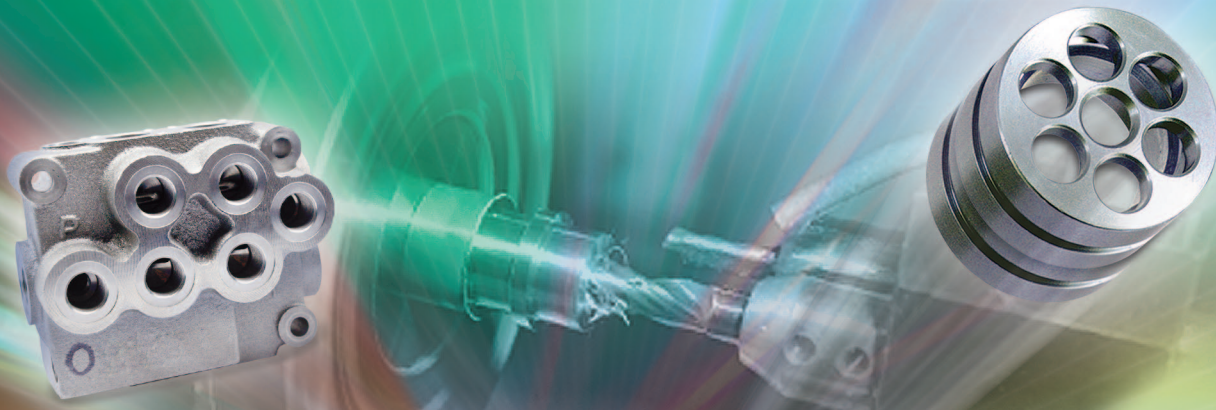


IPE Group Limited

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 929)



IPE

INTERIM REPORT

2015





IPE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chui Siu On (*Chairman and Managing Director*)
Mr. Ho Yu Hoi
Mr. Li Chi Hang
Mr. Lau Siu Chung
Mr. Yuen Chi Ho
Ms. Chiu Tak Chun

Independent Non-executive Directors

Dr. Cheng Ngok
Mr. Choi Hon Ting, Derek
Mr. Wu Karl Kwok
Mr. Nguyen, Van Tu Peter

AUTHORISED REPRESENTATIVES

Mr. Chui Siu On
Mr. Tam Yiu Chung

COMPANY SECRETARY

Mr. Tam Yiu Chung

AUDIT COMMITTEE

Dr. Cheng Ngok (*Chairman*)
Mr. Choi Hon Ting, Derek
Mr. Wu Karl Kwok

REMUNERATION COMMITTEE

Dr. Cheng Ngok (*Chairman*)
Mr. Chui Siu On
Mr. Choi Hon Ting, Derek
Mr. Wu Karl Kwok

NOMINATION COMMITTEE

Mr. Chui Siu On (*Chairman*)
Dr. Cheng Ngok
Mr. Choi Hon Ting, Derek
Mr. Wu Karl Kwok
Mr. Nguyen, Van Tu Peter

LEGAL ADVISERS TO THE COMPANY

Michael Li & Co

AUDITORS

Ernst & Young
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor, Block E1, Hoi Bun Industrial Building
No. 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shangwei Shahe Community, Yue Hu Cun
Zengcheng, Guangzhou
Guangdong Province, The PRC
Post code: 511335

PRINCIPAL PLACE OF BUSINESS IN THAILAND

99/1 Mu Phaholyothin Road, Sanubtueb
Wangnoi, Ayutthaya 13170, Thailand

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
United Overseas Bank Limited

WEBSITE

<http://www.ipegroup.com>

STOCK CODE

929

LISTING VENUE

Main Board of The Stock Exchange
of Hong Kong Limited



IPE Group Limited (the “Company” or “IPE Group”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 July 2002. The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of high precision metal components.

The Group started its high precision components business in 1990 in Singapore and now produces high precision metal components and assembled parts used in hard disk drives (“HDD”), hydraulic equipment, automotive parts, electronic and other devices.

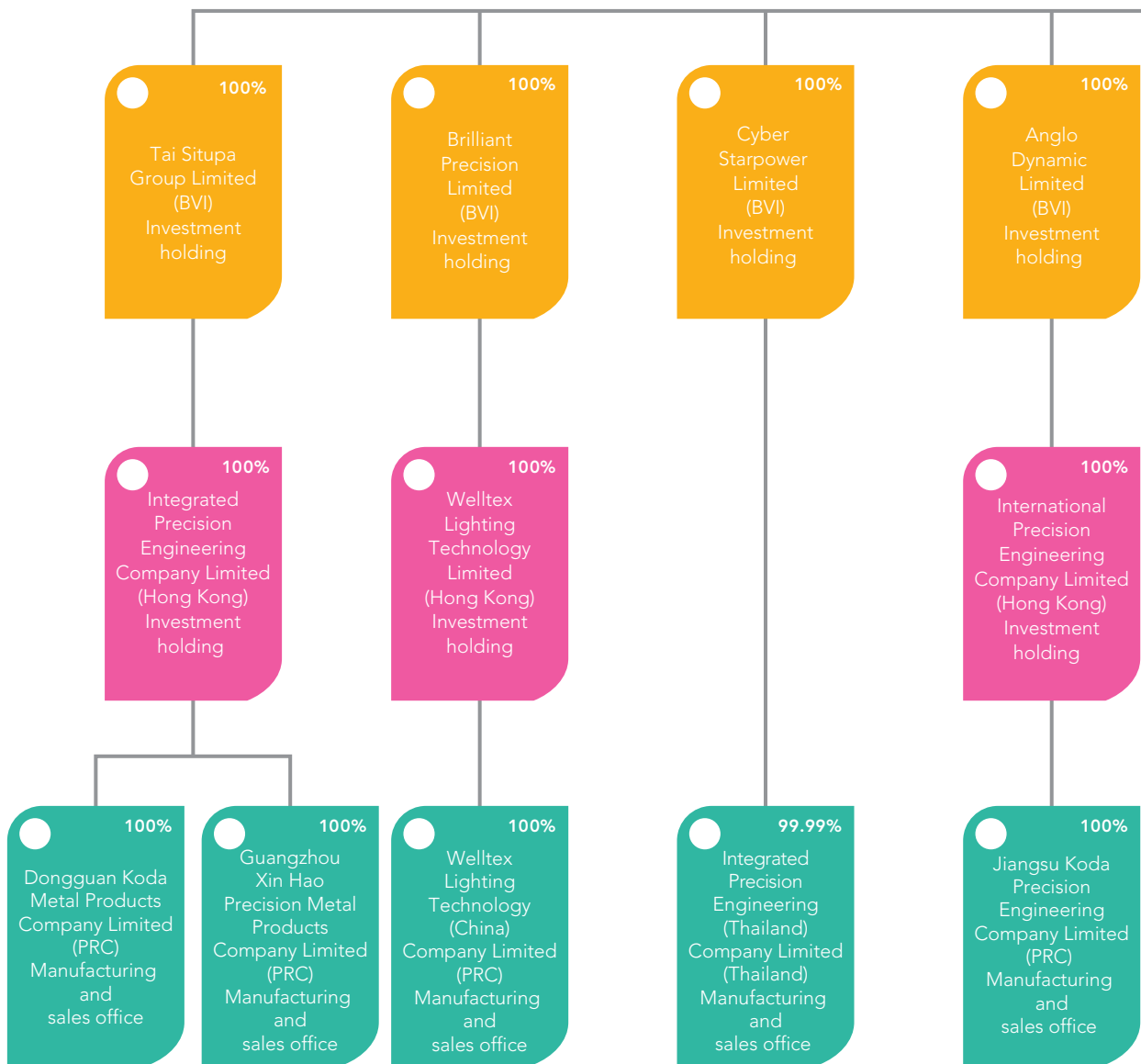
The Group’s highly valued customers are top-tier multinational corporations in the information technology, fluid power, automotive and electronic sectors where optimal precision is vital. Apart from supplying high volume precision components according to customer specifications, we are providing solutions 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 the necessary know-how in final assembly and testing of the assembled device before shipment to the end customers can take place. The Group has developed a team of high caliber engineers which is able to provide solutions to our global partners.

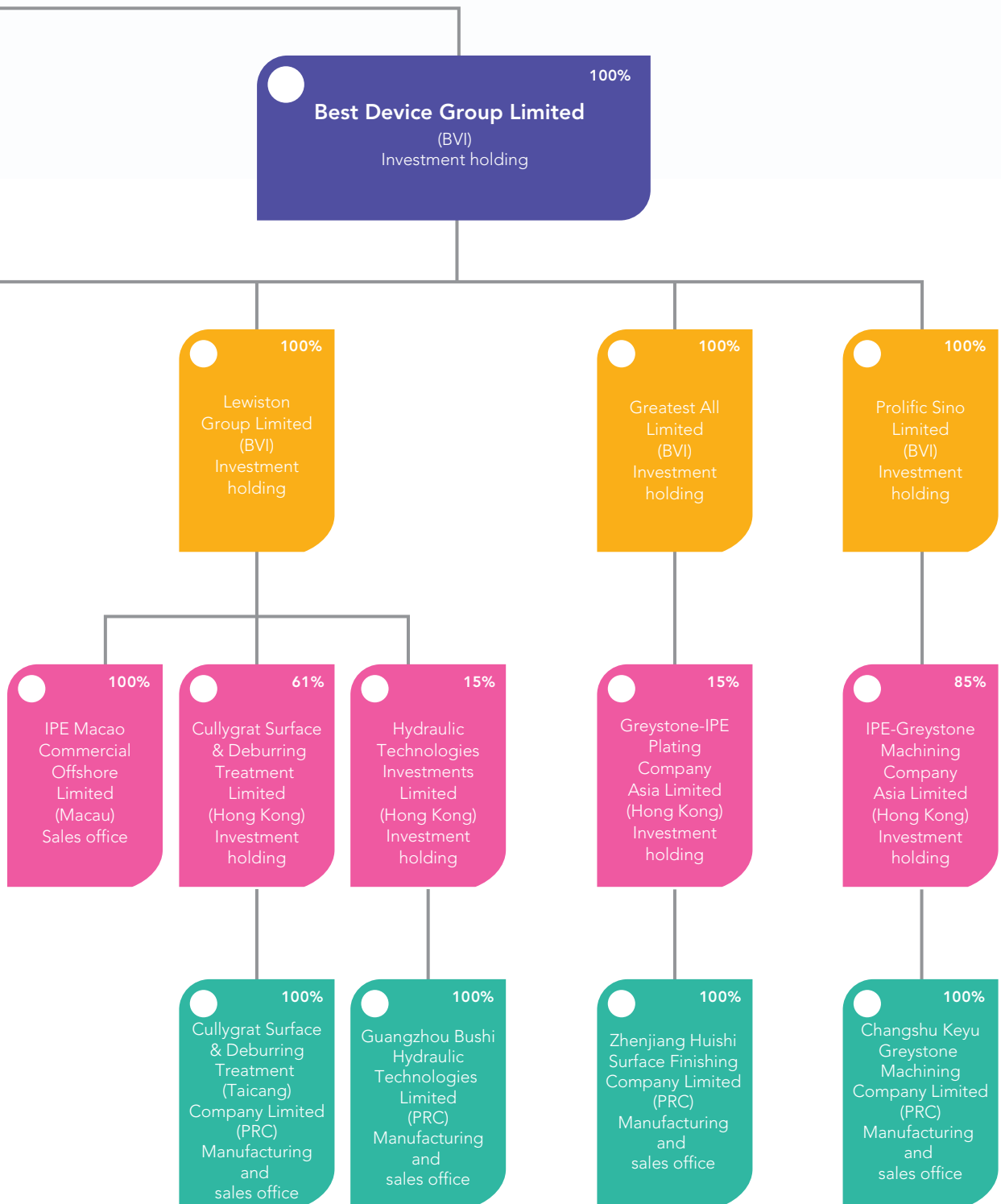


GROUP STRUCTURE

Principal subsidiaries and the joint venture of the Company as at 30 June 2015

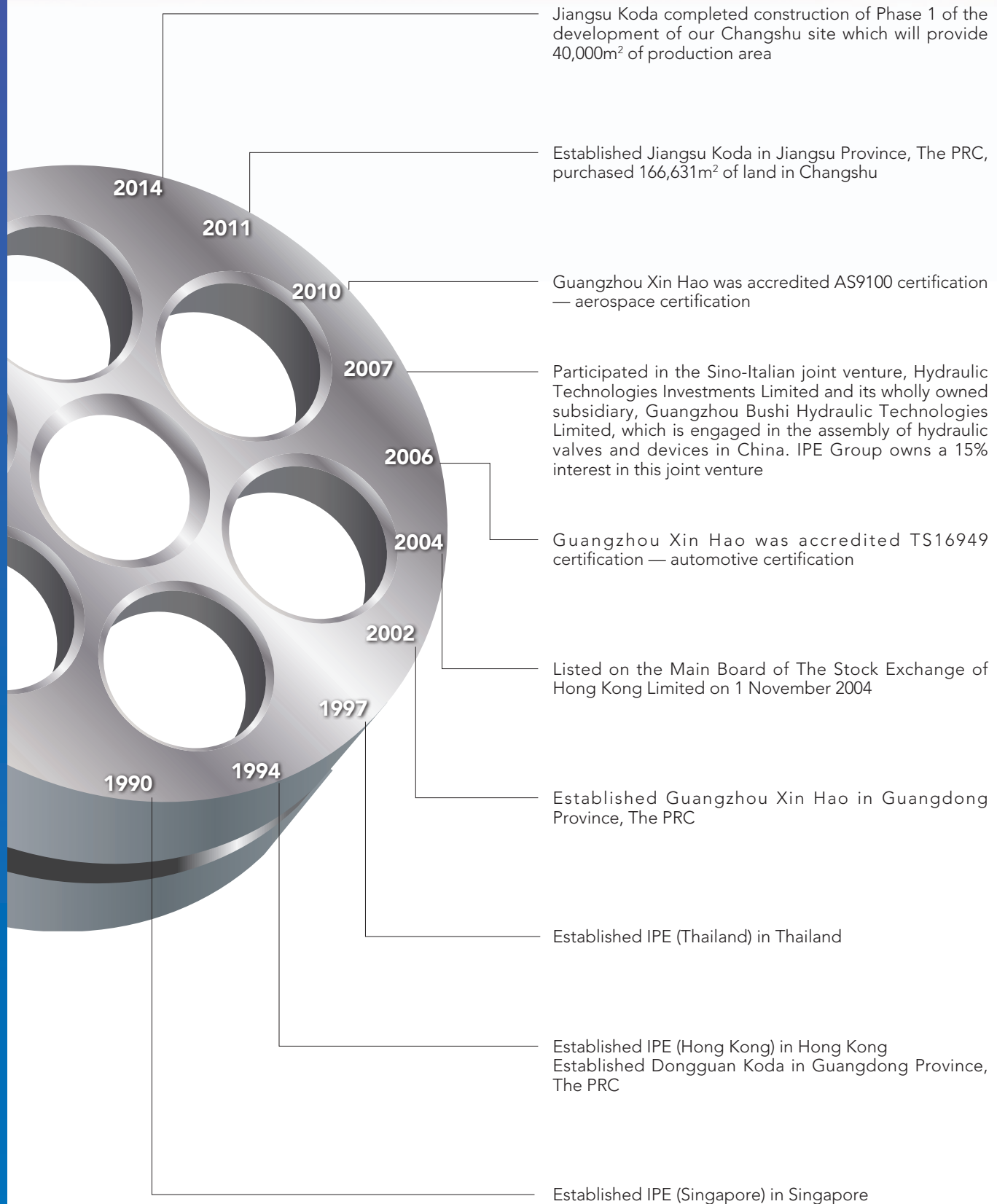
IPE GROUP LIMITED
(the Cayman Islands)
Investment holding







CORPORATE MILESTONE

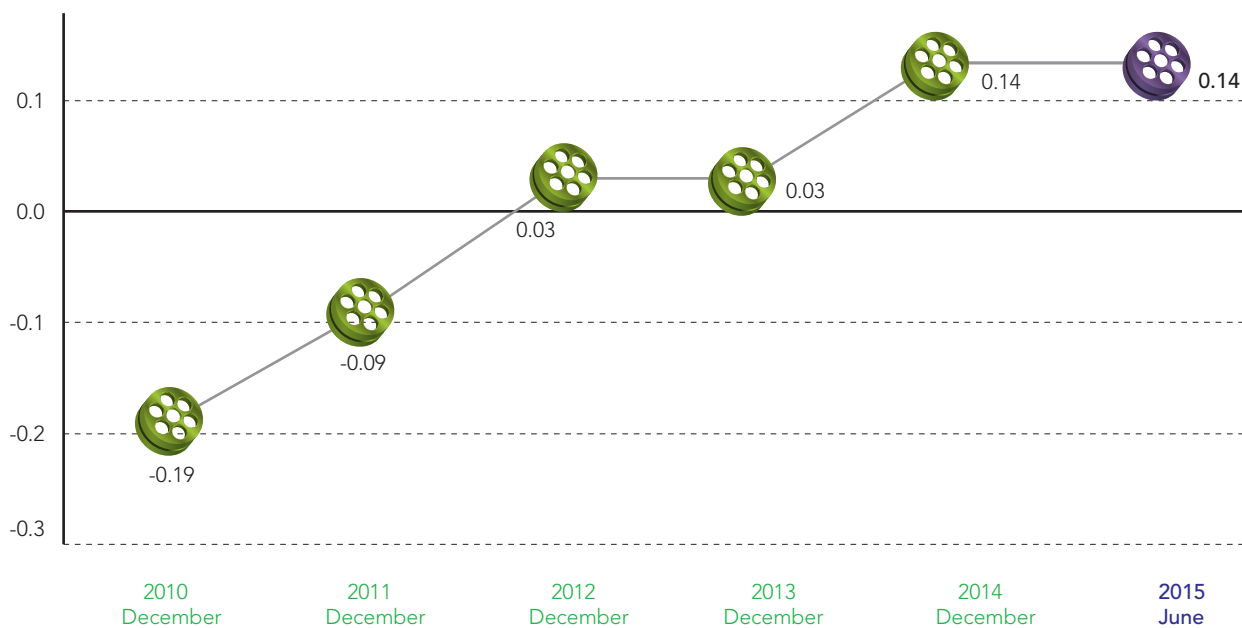




RATIO ANALYSIS

	30 June 2015	Year ended 31 December				
		2014	2013	2012	2011	2010
KEY STATISTICS:						
Current ratio	1.88	2.10	2.41	1.80	1.31	1.23
Net cash/(debt) to equity ratio	0.14	0.14	0.03	0.03	(0.09)	(0.19)
Dividend payout ratio	30.7%	49.0%	–	29.1%	29.7%	29.9%
Gross profit margin	27.6%	28.0%	18.7%	21.7%	20.0%	25.9%
Net profit margin	9.6%	9.6%	0.3%	7.2%	5.1%	12.6%
Average days of debtor turnover	97 days	94 days	91 days	80 days	87 days	81 days
Average days of inventory turnover	134 days	116 days	119 days	122 days	102 days	86 days
PER SHARE DATA (HK\$):						
Net asset value per share	1.63	1.60	1.58	1.51	1.42	1.34
Cash per share	0.86	0.81	0.83	0.54	0.47	0.39

NET CASH/(DEBT) TO EQUITY RATIO

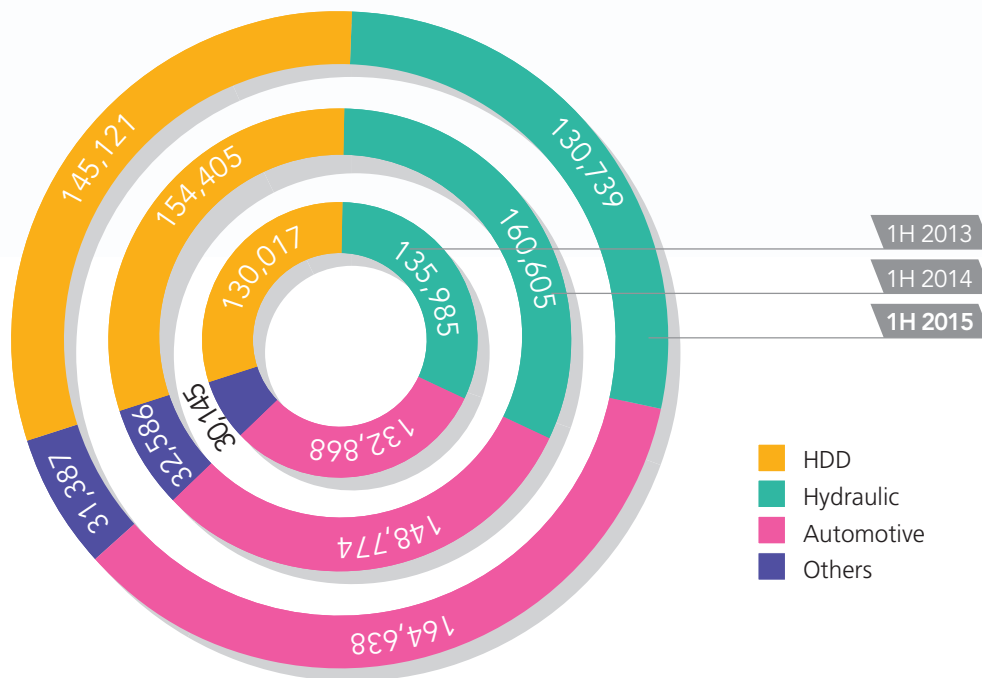




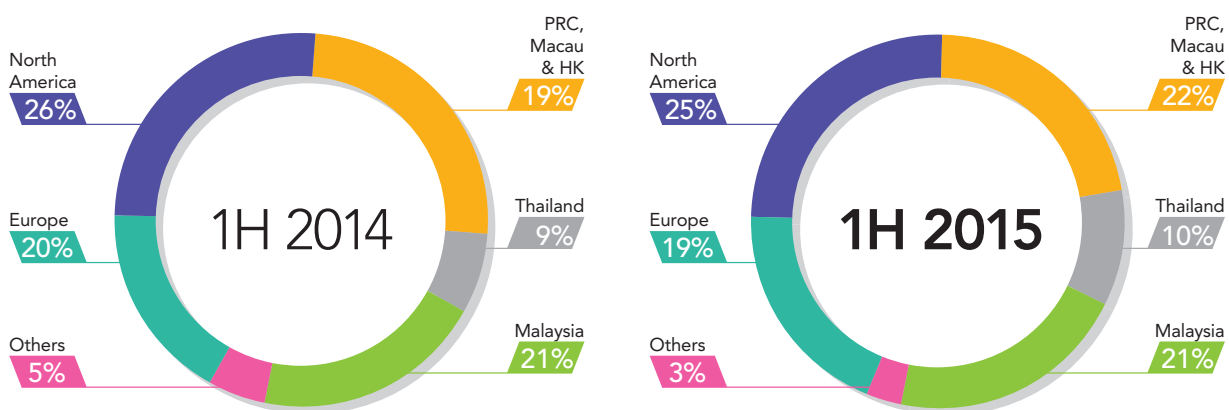
FINANCIAL HIGHLIGHTS

BUSINESS SEGMENTS

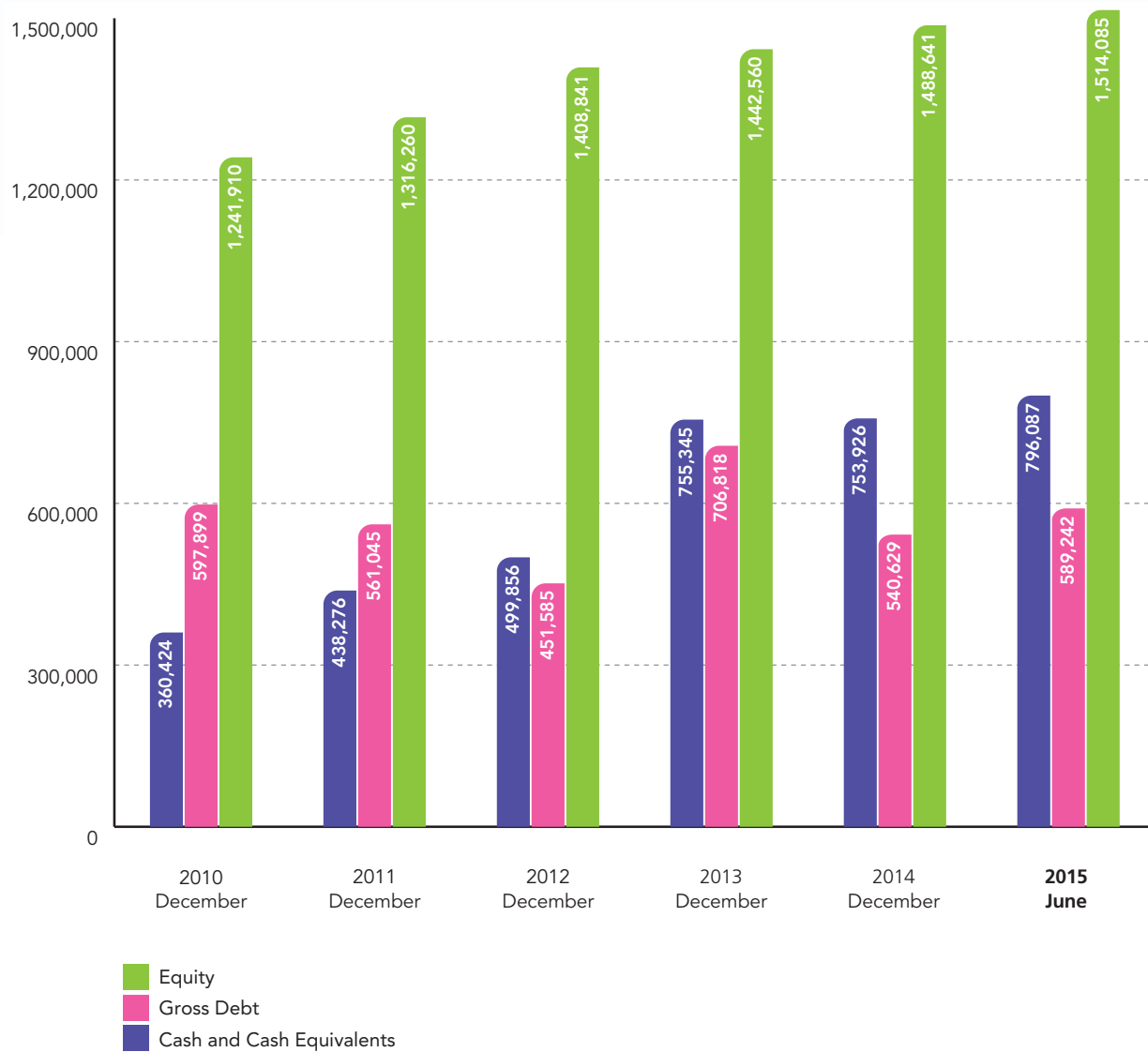
(HK\$'000)



GEOGRAPHICAL COMBINATION



EQUITY, GROSS DEBT AND CASH AND CASH EQUIVALENTS (HK\$'000)





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business environment of the Group so far this year has been challenging as one might expect from the large volume of weak macro-economic indicators. Industrial companies have had to cope with soft demand conditions. Manufacturing companies in China have also been faced with rising cost, in particular rising labour costs, and a currency that has been relatively strong. Reflecting the adverse operating environment, the Group recorded total revenue of HK\$471.9 million, for the six months ended 30 June 2015, down 4.9% from total revenue of HK\$496.4 million in the same period of last year. However, the Group's unaudited net profit amounted to HK\$45.3 million for the period under review, an increase of 9.4% compared to unaudited net profit of HK\$41.4 million in the same period of last year. The gross profit margin was 27.6%, representing an increase of 1.3 percentage points as compared to 26.3% in the same period of last year. This improvement in gross profit margin is gratifying.

The contraction of the global personal computer ("PC") market, a trend that started in 2012, intensified in the first half of this year after having stabilized in 2014. PC shipments in 2014 were only marginally lower than in 2013 because the worldwide PC market experienced unusually positive growth last year due to the end of Windows XP support. In the first quarter of 2015, PC shipments fell about 5% compared to the same period in 2014. The latest data from two research firms show PC shipments in the second quarter of 2015 falling about 10% compared to the second quarter of 2014. After the Windows XP impact faded out, there has not been any major growth driver to stimulate the replacement of an existing PC. Furthermore, people have delayed buying a new PC as they wait for the latest OS from Microsoft — further denting sales. Given the state of the PC market, the performance of our hard disk drives ("HDD") components business is satisfactory. Our HDD components business recorded a decrease in sales of 6.0% in the first half of this year when compared to the same period of last year.

Hydraulic equipment is used in various industries such as automotive, construction, agriculture, plastic, metallurgical, and oil and petrochemical. Industries that are large users of hydraulic equipment tend to be cyclical, some highly cyclical. As a result, demand for hydraulic equipment is sensitive to the overall macro-economic environment. Due to the slowing macro-economic environment in the PRC and elsewhere, the demand for hydraulic equipment decreased and our sales of hydraulic equipment components fell 18.6% in first half of 2015 when compared to the same period of last year.

Our other main business segment, automotive components, continued to grow but here too, our business was affected by the weak macro-economic environment. During the period under review, sales of our automotive components grew 10.7%. As a result, our automotive components business sector is now our largest business segment accounting for nearly 35% of the Group's turnover.

The Group's turnover by business segments during the interim period is shown below:

	1H 2015		1H 2014		
	HK\$'000	%	HK\$'000	%	% change
HDD components	145,121	30.8	154,405	31.1	-6.0
Hydraulic equipment components	130,739	27.7	160,605	32.4	-18.6
Automotive components	164,638	34.9	148,774	30.0	+10.7
Others	31,387	6.6	32,586	6.5	-3.7
	471,885	100.0	496,370	100.0	-4.9



FINANCIAL REVIEW

For the six months ended 30 June 2015, the gross profit margin of the Group was 27.6%, representing an increase of 1.3 percentage points as compared to 26.3% for the corresponding period in 2014. Despite the decrease in turnover, our gross profit margin increased slightly. We have sought to avoid marginally profitable orders and we continuously try to reduce cost and to increase the efficiency of operations. Our work to improve profitability has been obstructed by the long term trend of rising labour cost due to steady and substantial increases in the minimum wage in the PRC.

Other income, which amounted to HK\$7.6 million in the first half of 2015, decreased HK\$5.6 million when compared to the corresponding period in 2014. The difference was mainly due to the decrease in interest income amounting to HK\$4.3 million.

During the period under review, selling and distribution expenses amounted to HK\$12.1 million, accounting for 2.6% of the Group's turnover; such expenses were 3.0% of the Group's turnover in the corresponding period of 2014. The decrease was mainly due to our more streamlined operations and the greater use of lower cost shipment by sea instead of by air freight.

During the period under review, the Group's administrative expenses decreased by 3.9% from HK\$52.9 million to HK\$50.8 million as compared to the corresponding period of 2014. The decrease was due to the decrease of equity-settled share option expenses of HK\$6.5 million. Adjusting for this non-cash item, the Group spent HK\$4.4 million more on administrative expenses due to cost inflation.





MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs decreased by 19.8% or HK\$2.3 million to HK\$9.4 million for the period under review as compared to the corresponding period in 2014. The decrease of HK\$2.3 million was mainly due to the decrease in interest expenses.

For the six months ended 30 June 2015, the Group had a net profit of HK\$45.3 million, an increase of 9.4% when compared to the six months ended 30 June 2014.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2015, the Group had total borrowings of HK\$589.2 million (31 December 2014: HK\$540.6 million) secured by corporate guarantee made by the Company. The Group had no charges on any of its assets for its banking facilities as at 30 June 2015.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIOS

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

As at 30 June 2015, cash per share was HK\$0.86 (31 December 2014: HK\$0.81) and net asset value per share was HK\$1.63 (31 December 2014: HK\$1.60), based on the 930,129,135 ordinary shares in issue (31 December 2014: 932,454,135 ordinary shares).

During the period under review, the Group recorded a net cash inflow from operating activities of HK\$78.9 million (2014: HK\$124.9 million). With the purchase of property, plant and equipment of HK\$68.4 million and the decrease in non-pledged time deposits of HK\$99.2 million, the Group recorded a net cash inflow from investing activities of HK\$35.6 million (2014: HK\$130.2 million). The total bank borrowings as at 30 June 2015 are HK\$589.2 million (31 December 2014: HK\$540.6 million). The Group is in a net cash position of HK\$206.8 million as at 30 June 2015 (31 December 2014: HK\$213.3 million).

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, the fluctuation of Renminbi will adversely affect the Group's profitability. Accordingly, the Group has entered into forward exchange contracts to reduce potential exposure to currency fluctuations.

HUMAN RESOURCES

As at 30 June 2015, the Group had 2,570 employees, a decrease of 8.6% or 243 employees when compared to 2,813 employees as at 31 December 2014.

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 local retirement benefit schemes are also in effect.

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



PROSPECTS

Although there are a few bright patches, the prospects for economic growth in many countries are clouded. Global economic growth is expected to remain anaemic. As a result, the business environment of the Group is likely to remain challenging.

In the PC market, the sharp fall in shipments is expected to ameliorate in the second half. Demand for PCs in the emerging markets, where the potential for growth is greatest because of low penetration of PCs, is likely to be restrained by the strength of the US dollar against local currencies. Demand in mature markets, which are practically saturated, could benefit from the launch of Windows 10. However, the impact of Windows 10 is likely to be gradual as PC users can take advantage of the free upgrade offered by Microsoft rather than buy a replacement PC. Thus, the prospect for HDD components sales growth is not encouraging, but we expect sales in the second half of 2015 will be maintained at around the level recorded in the first half.

Our sales of hydraulic equipment components have been hit by the weak demand for heavy hydraulic machinery. The impact of the weak market has been magnified by our customers running down inventory.

Demand for heavy hydraulic machinery remains weak and some companies are expected to exit the market. Consolidation in the market would be a healthy development for the survivors in the long term. In the short term, as inventory levels are run down, we may have seen the worst but we are not optimistic that things will turn for the better in the second half of this year.

The highest growth visibility remains in our automotive components business and this was one of the main reasons for our decision to build a new manufacturing facility at Changshu. The first stage of our Changshu factory is completed. We are now waiting for customers to approve our new factory for production and will start manufacture automotive components at our Changshu factory shortly. We expect substantial growth in automotive components sales in the next few years as production at Changshu ramps up.

Over the years, IPE Group has established itself as a reliable manufacturer of high quality precision components. We have built a portfolio of leading industry names as customers initially attracting them by our competitive pricing made possible by low labour cost. Labour cost in China are no longer low. To mitigate the impact of rising cost we have worked hard to improve the efficiency of our operations and the productivity of our plant and machinery. We look to further improve productivity by greater automation and we have been developing machinery for this purpose. Such robotic machinery will enable us to produce higher volumes with lower labour input.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June

	Notes	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	4&5	471,885	496,370
Cost of sales		(341,722)	(365,977)
Gross profit		130,163	130,393
Other income	5	7,579	13,176
Selling and distribution expenses		(12,142)	(14,807)
Administrative expenses		(50,802)	(52,864)
Other expenses		(7,943)	(7,963)
Finance costs	6	(9,429)	(11,756)
PROFIT BEFORE TAX	7	57,426	56,179
Income tax expense	8	(12,128)	(14,774)
PROFIT FOR THE PERIOD		45,298	41,405
Attributable to:			
Owners of the Company		45,142	41,045
Non-controlling interests		156	360
		45,298	41,405
EARNINGS PER SHARE	9		
Basic		HK4.8 cents	HK4.5 cents
Diluted		HK4.6 cents	HK4.5 cents
INTERIM DIVIDEND PER SHARE	10	HK1.5 cents	HK1.3 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June

	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit for the period	45,298	41,405
Other comprehensive income/(expenses):		
Exchange differences on translation of foreign operations	1,272	(36,952)
Total comprehensive income for the period	46,570	4,453
Attributable to:		
Owners of the Company	46,428	4,154
Non-controlling interests	142	299
	46,570	4,453



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	776,495	783,713
Prepaid land lease payments		92,349	93,234
Loan to an unlisted equity investment		1,387	3,116
Available-for-sale investment		290	290
Deposits for purchase of non-current assets		33,185	31,539
Deferred tax assets		122	141
Total non-current assets		903,828	912,033
CURRENT ASSETS			
Inventories	12	257,426	245,149
Trade receivables	13	235,391	268,495
Prepayments, deposits and other receivables		37,735	27,797
Cash and cash equivalents		796,087	753,926
Total current assets		1,326,639	1,295,367
CURRENT LIABILITIES			
Trade and bills payables	17	60,464	81,929
Other payables and accruals		46,885	73,823
Tax payable		8,465	12,428
Interest-bearing bank and other borrowings	15	589,242	447,952
Total current liabilities		705,056	616,132
NET CURRENT ASSETS		621,583	679,235
TOTAL ASSETS LESS CURRENT LIABILITIES		1,525,411	1,591,268

	Notes	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	–	92,677
Deferred tax liabilities		10,458	9,059
Other payables and accruals		868	891
Total non-current liabilities		11,326	102,627
Net assets		1,514,085	1,488,641
EQUITY			
Equity attributable to owners of the Company			
Issued capital		93,013	93,245
Reserves		1,402,668	1,369,823
Proposed dividend	10	13,907	22,379
		1,509,588	1,485,447
Non-controlling interests		4,497	3,194
Total equity		1,514,085	1,488,641



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June

	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash flows from operating activities	78,867	124,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(68,381)	(57,101)
Proceeds from disposal of items of property, plant and equipment	2,169	4,406
Decrease in non-pledged time deposits with original maturity of over three months and within one year when acquired	99,194	151,486
Decrease in deposits of financial products	–	31,420
Loan repayment received from an unlisted equity investment	1,419	–
Proceeds from capital contributed from subsidiary's investor	1,161	–
Net cash flows from investing activities	35,562	130,211
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(2,794)	(933)
Share issue expenses	(11)	(6)
Share options exercised	640	8,529
New bank loans and other borrowings	246,365	414,770
Repayment of bank loans and other borrowings	(194,292)	(412,655)
Capital element of finance lease rental payments	(3,461)	(6,673)
Dividends paid	(22,299)	–
Net cash flows from financing activities	24,148	3,032
NET INCREASE IN CASH AND CASH EQUIVALENTS	138,577	258,132
Cash and cash equivalents at beginning of period	654,732	603,859
Effect of foreign exchange rate changes, net	2,778	(17,377)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	796,087	844,614
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	531,675	390,899
Non-pledged time deposits with original maturity of less than three months when acquired	264,412	453,715
Cash and cash equivalents as stated in the consolidated statement of financial position	796,087	844,614

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)	Attributable to owners of the Company												Total equity HK\$'000
	Issued share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Statutory						Retained profits HK\$'000	Proposed dividends HK\$'000	Non-controlling interests HK\$'000	
				Statutory surplus reserve HK\$'000	public welfare fund HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Total HK\$'000				
At 1 January 2015	93,245	398,404	(1,116)	30,384	287	7,275	33,007	238,727	662,855	22,379	1,485,447	3,194	1,488,641
Profit for the period	-	-	-	-	-	-	-	-	45,142	-	45,142	156	45,298
Other comprehensive expenses for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,286	-	-	1,286	(14)	1,272
Total comprehensive income for the period	-	-	-	-	-	-	-	1,286	45,142	-	46,428	142	46,570
Capital contributed	-	-	-	-	-	-	-	-	-	-	-	1,161	1,161
Issue of shares	100	540	-	-	-	-	-	-	-	-	640	-	640
Share issue expenses	-	(11)	-	-	-	-	-	-	-	-	(11)	-	(11)
Repurchase of shares	(332)	(2,462)	-	-	-	332	-	-	(332)	-	(2,794)	-	(2,794)
Equity-settled share option arrangements	-	231	-	-	-	-	1,946	-	-	-	2,177	-	2,177
Final 2014 dividend declared	-	-	-	-	-	-	-	-	-	(22,299)	(22,299)	-	(22,299)
Transfer to retained profits	-	-	-	-	-	-	-	-	80	(80)	-	-	-
Proposed 2015 interim dividend	-	-	-	-	-	-	-	-	(13,907)	13,907	-	-	-
At 30 June 2015	93,013	396,702*	(1,116)*	30,384*	287*	7,607*	34,953*	240,013*	693,838*	13,907	1,509,588	4,497	1,514,085
At 1 January 2014	91,082	386,126	(1,116)	23,035	287	5,757	44,045	282,885	608,007	-	1,440,108	2,452	1,442,560
Profit for the period	-	-	-	-	-	-	-	-	41,045	-	41,045	360	41,405
Other comprehensive expenses for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(36,891)	-	-	(36,891)	(61)	(36,952)
Total comprehensive income for the period	-	-	-	-	-	-	-	(36,891)	41,045	-	4,154	299	4,453
Issue of shares	2,406	10,606	-	-	-	-	(4,483)	-	-	-	8,529	-	8,529
Share issue expenses	-	(6)	-	-	-	-	-	-	-	-	(6)	-	(6)
Repurchase of shares	(167)	(766)	-	-	-	167	-	-	(167)	-	(933)	-	(933)
Equity-settled share option arrangements	-	-	-	-	-	-	8,652	-	-	-	8,652	-	8,652
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	(5,829)	-	5,829	-	-	-	-
Proposed 2014 interim dividend	-	-	-	-	-	-	-	-	(12,132)	12,132	-	-	-
At 30 June 2014	93,321	395,960*	(1,116)*	23,035*	287*	5,924*	42,385*	245,994*	642,582*	12,132	1,460,504	2,751	1,463,255

* These reserve accounts comprise the consolidated reserves of HK\$1,402,668,000 (30 June 2014: HK\$1,355,051,000) in the condensed consolidated statement of financial position.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

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 of Cayman Islands. Its 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 activities of the Group are the manufacture and sale of precision metal components for hard disk drives, hydraulic equipment, automotive parts and components for other applications.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2015.

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the geographical locations of the customers and has six reportable operating segments as follows: (1) Thailand; (2) Malaysia; (3) Mainland China, Macau and Hong Kong; (4) North America; (5) Europe; and (6) Other countries.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax from continuing operations except that interest income and finance costs are excluded from such measurement.

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

4. OPERATING SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2015 (Unaudited)						Total HK\$'000
	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	
Segment revenue:							
Sales to external customers	46,647	97,616	104,439	116,499	90,267	16,417	471,885
Inter-segment sales	10,539	-	-	-	-	-	10,539
Other revenue	446	-	178	-	-	-	624
	57,632	97,616	104,617	116,499	90,267	16,417	483,048
Reconciliation:							
Elimination at inter-segment sales							(10,539)
Revenue							472,509
Segment results	8,362	12,289	12,903	14,530	11,153	2,029	61,266
Reconciliation:							
Elimination at inter-segment results							(1,366)
Interest income							6,955
Finance costs							(9,429)
Profit before tax							57,426
Income tax expense							(12,128)
Profit for the period							45,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

4. OPERATING SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2014 (Unaudited)						Total HK\$'000
	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	
Segment revenue:							
Sales to external customers	43,217	102,538	96,198	130,144	97,571	26,702	496,370
Inter-segment sales	10,232	–	–	–	–	–	10,232
Other revenue	15	–	1,868	–	–	–	1,883
	<u>53,464</u>	<u>102,538</u>	<u>98,066</u>	<u>130,144</u>	<u>97,571</u>	<u>26,702</u>	<u>508,485</u>
Reconciliation:							
Elimination at inter-segment sales							<u>(10,232)</u>
Revenue							<u>498,253</u>
Segment results	5,936	11,820	11,152	14,973	11,311	3,065	58,257
Reconciliation:							
Elimination at inter-segment results							<u>(1,615)</u>
Interest income							11,293
Finance costs							<u>(11,756)</u>
Profit before tax							56,179
Income tax expense							<u>(14,774)</u>
Profit for the period							<u>41,405</u>

5. REVENUE AND OTHER INCOME

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 period.

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue		
Sale of goods and materials	471,885	496,370
Other income		
Bank interest income	6,955	11,293
Others	624	1,883
	7,579	13,176

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	6,841	8,894
Interest on finance leases	22	281
Financial arrangement fees	2,566	2,581
	9,429	11,756

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cost of inventories sold	341,722	365,977
Depreciation	72,472	78,528
Amortization of land lease payments	1,138	1,144
Equity-settled share option expenses	2,177	8,652
Auditors' remuneration	1,310	1,308
Foreign exchange differences, net	2,918	2,846
Loss on disposal of items of property, plant and equipment	903	182

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (16.5% for the six months ended 30 June 2014) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Group:		
Current (charge for the period) — Hong Kong	—	1,000
Current (charge for the period) — Elsewhere	10,710	12,426
	10,710	13,426
Deferred	1,418	1,348
Total tax charge for the period	12,128	14,774

9. EARNINGS PER SHARE

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

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, 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 calculation of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	45,142	41,045

	Number of shares (in thousands)	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	931,529	917,803
Effect of dilution — weighted average number of ordinary shares:		
Share options	40,200	558
	971,729	918,361

10. INTERIM DIVIDEND

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interim dividend — HK1.5 cents per ordinary share (2014: HK1.3 cents)	13,907	12,132

At the Board meeting held on 24 August 2015, the Board declared an interim dividend of HK1.5 cents per ordinary share (2014: HK1.3 cents).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

11. PROPERTY, PLANT AND EQUIPMENT

Unaudited	Land and buildings HK\$'000	Leasehold improvements 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 2015	432,585	3,320	1,472,875	63,448	19,452	154,658	2,146,338
Additions	3,756	64	485	42	2,469	61,565	68,381
Transfer in/(out)	116,944	-	15,412	5,386	7	(137,749)	-
Disposals	-	-	(41,130)	(1,238)	(1,689)	(1,541)	(45,598)
Exchange realignment	(569)	4	(1,810)	41	11	114	(2,209)
At 30 June 2015	552,716	3,388	1,445,832	67,679	20,250	77,047	2,166,912
Accumulated depreciation:							
At 1 January 2015	(173,122)	(3,274)	(1,115,654)	(54,285)	(16,290)	-	(1,362,625)
Depreciation provided during the period	(12,128)	(23)	(57,155)	(2,307)	(859)	-	(72,472)
Disposals — accumulated depreciation	-	-	39,842	1,209	1,475	-	42,526
Exchange realignment	288	(5)	1,891	(8)	(12)	-	2,154
At 30 June 2015	(184,962)	(3,302)	(1,131,076)	(55,391)	(15,686)	-	(1,390,417)
At 30 June 2015	552,716	3,388	1,445,832	67,679	20,250	77,047	2,166,912
Accumulated depreciation	(184,962)	(3,302)	(1,131,076)	(55,391)	(15,686)	-	(1,390,417)
Net carrying amount	367,754	86	314,756	12,288	4,564	77,047	776,495
At 31 December 2014							
Cost	432,585	3,320	1,472,875	63,448	19,452	154,658	2,146,338
Accumulated depreciation	(173,122)	(3,274)	(1,115,654)	(54,285)	(16,290)	-	(1,362,625)
Net carrying amount	259,463	46	357,221	9,163	3,162	154,658	783,713

12. INVENTORIES

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Raw materials	82,845	81,329
Consumables	50,327	42,683
Work in progress	40,273	49,166
Finished goods	112,555	100,545
	286,000	273,723
Less: Provision against inventory obsolescence	(28,574)	(28,574)
	257,426	245,149

13. TRADE RECEIVABLES

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 maintains 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 aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within 1 month	72,419	84,492
1 to 2 months	70,045	72,738
2 to 3 months	46,343	55,643
3 to 4 months	29,970	28,178
4 to 12 months	16,614	27,427
Over 1 year	-	17
	235,391	268,495

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

14. SHARE CAPITAL

Shares	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Authorised: 1,500,000,000 (31 December 2014: 1,500,000,000) ordinary shares of HK\$0.1 each	150,000	150,000
Issued and fully paid: 930,129,135 (31 December 2014: 932,454,135) ordinary shares of HK\$0.1 each	93,013	93,245

The movements in share capital for the six months ended 30 June 2015 and year ended 31 December 2014 were as follows:

	Notes	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2014		910,823,943	91,082	386,126	477,208
Share options exercised	(a)	36,805,192	3,681	20,966	24,647
Repurchase of shares	(b)	(15,175,000)	(1,518)	(8,669)	(10,187)
		932,454,135	93,245	398,423	491,668
Share issue expenses		–	–	(19)	(19)
At 31 December 2014 and 1 January 2015		932,454,135	93,245	398,404	491,649
Share options exercised	(c)	1,000,000	100	540	640
Repurchase of shares	(d)	(3,325,000)	(332)	(2,462)	(2,794)
Equity-settled share option arrangement		–	–	231	231
		930,129,135	93,013	396,713	489,726
Share issue expenses		–	–	(11)	(11)
At 30 June 2015		930,129,135	93,013	396,702	489,715

14. SHARE CAPITAL (Continued)

A summary of the transactions with reference to the above movements in the Company's issued capital is as follows:

- (a) In 2014, the subscription rights attaching to 24,059,423 share options were exercised at the subscription price of HK\$0.35 per share and the subscription rights attaching to 12,745,769 share options were exercised at the subscription price of HK\$0.72 per share, resulting in the issue of 36,805,192 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$17.7 million. An amount of approximately HK\$6,940,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (b) The Company repurchased its own shares on the Stock Exchange during the year ended 31 December 2014. The shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.
- (c) The subscription rights attaching to 1,000,000 share options were exercised during the six months ended 30 June 2015 at the subscription price of HK\$0.64 per share, resulting in the issue of 1,000,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$640,000. An amount of approximately HK\$231,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (d) The Company repurchased its own shares on the Stock Exchange during the six months ended 30 June 2015. The shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective contractual interest rate (%)	Maturity	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Current				
Finance lease payables (note 16)	–	2015	–	3,460
<i>Unsecured</i>				
Bank revolving loans	2.24 – 2.89	2015	220,000	30,000
Bank term loans	2.89	2016	184,550	183,746
Other bank loans	1.56 – 2.39	2015	81,123	86,659
Long term bank loans repayable on demand	2.39 – 3.01	On demand	103,569	144,087
			589,242	447,952
Non-current				
<i>Unsecured</i>				
Bank term loans		2015	–	92,677
			589,242	540,629

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Analysed into:		
Bank overdrafts, revolving loans, terms loans and long term bank loans repayable:		
Within one year or on demand	508,118	357,833
In the second year	–	92,677
	508,118	450,510
Other bank loans repayable:		
Within one year	81,124	86,659
Other borrowings repayable:		
Within one year	–	3,460
	589,242	540,629

Interest rates for all the Group's borrowings are floating.

16. FINANCE LEASE PAYABLES

The Group leases certain of its machineries for its high precision metal component business. These leases are classified as finance leases and have remaining lease terms less than one year.

At 30 June 2015, the total future minimum lease payments under finance leases and their present values were as follows:

Group	Minimum lease payments 30 June 2015 (Unaudited) HK\$'000	Minimum lease payments 31 December 2014 (Audited) HK\$'000	Present value of minimum lease payments 30 June 2015 (Unaudited) HK\$'000	Present value of minimum lease payments 31 December 2014 (Audited) HK\$'000
Amounts payable: Within one year	–	3,483	–	3,460
Total minimum finance lease payments	–	3,483	–	3,460
Future finance charges	–	(23)		
Total net finance lease payables	–	3,460		
Portion classified as current liabilities (note 15)	–	(3,460)		
Non-current portion	–	–		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

17. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within 1 month	24,062	31,001
1 to 2 months	19,090	28,406
2 to 3 months	13,088	15,789
Over 3 months	4,224	6,733
	60,464	81,929

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

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group's contingent liabilities not provided for in the consolidated financial statements were as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Guarantees given to an electricity company	1,206	1,238

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Contracted but not provided for:		
Plant and machinery	12,414	3,544
Buildings	41,561	64,373
	53,975	67,917

20. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short term employee benefits	7,728	6,636
Equity-settled share option expense	873	1,449
Post-employment benefits	128	104
Total compensation paid to key management personnel	8,729	8,189

21. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed financial statements were approved and authorised for issue by the board of directors on 24 August 2015.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of the directors, in the share capital and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(A) Long positions in the ordinary shares of the Company:

Name of director	Capacity and nature of interests	Notes	Number of ordinary shares in the Company	Percentage of the Company's issued share capital*
Mr. Chui Siu On	Through controlled corporation	1	228,554,475	24.57%
	Directly beneficially owned		7,576,250	0.82%
	Through spouse	2	125,000	0.01%
			<u>236,255,725</u>	<u>25.40%</u>
Mr. Ho Yu Hoi	Directly beneficially owned		38,838,740	4.18%
Mr. Li Chi Hang	Directly beneficially owned		25,088,535	2.70%
Mr. Lau Siu Chung	Directly beneficially owned		5,285,000	0.57%
Mr. Yuen Chi Ho	Directly beneficially owned		8,520,000	0.92%
Ms. Chiu Tak Chun	Directly beneficially owned		1,573,077	0.17%
Dr. Cheng Ngok	Directly beneficially owned		528,846	0.06%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2015.

Notes:

- These shares were owned by Tottenham Limited ("Tottenham"), the entire issued capital of which was owned by Mr. Chui Siu On. By virtue of his 100% shareholding in Tottenham, Mr. Chui Siu On was deemed to be interested in the 228,554,475 shares of the Company owned by Tottenham pursuant to Part XV of the SFO.
- These shares held by Ms. Leung Wing Yi, the wife of Mr. Chui Siu On, were also disclosed as Ms. Leung's interests in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below. Mr. Chui Siu On was deemed to be interested in these 125,000 shares of the Company held by his wife pursuant to Part XV of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

(B) Long positions in the underlying shares of the Company — physically settled unlisted equity derivatives:

Name of director	Capacity and nature of interests	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued capital*
Mr. Chui Siu On	Directly beneficially owned	29,000,000	3.12%
Mr. Lau Siu Chung	Directly beneficially owned	2,500,000	0.27%
Mr. Yuen Chi Ho	Directly beneficially owned	3,000,000	0.32%
Ms. Chiu Tak Chun	Directly beneficially owned	2,500,000	0.27%

* The percentage represents the number of underlying shares divided by the number of the Company's issued shares as at 30 June 2015.

Details of the above share options granted by the Company are set out in the section headed "Share option scheme" below.

In addition to the above, as at 30 June 2015, certain directors of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the previous requirements of a minimum of two shareholders.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

During the six months ended 30 June 2015, no share options of the Company have been granted, cancelled or lapsed. The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2015:

Name or category of participant	Number of share options			Date of grant of share options ⁽²⁾	Exercise period of share options	Exercise price of share options ⁽³⁾ HK\$ per share
	At 1 January 2015	Exercised during the period ⁽⁴⁾	At 30 June 2015			
Directors						
Mr. Chui Siu On ⁽¹⁾	14,000,000	–	14,000,000	19-06-11	01-09-13 to 31-08-18	1.8200
	7,000,000	–	7,000,000	15-01-13	01-04-14 to 31-12-17	0.7100
	8,000,000	–	8,000,000	14-04-14	14-04-14 to 31-12-19	0.4600
	<u>29,000,000</u>	<u>–</u>	<u>29,000,000</u>			
Mr. Lau Siu Chung	<u>2,500,000</u>	<u>–</u>	<u>2,500,000</u>	12-06-14	01-06-15 to 31-12-19	0.5600
Mr. Yuen Chi Ho	<u>3,000,000</u>	<u>–</u>	<u>3,000,000</u>	12-06-14	01-06-15 to 31-12-19	0.5600
Ms. Chiu Tak Chun	<u>2,500,000</u>	<u>–</u>	<u>2,500,000</u>	12-06-14	01-06-15 to 31-12-19	0.5600
Mr. Nguyen, Van Tu Peter	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>–</u>	23-04-12	01-05-12 to 31-08-16	0.6400
	<u>38,000,000</u>	<u>(1,000,000)</u>	<u>37,000,000</u>			
Members of senior management & other employees of the Group						
In aggregate	20,000,000	–	20,000,000	23-04-12	01-09-14 to 31-08-16	0.6400
	83,000,000	–	83,000,000	15-01-13	01-04-14 to 31-12-17	0.7100
	7,000,000	–	7,000,000	14-04-14	14-04-14 to 31-12-19	0.4600
	<u>17,400,000</u>	<u>–</u>	<u>17,400,000</u>	12-06-14	01-06-15 to 31-12-19	0.5600
	<u>127,400,000</u>	<u>–</u>	<u>127,400,000</u>			
Suppliers of services						
In aggregate	<u>5,000,000</u>	<u>–</u>	<u>5,000,000</u>	14-04-14	14-04-14 to 31-12-19	0.4600
	<u>170,400,000</u>	<u>(1,000,000)</u>	<u>169,400,000</u>			

SHARE OPTION SCHEME (Continued)

Notes to the table of share options outstanding during the period:

- (1) The grant of share options to Mr. Chui Siu On in June 2011, which exceed the individual limit, was approved by the independent shareholders at the Company's extraordinary general meeting pursuant to the Listing Rules.
- (2) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (3) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (4) The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK\$1.45 per share.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the following parties (not being directors or chief executive of the Company) with interests of more than 5% in the shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(A) Long positions in the ordinary shares of the Company:

Name of substantial shareholder	Capacity and nature of interests	Notes	Number of ordinary shares in the Company	Percentage of the Company's issued share capital*
Tottenham	Directly beneficially owned	1	228,554,475	24.57%
Ms. Leung Wing Yi	Directly beneficially owned	2	125,000	0.01%
	Through spouse		236,130,725	25.39%
			236,255,725	25.40%
Mr. Jiang Qi Hang	Through controlled corporation	3	50,817,773	5.46%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2015.

Notes:

1. The interests of Tottenham were also disclosed as the interests of Mr. Chui Siu On in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above.
2. These shares were disclosed as the interests of Mr. Chui Siu On, the husband of Ms. Leung Wing Yi, in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above. Ms. Leung Wing Yi was deemed to be interested in these shares owned by her husband pursuant to Part XV of the SFO.
3. These shares as to 20,567,773 shares were held by China Angel Fund (which Mr. Jiang Qi Hang controlled 36% of its shareholdings); and as to 30,250,000 shares were held by China Angel Investment Management Limited (which Mr. Jiang Qi Hang controlled 100% of its shareholdings). Accordingly, Mr. Jiang Qi Hang was deemed to be interested in the total of 50,817,773 shares pursuant to Part XV of the SFO.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

(B) Long positions in the underlying shares of the Company — physically settled unlisted equity derivatives:

Name of substantial shareholder	Capacity and nature of interests	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued share capital*
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Ms. Leung Wing Yi	Through spouse	29,000,000	3.12%
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* The percentage represents the number of underlying shares divided by the number of the Company's issued shares as at 30 June 2015.

Note: These underlying shares were disclosed as the interests of Mr. Chui Siu On, the husband of Ms. Leung Wing Yi, in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above. Ms. Leung Wing Yi was deemed to be interested in these underlying shares held by her husband pursuant to Part XV of the SFO.

Details of the above share options granted by the Company are set out in the section headed "Share option scheme" above.

Save as disclosed above, as at 30 June 2015, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company repurchased a total of 3,325,000 shares of the Company on the Stock Exchange during the six months ended 30 June 2015. 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 summarized as follows:

Month of repurchases	Total number of shares repurchased	Repurchase price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
April 2015	3,325,000	0.86	0.81	2,794

Except as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK\$0.015 per share for the six months ended 30 June 2015 (2014: HK\$0.013). The interim dividend will be paid in cash on Friday, 18 September 2015 to the shareholders whose names appear on the Register of Members of the Company as at the close of business on Thursday, 10 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 9 September 2015 to Thursday, 10 September 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2015, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 8 September 2015.

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 Corporate Governance Code contained in Appendix 14 to the Listing Rules during the period under review, save for the following deviation:

Code Provision A.2.1

The code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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, Mr. Chui 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. The structure is therefore beneficial to the Group.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising 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 the accounting principles and practices adopted by the Group and discussed internal control and financial reporting processes including the review of the Company's interim report for the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct governing directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all directors and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the six months ended 30 June 2015.



OTHER INFORMATION

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to possess inside information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the six months ended 30 June 2015.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

- Mr. Choi Hon Ting, Derek has been appointed as an executive director of D&G Technology Holding Company Limited (a company listed on the Main Board of the Stock Exchange on 27 May 2015, stock code: 1301) in September 2014.
- Mr. Nguyen, Van Tu Peter has been appointed as an independent non-executive director of Greenheart Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 94) in July 2015.

GENERAL DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

As detailed in the Company's announcement dated 27 May 2013, pursuant to the term and revolving loan facility agreement (the "Facility Agreement"), a term loan facility of HK\$330,000,000 (the "Facility A Loan") and a revolving loan facility of HK\$220,000,000 (the "Facility B Loan", together with the Facility A Loan, the "Loan Facility") is made available to the Group for the general working capital of the Group and corporate funding purposes. The Facility A Loan is repayable in seven equal quarterly instalments commencing eighteen months from the date of the Facility Agreement. Each Facility B Loan is repayable on the last day of its interest payment date, being one, two or three months as may be selected by the Company provided that it shall be repaid in full on the third anniversary of the date of the Facility Agreement (or, subject to agreement between the parties thereto, a further period of up to one year).

As common with other syndicated loan facilities, the Facility Agreement imposes a specific performance obligation on Mr. Chui Siu On ("Mr. Chui") who is the Chairman of the Board, an executive Director and a substantial shareholder of the Company. It will be an event of default under the Facility Agreement if: (a) Mr. Chui holds, directly or indirectly, less than 20% of all the issued share capital of, and voting rights in, the Company; (b) Mr. Chui ceases to be the largest and substantial shareholder of the Company (within the meaning of the Listing Rules); or (c) Mr. Chui is not actively involved in, or maintain control in the management and business of the Company, in which event all or any part of the commitments under the Loan Facility may be cancelled and all amounts outstanding under the Loan Facility may immediately become due and payable.

APPRECIATION

The Board would like to take this opportunity to thank our shareholders for their continued support and the fellow directors and our staff for their contributions to the Group.

By order of the Board
Chui Siu On
Chairman

Hong Kong, 24 August 2015



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