

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



IPE GROUP LIMITED

IPE集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

SUBSCRIPTION FOR NEW SHARES

On 12 June 2009, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 35,000,000 Shares in cash at the Subscription Price of HK\$0.4366 per Subscription Share.

The Subscription Price of HK\$0.4366 per Subscription Share represents: (i) a discount of approximately 3.0% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on 12 June 2009, being the date of the Subscription Agreement; and (ii) a discount of approximately 6.3% to the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the Subscription Agreement. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent approximately 5.0% of the existing issued share capital of the Company and approximately 4.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription of approximately HK\$15.2 million will be applied towards the general working capital of the Group.

SUBSCRIPTION AGREEMENT

On 12 June 2009, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 35,000,000 Shares in cash at the Subscription Price of HK\$0.4366 per Subscription Share.

The Subscriber

The Subscriber is an exempted company incorporated in the Cayman Islands with limited liability and is an investment company structured as a mutual fund whose investment objective is to achieve capital growth in the long term by investing mainly in companies listed respectively in certain recognized exchanges such as Hong Kong, Taiwan and Singapore etc. and companies listed in other emerging markets. Each of the Subscriber and its ultimate beneficial owners is an independent third party, not a connected person of the Company and not party acting in concert with any of the directors, chief executive and other shareholders of the Company or its subsidiaries or any of their respective associates.

Number of Subscription Shares

The Subscription Shares represent approximately 5.0% of the existing issued share capital of the Company and approximately 4.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscriber undertakes to and covenants with the Company that it will not, and will procure that none of its associates or the companies controlled by it will, within a period of twelve months from the date of Completion, dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any of the Subscription Shares or any interests therein owned by it or in which it is, directly or indirectly, interested immediately after Completion or dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any shares in any company controlled by it which is the beneficial owner of the Subscription Shares provided always that a transfer of the Subscription Shares to another fund or entity which is under the same management by the fund manager of the Subscriber shall be permitted.

Subscription Price

The Subscription Price of HK\$0.4366 per Subscription Share represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on 12 June 2009, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 6.3% to the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.433 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 139,559,000 Shares. As at the date of this announcement, no portion of the General Mandate was utilised. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval.

Condition of the Subscription

The Subscription is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

In the event that the condition of the Subscription is not fulfilled within 14 days from the date of the Subscription Agreement or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Completion

Completion will take place at 4:00 p.m. on the third business day after the condition of the Subscription is fulfilled (or such other date as may be agreed between the parties to the Subscription Agreement).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in the manufacture and sale of precision metal components used in a variety of applications including certain precision metal components used in hard disk drives, in hydraulic controls, in the automotive industry, in fiber optic connectors and in other applications.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The gross proceeds of the Subscription is approximately HK\$15.3 million. The net proceeds of the Subscription of approximately HK\$15.2 million will be applied towards the general working capital of the Group. The Directors consider that the Subscription will strengthen the financial position (in particular, the working capital and cash flow position) of the Group.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription are as follows:

Shareholder	Shareholding at the date of this announcement	Shareholding immediately after Completion
Tottenham Limited (<i>Note</i>)	353,660,000 Shares (about 50.7%)	353,660,000 Shares (about 48.3%)
Mr. Chui Siu On (a Director) and his spouse	6,145,000 Shares (about 0.9%)	6,145,000 Shares (about 0.8%)
Mr. Ho Yu Hoi (a Director)	4,550,000 Shares (about 0.7%)	4,550,000 Shares (about 0.6%)
Mr. Lai Man Kit (a Director) and his spouse	1,000,000 Shares (about 0.1%)	1,000,000 Shares (about 0.1%)
Mr. Ng Kin Nam (a Director) and his spouse	8,470,000 Shares (about 1.2%)	8,470,000 Shares (about 1.2%)
The Subscriber	–	35,000,000 Shares (about 4.8%)
Public Shareholders (other than the Subscriber)	323,970,000 Shares (about 46.4%)	323,970,000 Shares (about 44.2%)
Total	<u>697,795,000 Shares</u> (100%)	<u>732,795,000 Shares</u> (100%)

Note: Tottenham Limited is an investment holding company incorporated in the British Virgin Islands, the entire issued share capital of which is owned as to approximately 51.3% by Mr. Chui Siu On, as to approximately 25% by Mr. Ng Kin Nam, as to approximately 13.9% by Mr. Ho Yu Hoi, as to approximately 6% by Mr. Lai Man Kit and as to approximately 3.8% by Mr. Li Chi Hang.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to this term under the Hong Kong Code on Takeovers and Mergers
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	IPE Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 2 June 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Angel Fund, an exempted company incorporated in the Cayman Islands with limited liability and is the subscriber of the Subscription Shares

“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the Subscription Agreement dated 12 June 2009 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.4366 per Subscription Share
“Subscription Shares”	an aggregate of 35,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 June 2009

As at the date of this announcement, the Board comprises Mr. CHUI Siu On (Chairman), Mr. HO Yu Hoi, Mr. LAI Man Kit, Mr. LI Chi Hang, Mr. WONG Kwok Keung and Mr. LAU Siu Chung (the above 6 being executive Directors), Mr. NG Kin Nam and Mr. WAN Tak Wing, Gary (the above 2 being non-executive Directors), and Dr. CHENG Ngok, Mr. CHOI Hon Ting, Derek and Mr. WU Karl Kwok (the above 3 being independent non-executive Directors).