

**IPE GROUP LTD:
TOP HEAVY IN DEBT;
TOO MANY OBFUSCATIONS OF THE FACTS;
AND,
TOO MANY GENIUSES SPOIL THE BROTH**

Had it not been for compensation, obtained from an insurance company in respect of a fire accident at one of the company's factories, the Net Profit Attributable to Shareholders of IPE Group Ltd for the 2004 Financial Year, ended December 31, would not have been anywhere near the \$HK50,676,000.

The Chairman of IPE Group, Mr Chui Siu On, in his first published Statement to Shareholders since his Company obtained its listing on The Stock Exchange of Hongkong Ltd, that statement, contained in the 2004 Annual Report, said, inter alia:

' ... while profit attributable to shareholders was HK\$50.7 million, representing a significant growth of 20% compared to previous year ... thanks to the economic of scale effect and our continuous effort to monitor the fixed overhead, net profit margin only dropped by approximately 2.3% overall ... '.

Twaddle!

If one subtracts the cash compensation, which had been paid to this Company as a result of, what must have been, a rather large fire, that claim, being about \$HK5.97 million, the Bottom Line would have come in at no more than \$HK44.71 million.

That result, which is much closer to the truth than that which the Chairman stated in his missive to shareholders, was an increase, Year-on-Year, of not more than \$HK2.31 million, equivalent to a growth rate of about 5.45 percent.

In view of the fact that the Turnover of this Company rose from the 2003 figure of about \$HK208.26 million to about \$HK281.67 million in 2004, an increase of about \$HK73.41 million, or about 35.25 percent, Year-On-Year, and in view of the fact that the profits from ordinary activities were flat, it would be fair to state that IPE Group Ltd did not do very well in the 2004-Year.

But more about these, and other matters, later on in this analysis.

The Flotation

IPE Group Ltd (Code: 929, Main Board, The Stock Exchange of Hongkong Ltd) went public in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on October 19, 2004.

The Company raised about \$HK73.80 million, net, by Placing and Offering 127.50 million, 10-cent Shares at a Premium of 67 cents per Share.

This Company is engaged in the manufacture and sales of precision metal components, with concentration on the production of metal components, used in **Hard Disk Drives** (HDDs), specifically, the production of pivot shafts, pivot housings, and fluid dynamic bearings.

The Company appears to be managed by a quintuplet of Chinese '*geniuses*', if one may believe the statements, made in the Company's Prospectus.

At Page 83 of this document, it is stated that the Chairman, Mr Chui Siu On, now aged 44 years, the Founder of the Company, *'has 29 years of experience in the field of mechanical engineering and precision automation ...'*

Assuming that **TARGET**'s calculator is not faulty, the above statement means that, at the tender age of 15 years, Chairman Chui Siu On was, without any (or very little) academic training, engaged in the production of precision automation.

At the age of 15 years, one would have assumed that a young man would be chasing after girls' tails, not precision automation.

Chairman Chui Siu On's Number Two, so to speak, is the 45-year-old, Mr Ng Kin Nam, the present Vice Chairman, who was a Co-Founder of IPE Group.

About Vice Chairman Ng Kin Nam, one is told *'... Mr Ng has 30 years of experience in the electrical product manufacturing industry ...'*

On the same assumption, that **TARGET**'s calculator is not faulty, the above statement must mean that Vice Chairman Ng Kin Nam, without any, or little, formal education, also started working his tail off, learning his art at The University of Hard Knocks at the tender age of 15 years, too.

Perhaps the sap in this duo ... [CLICK TO ORDER FULL ARTICLE](#)

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