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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in IPE Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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IPE GROUP LIMITED

國際精密集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
GRANT OF OPTIONS
AND
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF THE ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of IPE Group Limited to be held at Multimedia Room, 1/F, Office Building in Guangzhou Xin Hao Precision Technology Company Limited, Shangwei Shahe Community, Yue Hu Cun, Zengcheng, Guangzhou, Guangdong Province, The PRC on Friday, 12 June 2020 at 12:00 noon is set out on pages 33 to 37 of this circular. A form of proxy for use at the annual general meeting is also enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ipegroup.com) respectively.

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the annual general meeting (i.e. not later than 12:00 noon on Wednesday, 10 June 2020) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting or any adjournment thereon if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

* for identification purposes only

14 May 2020

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RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|---------------------------------|--|
| “2020 Grant” | The grant of an aggregate of 54,300,000 share options to certain Directors, employees, and a supplier of services to the Company and its subsidiaries to subscribe for the Shares on 3 April 2020 (inclusive of the Options conditionally granted to Mr. Zeng); |
| “Annual General Meeting” | an annual general meeting of the Company to be held at Multimedia Room, 1/F, Office Building in Guangzhou Xin Hao Precision Technology Company Limited, Shangwei Shahe Community, Yue Hu Cun, Zengcheng, Guangzhou, Guangdong Province, The PRC on Friday, 12 June 2020 at 12:00 noon, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 33 to 37 of this circular, or any adjournment thereof; |
| “Articles of Association” | the articles of association of the Company currently in force; |
| “associate(s)” | has the same meaning as ascribed thereto in the Listing Rules; |
| “Board” | the board of Directors; |
| “Buyback Mandate” | as defined in paragraph 2(a) of the Letter from the Board; |
| “close associate(s)” | has the same meaning as ascribed thereto in the Listing Rules; |
| “Company” | IPE Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange; |
| “Director(s)” | the director(s) of the Company; |
| “Existing Scheme Mandate Limit” | the Scheme Mandate Limit as refreshed at the annual general meeting of the Company held on 23 May 2016, being 10% of the issued share capital of the Company as at 23 May 2016; |
| “Group” | the Company and its subsidiaries from time to time; |

DEFINITIONS

| | |
|----------------------------|---|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Shareholders” | Shareholders other than Mr. Zeng and his associates; |
| “Invested Entity” | any entity in which the Group holds any equity interest; |
| “Issuance Mandate” | as defined in paragraph 2(b) of the Letter from the Board; |
| “Latest Practicable Date” | 8 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Mr. Zeng” | Mr. Zeng Guangsheng, the Chairman of the Board, an executive Director, and the Chief Executive Officer; |
| “Options” | 20,000,000 share options conditionally granted to Mr. Zeng under the Share Option Scheme; |
| “Participant(s)” | any person belonging to any of the following classes of persons: <ul style="list-style-type: none">(a) any eligible employee (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company, its subsidiaries or any Invested Entity;(b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of the Group or any Invested Entity; |

DEFINITIONS

- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

| | |
|------------------------|--|
| “Scheme Mandate Limit” | the maximum number of Shares which may be issued upon exercise of all shares options to be granted under the Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company, as permitted under Listing Rules; |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong; |
| “Share Option Scheme” | the share option scheme of the Company adopted on 17 May 2011; |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, share(s) forming part of the ordinary equity share capital of the Company; |
| “Shareholder(s)” | holder(s) of Share(s); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Takeovers Code” | the Code on Takeovers and Mergers approved by the Securities and Futures Commission in Hong Kong; and |
| “%” | per cent. |

References to time and dates in this circular are to Hong Kong time and dates.



IPE GROUP LIMITED

國際精密集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

Executive Directors:

Mr. Zeng Guangsheng
(Chairman and Chief Executive Officer)
Mr. Ng Hoi Ping

Registered Office:

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

Non-executive Directors:

Ms. Zeng Jing
Mr. Chen Kuangguo

*Principal Place of Business
in Hong Kong:*

Unit 5-6, 23/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Hong Kong

Independent Non-executive Directors:

Mr. Yang Rusheng
Mr. Cheung, Chun Yue Anthony
Mr. Mei Weiyi
Mr. Xu Bing

14 May 2020

To the Shareholders

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
GRANT OF OPTIONS
AND
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF THE ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the Buyback Mandate to the Directors; (ii) the granting of the Issuance Mandate to the Directors; (iii) the extension of the Issuance Mandate by adding the number of Shares repurchased by the Company under the Buyback Mandate; (iv) the grant of Options; and (v) the re-election of the retiring Directors.

* *for identification purposes only*

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 20 May 2019, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates, to the extent not utilized by the date of the Annual General Meeting, will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, of not exceeding 10% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total of 105,225,413 Shares on the basis that the existing issued share capital of the Company of 1,052,254,135 Shares remains unchanged as at the date of the Annual General Meeting) (the “**Buyback Mandate**”);
- (b) to allot, issue or deal with new Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total of 210,450,827 Shares on the basis that the existing issued share capital of the Company of 1,052,254,135 Shares remains unchanged as at the date of the Annual General Meeting) (the “**Issuance Mandate**”); and
- (c) to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 10 and 11 of the notice of the Annual General Meeting as set out on pages 33 to 37 of this circular. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto, if such mandates are granted.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. GRANT OF OPTIONS

Grant of the Options

Reference is made to the announcement of the Company dated 3 April 2020 in relation to, among others, the grant of share options to Mr. Zeng. On 3 April 2020, the Board (including all the independent non-executive Directors) resolved to conditionally grant the Options to Mr. Zeng to subscribe for a total of 20,000,000 Shares. During the Board meeting, Mr. Zeng had abstained from voting on the agenda of Mr. Zeng's share option. Details of the share options proposed to be granted to Mr. Zeng is as below:

| Name | Position in the Company | Number of Options proposed to be granted | Approximate percentage of the Shares (that fall to be issued upon exercise of the Options) out of the issued share capital as at the Date of Grant | Approximate percentage of the Shares (that fall to be issued upon exercise of the Options) out of the issued share capital as at the Latest Practicable Date |
|----------|--|--|--|--|
| Mr. Zeng | Chairman, Executive Director & Chief Executive Officer | 20,000,000 | 1.90% | 1.90% |

Details of the Options are set out below:

| | | |
|---------------------------|---|--|
| Number of Options offered | : | 20,000,000 (representing approximately 1.90% of the issued share capital of the Company as at the Date of Grant) |
| Exercise price of Options | : | HK\$0.9 per Share (being no less than the highest of: (i) the closing price of a Share as stated in the daily quotation sheet of the Stock Exchange on 3 April 2020, being HK\$0.73; (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five trading days of the Shares immediately preceding 3 April 2020, being HK\$0.75; and (iii) the nominal value of a Share, being HK\$0.10) |

LETTER FROM THE BOARD

| | | |
|---|---|---|
| Date of grant of Options | : | 3 April 2020, subject to the Independent Shareholders' approval on the grant of Options at the Annual General Meeting (the " Date of Grant ") |
| Validity period of the Options | : | From the Date of Grant to 28 February 2026, both days inclusive |
| Consideration payable on acceptance of the Options | : | HK\$1.00 to be paid by Mr. Zeng upon acceptance of the grant |
| Exercise period of the Options | : | From 1 March 2021 to 28 February 2026, both days inclusive |
| Vesting period | : | From the Date of Grant to 28 February 2021, both days inclusive. |
| Performance target | : | No performance target is to be achieved before the Options can be exercised |
| Rights attached to the Shares to be issued on exercise of the Options | : | The Shares that fall to be issued upon exercise of the Options shall rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Shares |

There is no trustee under the Share Option Scheme.

LETTER FROM THE BOARD

Share options previously granted to Mr. Zeng prior to the grant of the Options

Mr. Zeng has been previously granted share options under the Share Option Scheme. The details of the previous grant of such share options to him is as follows:

| Name of Director | Date of grant | Exercise price | Validity period of the share options | Aggregate number of Shares subject to the share options previously granted | Approximate percentage of issued Shares upon exercise in full of the share options previously granted to the total number of issued Shares as at the Latest Practicable Date |
|------------------|---------------|-----------------------|---|--|--|
| Mr. Zeng | 5 June 2017 | HK\$2.02 per Share | From 5 June 2017 to 31 August 2022 (both days inclusive) | 22,000,000 (Note) | 2.09% |

Note: All these share options granted were fully vested and exercisable at any time during the exercise period from 1 September 2018 to 31 August 2022, both days inclusive.

Reasons for the grant of the Options

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest.

Mr. Zeng joined the Group in March 2016 and is the Chairman of the Board, the Chief Executive Officer and an executive director of the Company. He is currently an employee representative director of the fourteenth session of the board of directors and the chief investment officer of China Baoan Group Co., Ltd. (中國寶安集團股份有限公司) (“China Baoan”, together with its subsidiaries, the “Baoan Group”) (a company listed on the Shenzhen Stock Exchange, stock code: 000009 and the controlling shareholder of the Company), the chairman of the board of directors of China Baoan Group Assets Management Co., Ltd. (中國寶安集團資產管理有限公司) (“Baoan Group Assets Management”) and the director of Baoan Technology Company Limited (寶安科技有限公司) (“Baoan Technology”). He currently holds 672,906 shares of China Baoan (representing 0.03% of its issued share capital). Mr. Zeng had served various positions at the managerial level in various subsidiaries of the Baoan Group and is responsible for the strategy development and overall management, including the identification of suitable investment opportunities of the Group.

LETTER FROM THE BOARD

According to the remuneration policy of the Company, the remuneration packages for executive Directors comprise fixed salaries (including allowances and benefits in kind) plus discretionary bonuses as determined by the Board. In addition, they are eligible to participate in the Share Option Scheme which is designed to provide additional incentives and rewards to eligible Participants for their contribution to the development and growth of the Group.

Grant of share options as incentives or rewards for performance is common practice among listed companies in Hong Kong. To align with market practice, the Company has adopted the Share Option Scheme and granted share options to the Directors and eligible employees as may be determined by the Board from time to time pursuant to such scheme. The Board had reviewed the grant of options by other companies listed on the Stock Exchange and considered that the proposed grant of the Options is in line with the market practice of other listed companies. Set out below are the details of the grant of options by some listed companies:

| Name of company (stock code) | Date of announcement/ circular for the grant of share options | Name and position of the relevant grantee of options in the company | Number of options and approximate percentage of the options granted to the total number of issued shares | Whether there is performance target or vesting conditions | Premium of the exercise price of the options over the closing share price on the date of grant, or the average closing price for five trading days preceding the date of grant |
|---|---|---|---|--|---|
| Hong Kong Television Network Limited (stock code: 1137) | 17 April 2020 | Mr. Cheung Chi Kin, Paul, chairman and an executive director | 5,950,000, representing approximately 0.65% of the total number of issued shares of the company | No | Approximately 0.54% |
| China Aircraft Leasing Group Holdings Limited (stock code: 1848) | 24 March 2020 | Mr. Zhao Wei, chairman and an executive director | 10,000,000, representing approximately 1.48% of the total number of issued shares of the company | No | Approximately 9.0% |
| C Cheng Holdings Limited (stock code: 1486) | 7 January 2020 | Mr. Liang Ronald, chairman and an executive director | 5,000,000, representing approximately 1.73% of the total number of issued shares of the company | No | 0% |

LETTER FROM THE BOARD

| Name of company (stock code) | Date of announcement/ circular for the grant of share options | Name and position of the relevant grantee of options in the company | Number of options and approximate percentage of the options granted to the total number of issued shares | Whether there is performance target or vesting conditions | Premium of the exercise price of the options over the closing share price on the date of grant, or the average closing price for five trading days preceding the date of grant |
|--|---|--|---|--|---|
| IBO Technology Company Limited (stock code: 2708) | 17 September 2019 | Ms. Cheng Yan, the vice chairperson of the company and an executive director | 20,000,000, representing approximately 5% of the total number of issued shares of the company | No | Approximately 1.8% |
| China E-Information Technology Group Limited (stock code: 8055) | 2 July 2019 | Mr. Yuen Wei, executive director and chief executive officer | 30,600,000, representing approximately 0.82% of the total number of issued shares of the company | No | Approximately 7.64% |

The above comparable companies were selected by the Company based on the following criteria: (i) companies listed on the Stock Exchange which had published announcements or circulars on grant of share options within one year prior to 3 April 2020, being the Date of Grant of the Options to Mr. Zeng; (ii) the grantees of the comparable companies shall hold similar positions in the comparable companies as that of Mr. Zeng; and (iii) the options granted by the comparable companies did not have performance targets or vesting conditions.

As shown from the grant of options by the above companies, similar to the Options to be granted to Mr. Zeng, the options granted to Chairman of the board and executive directors are generally without any performance target or vesting conditions. Although the total amount of options to be granted to Mr. Zeng would be above the range granted by the aforesaid comparable companies to their Chairman and executive directors, the Company considered that such higher number of options can be justified by the exercise price of the Options being set at a premium of approximately 20% over the average closing price preceding the Date of Grant, as compared with a premium of approximately 1% to 9.0% over the closing share price on the date of grant or the average closing price for the five trading days preceding the date of grant of the comparable companies. Therefore, taking into consideration the higher premium on the exercise price for the Options to be granted to Mr. Zeng, the Company considered that the proposed grant of Options to Mr. Zeng is generally in line with the market practice.

LETTER FROM THE BOARD

The Company's practice on grant of share options are normally subject to a vesting period ranging from about 11 months to 16 months, without any vesting conditions or performance targets required to be fulfilled or achieved.

The exercise price of the Options is HK\$0.9 per Share and the average closing price of a Share for the five trading days preceding the Date of Grant is HK\$0.75. The exercise price therefore represents a premium of 20% over the average closing price of a Share for the five trading days preceding the Date of Grant. The following table sets out the monthly growth rate of the share price of the Company for the 12 months immediately preceding the Date of Grant of the Options:

| Date | Share price at month end (HK\$) | Approximate growth rate ^(note) |
|----------------|---------------------------------------|--|
| April 2019 | 1.01 | 3% |
| May 2019 | 1.00 | -0.9% |
| June 2019 | 0.95 | -5% |
| July 2019 | 0.76 | -20% |
| August 2019 | 0.91 | 20% |
| September 2019 | 0.80 | -12% |
| October 2019 | 0.81 | 1% |
| November 2019 | 0.80 | -1% |
| December 2019 | 0.86 | 7% |
| January 2020 | 0.78 | -9% |
| February 2020 | 0.77 | -1% |
| March 2020 | 0.74 | -4% |

Note: the growth rate is calculated by comparing the share price at current month end with the share price at previous month end

As shown from the above table, the share price of the Company has shown a decreasing trend during the past 12 months. In particular, the share price has dropped by approximately 26.73% from HK\$1.01 as at end of April 2019 to HK\$0.74 as at end of March 2020. The monthly growth rate of the share price of the Company was negative for most of the months during the preceding 12 months before the Date of Grant of the Options. With respect to those months with positive growth rate, the growth rate generally did not exceed 10%. In view of the decreasing trend of the share price and the low historical growth rate of the share price of the Company in the past, the Board considered that the exercise price of the Options set at a premium of 20% over the average closing price of a Share for the past five trading days preceding the Date of Grant would provide sufficient incentive to Mr. Zeng to improve the business performance of the Group to enhance the share price of the Company so as to make the Options granted to him "in the money". The Board therefore had not set additional performance targets and vesting conditions in relation to the exercise of the Options.

LETTER FROM THE BOARD

It has been the Company's intention to grant share options as an incentive to the management and employees, and the results of such incentive are generally measured by way of enhancement of the share value and returns to the Shareholders. As such, similar to the practice for the grant of options by the Company in the past, it has been the practice of the Company to grant share options to the management and employees without any vesting conditions or performance targets required to be fulfilled or achieved. The Company considered that imposing additional performance targets or vesting conditions for the Options granted to Mr. Zeng, while the options granted to other management and employees are free of such performance targets and vesting conditions, may result in the discrepancy in the aims and the actions to be taken by each of Mr. Zeng and the other management members during the management of the Company, and may not be beneficial to the overall business planning and direction of the Group in the future as a whole.

The Board considers that the economic benefits of the share options to the grantees depends on the increase in share price to be driven by improving fundamentals of the Company, at which time all the Shareholders also stand to benefit. The grant of share options therefore provides an incentive for the Directors and eligible employees to actively involve themselves in the Group and focus on results that will make the Group more profitable, thereby raising share price and share value for the Group and the Shareholders.

The Board believes that the grant of the Options to Mr. Zeng is consistent with the remuneration policy of the Company. The Options to be granted follows the Company's previous practice. It provides him with an incentive for his continuing commitment and contribution to the growth of the Group in the future, taking into account his role as the Chairman of the Board and the Chief Executive Officer, assuming the responsibility of leading the Group in its strategic direction and business development by leveraging with the strong capital strength and extensive domestic customer network of Baoan Group, thus achieving long-term growth of the businesses of the Group and increasing the value of the Company. After 2019, the Company's core business changes obviously. The business of HDD component decreased significantly by 44.3% in comparison with the sale in 2018. More importantly, this business segment will not recover as before. In addition, it is expected that the outbreak of COVID-19 will have negative impact on the PRC and the global economic environment in the foreseeable future. At this uncertain circumstance, Mr. Zeng, the Chairman of the Board and the Chief Executive Officer, takes an important role and function to lead the Company's strategy to overcome relevant impact and change. The grant of the Options to Mr. Zeng is in line with the Company's past practice of granting share options to its Directors and other employees as rewards for their performance and the terms of the Options are on the same bases as the terms of other share options issued to other Directors and management members and employees of the Group.

LETTER FROM THE BOARD

The Company has considered several means of providing incentives to Mr. Zeng and other Directors and management members, including cash bonus, profit sharing scheme and grant of share options. However, after careful consideration of various alternatives, the Board considers that the grant of share options to be most appropriate and in the best interest of the Group given that there will be costs to be incurred under other alternatives while the grant of share options enables the Group to conserve its cash resources and bring potential benefits to the Group as mentioned above. As disclosed in the circular of the Company dated 12 July 2017, the Company had granted 22,000,000 share options (the “**Previous Options**”) to Mr. Zeng on 5 June 2017. The exercise price of the Previous Options is HK\$2.02 per Share. However, since the grant of the Previous Options, the share price of the Company had shown a decreasing trend. As compared with the closing price of a Share of HK\$0.73 on 3 April 2020 (being the date of grant of the Options), the exercise price of the Previous Options represent a premium of approximately 176.7%. The Board considered that it may be a long-term target for the share price of the Group to achieve such significant growth so as to make the Previous Options “in the money”, and as such the Previous Options with an exercise price of a premium of over 170% may not provide the necessary motivation and incentive to Mr. Zeng to enhance the performance and the share price of the Group and benefit the Shareholders in the short to medium term. The current Options granted to Mr. Zeng, with a more reasonable premium of 20% over the average closing price of a Share for the five trading days preceding the Date of Grant, would serve to incentivize Mr. Zeng to improve the performance of the Group in the short to medium term, which is also expected to benefit the Shareholders as a whole through enhancement of the share price of the Company.

In considering the grant of the Options, the Company and the remuneration committee have compared the remuneration of Mr. Zeng, and the structure of his remuneration package with personnel with similar qualification, experience and background in the market.

LETTER FROM THE BOARD

The remuneration package of Mr. Zeng is set out below for comparison:

| Remuneration package and structure (HK\$ 000) | | | | | | | | | |
|--|---|------|-----------------------------|-------------------------------------|----------|---------------------|-------|-------|--|
| Position | Background | Fees | Salaries and other benefits | Contribution to retirement benefits | | Share-based payment | Bonus | Total | Approximate percentage of total share options granted to the number of issued shares |
| | | | | scheme | benefits | | | | |
| Chairman, executive Director and chief executive officer | (i) over 25 years served at various managerial position at Baoan Group; (ii) holding a doctorate degree in economics from Nankai University | 250 | 2,210 | 18 | 205 | - | 2,683 | 3.99% | |

Set out below are some recent examples of grant of share options by other companies:

| Remuneration package and structure (HK\$ 000) <small>(note 1)</small> | | | | | | | | | | | |
|---|---|---|--|-------|-------------------------------------|---------------------|---------------------|-------|--------|--|--|
| Company name (stock code) | Date of announcement /circular for the grant of share options | Name and position of the grantee of options | Background | Fees | Contribution to retirement benefits | | Share-based payment | Bonus | Total | Approximate percentage of total share options granted to the number of issued shares | Premium of exercise price over the closing share price or the average closing price for the past five trading days preceding date of grant |
| | | | | | Salaries and other benefits | retirement benefits | | | | | |
| C Cheng Holdings Limited (stock code: 1486) | 7 January 2020 | Mr. Liang Ronald, an executive director and the chairman of the company | (i) over 40 years of experience in the architectural service industry, and (ii) holding a diploma in technology (architecture) | 1,200 | 10,391 | 96 | 505 | 1,406 | 13,598 | 2.95% | 0% |

(note 2)

LETTER FROM THE BOARD

Remuneration package and structure (HK\$ 000) *(note 1)*

| Company name (stock code) | Date of announcement /circular for the grant of share options | Name and position of the grantee of options | Background | Contribution to | | | Share-based | | | Approximate percentage of total share options granted to the number of issued shares | Premium of exercise price over the closing share price or the average closing price for the past five trading days preceding date of grant |
|--|---|--|---|--------------------|-----------------------------------|----------------------------------|-------------|---------|-------|--|---|
| | | | | Fees | Salaries and other benefits | retirement benefits scheme | Bonus | payment | Total | | |
| IBO Technology Company Limited (stock code: 2708) | 17 September 2019 | Ms. Cheng Yan, an executive director and the vice chairperson | (i) over 20 years of experience in financial management, and (ii) holding a bachelor's degree in accounting and executive master degree in business administration | 1,300 | 3,900 | - | - | - | 5,200 | 5% | Approximately 1.78% |
| China E-Information Technology Group Limited (stock code: 8055) | 2 July 2019 | Mr. Yuan Wei, an executive director and the chief executive officer of the company | (i) over 20 years of experience in the financial and banking sector, and (ii) holding an associate degree in finance/ management-related subject | 1,500 | 41 | 18 | - | 2,692 | 4,251 | 1.70% | Approximately 7.64% |
| Viva China Holdings Limited (stock code: 8032) | 20 January 2017 | Mr. Li Qilin, an executive director | Around 10 years of experience working with the group | 200 | 2,264 | 18 | - | 126 | 2,608 | 0.99% | Approximately 8.11% |

Notes:

1. Based on information extracted from the announcements or annual reports of the respective companies.
2. Represent the total options granted to Mr. Liang Ronald on 28 November 2019 and 1 November 2018.

LETTER FROM THE BOARD

The above table shows that Mr. Zeng's annual emoluments was similar to or less than the executive directors' remuneration package of the aforesaid comparables, while the percentage of the total options to be granted to Mr. Zeng is generally above the range of the aforesaid comparables.

The Board and the remuneration committee of the Company have taken into consideration of the following factors to justify the higher percentage of the total options to be granted to Mr. Zeng:

1. As mentioned in the preceding paragraphs, the exercise price of the Options is set at a premium of 20% over the average closing price of a Share for the past five trading days preceding the Date of Grant, which is higher than the premium for the exercise price of the options granted by the above comparable companies. Although the total number of Options to be granted would be above the range of the comparable companies, Mr. Zeng would need to provide greater efforts and achieve a larger increase in the share price than the grantees in other comparable companies in order to make the Option "in the money". This is particularly the case in view of the decreasing trend of the share price and small growth rate of the share price of the Company in the past.
2. Among the total 44,000,000 share options granted or to be granted to Mr. Zeng, 22,000,000 options represent the Previous Options. As mentioned in the preceding paragraphs, the exercise price of such Previous Options represent a premium of approximately 176.7% over the closing price of a Share on the Date of Grant of the Options, which the Company considered may not be able to provide the necessary motivation and incentive to Mr. Zeng to enhance the performance of the Group and benefit the Shareholders in the short to medium term. On the other hand, the Options proposed to be granted to Mr. Zeng bear an exercise price at a more reasonable premium of 20%, and an increase of 20% in the share price of the Company would be a more realistic aim that can be achieved in the short to medium term. Therefore, the Company considered that Options to be granted to Mr. Zeng, together with the Previous Options, will serve the separate purposes of providing incentive to the management in short, medium and long terms respectively, and are expected to benefit the Shareholders as a whole.

LETTER FROM THE BOARD

When Mr. Zeng also lead the Company achieve better results that will make the Company more profitable, his options granted in 2017 would be exercised within corresponding validity period. It is believed that the Company and all the Shareholders will appreciate to see Mr. Zeng exercise his options granted in 2017.

Taking into account the above reasons, the Board (including all the independent non-executive Directors) is of the view that the grant of Options is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on share options granted under the Company's share option scheme

At the annual general meeting of the Company held on 23 May 2016, the Existing Scheme Mandate Limit was refreshed and approved by the then Shareholders such that the total number of Shares which may fall to be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company must not exceed 105,075,413 Shares, representing 10% of the issued share capital of the Company as at 23 May 2016. As at the Latest Practicable Date, a total of 104,300,000 share options (inclusive of the 2020 Grant) had been granted, of which 10,000,000 share options had lapsed and none of the share options had been exercised and/or cancelled. The number of Shares which can be issued pursuant to the grant of share options under the Existing Scheme Mandate Limit shall be 10,775,413 Shares, representing approximately 10.25% of the Existing Scheme Mandate Limit and approximately 1.02% of the issued share capital of the Company as at the Latest Practicable Date.

Assuming that the grant of Options to Mr. Zeng is approved by the Independent Shareholders at the Annual General Meeting and on the basis that (i) no share options have been granted under the Share Option Scheme up to the date of the Annual General Meeting and (ii) the issued share capital of the Company remains at 1,052,254,135 Shares on the date of the Annual General Meeting, a total of share options carrying the rights to subscribe for 94,300,000 Shares have been granted under the Share Option Scheme but yet to be exercised (which include the Options granted under 2020 Grant), representing approximately 8.96% of the issued share capital of the Company. As at the Latest Practicable Date, there were no outstanding share options granted under the previous share option scheme of the Company which was terminated on 17 May 2011.

LETTER FROM THE BOARD

Implication under the Listing Rules

Pursuant to rule 17.03(4) of the Listing Rules, where any grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares in issue, such grant of options must be separately approved by Shareholders of the listed issuer in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

Rule 17.04(1) of the Listing Rules also requires that each grant of options to a Director, chief executive or substantial Shareholder of the listed issuer, or any of their respective associates, must be approved by the independent non-executive Directors of the listed issuer (excluding independent non-executive Director who is the grantee of the options).

On 3 April 2020, the Remuneration Committee of the Company approved the grant of Options to Mr. Zeng.

According to the above provisions, such grant of Options to Mr. Zeng as detailed above has been approved by all the independent non-executive Directors.

In addition, as the total number of Shares issued and to be issued upon exercise of the Options granted to Mr. Zeng would in a 12-month period exceed 1% of the Shares in issue, the grant of Options to and acceptance thereof by Mr. Zeng is conditional upon the approval by the Independent Shareholders in the Annual General Meeting with Mr. Zeng and his associate (as ascribed thereto under rule 1.01 of the Listing Rules), if any, abstaining from voting on the relevant resolution(s) at the Annual General Meeting.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY UPON EXERCISE OF THE SHARE OPTIONS

The shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately upon exercise of all Options by Mr. Zeng (only those proposed to be granted to him at the Annual General Meeting, but not other outstanding share options granted under the Share Option Scheme); and (c) immediately upon exercise of all the share options and other outstanding share options granted under the Share Option Scheme are as follows:

| | As at the Latest Practicable Date | | Immediately upon exercise of all the Options | | Immediately upon exercise of all the Options and outstanding share options granted under the Share Option Scheme | |
|---|--|--|--|---|--|---|
| | Number of Shares held directly or indirectly | Approximate percentage of the issued share capital of the Company (Note 4) | Number of Shares held directly or indirectly | Approximate percentage of the issued share capital of the Company (Notes 4 & 5) | Number of Shares held directly or indirectly | Approximate percentage of the issued share capital of the Company (Notes 4 & 6) |
| Baoan Technology Company Limited (Note 1) | 557,721,250 | 53.00% | 557,721,250 | 52.01% | 557,721,250 | 48.65% |
| Mr. Chui Siu On (Note 2) | 182,668,225 | 17.36% | 182,668,225 | 17.04% | 182,668,225 | 15.93% |
| Mr. Zeng | - | - | 20,000,000 | 1.87% | 42,000,000 | 3.66% |
| Mr. Ng Hoi Ping (Note 3) | - | - | - | - | 20,000,000 | 1.74% |
| Ms. Zeng Jing (Note 3) | - | - | - | - | 13,000,000 | 1.13% |
| Mr. Chen Kuangguo (Note 3) | - | - | - | - | 5,000,000 | 0.44% |
| Public shareholders | 311,864,660 | 29.64% | 311,864,660 | 29.08% | 326,164,660 | 28.45% |
| Total: | 1,052,254,135 | 100% | 1,072,254,135 | 100% | 1,146,554,135 (Note 7) | 100% |

Note 1: Baoan Technology Company Limited is wholly owned by China Baoan Group Co., Ltd., a company listed on the Shenzhen Stock Exchange.

Note 2: Out of the 182,668,225 Shares, 167,966,975 Shares were held by Tottenham Limited, a controlled corporation of Mr. Chui Siu On, 125,000 Shares were held by Mr. Chui Siu On's wife, Ms. Leung Wing Yi, and the remaining 14,576,250 Shares were held by Mr. Chui Siu On personally.

Note 3: Mr. Ng Hoi Ping, Ms. Zeng Ting and Mr. Chen Kuangguo are Directors of the Company

Note 4: The percentages may not add up to the total due to rounding.

Note 5: On the presumption that (i) the issued share capital of the Company remained at 1,052,254,135 Shares immediately before the full exercise of options; and (ii) the aggregate shareholding interests held by the Shareholders as set out in the above table remained unchanged immediately after the full exercise of options.

LETTER FROM THE BOARD

Note 6: On the presumption that (i) the issued share capital of the Company remained at 1,052,254,135 Shares immediately before the full exercise of options and outstanding share options; and (ii) the aggregate shareholding interests held by the Shareholders as set out in the above table remained unchanged immediately after the full exercise of options and outstanding share options.

Note 7: Such figure represents the sum of (i) the number of Shares issued as at the Latest Practicable Date (i.e. 1,052,254,135 Shares); and (ii) the total number of Shares which may fall to be issued upon the exercise of all outstanding share options under the Share Option Scheme, which includes the share options granted before and under the 2020 Grant (i.e. 94,300,000 Shares)

As at the Latest Practicable Date, the shareholding of the public shareholders was approximately 29.64% of the total issued share capital of the Company. Immediately upon full exercise of the options, the shareholding of the public shareholders would change to approximately 29.08% of the total issued share capital of the Company. Immediately upon exercise of all the options and outstanding share options granted under the Share Options Scheme, the shareholding of the public shareholders would change to approximately 28.45% of the total issued share capital of the Company. The Board is of the view that the dilution effect resulting from the exercise of options is insignificant.

4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

According to Article 87 of the Articles of Association, Mr. Zeng and Ms. Zeng Jing shall retire from office by rotation at the Annual General Meeting whereas according to Article 86(3) of the Articles of Association, Mr. Chen Kuangguo and Mr. Xu Bing were appointed as a non-executive Director and an independent non-executive Director respectively on 1 June 2019 and shall hold office until the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Mr. Xu Bing, who has been serving as an independent non-executive Director, has confirmed his independence with reference to the factors set out in rule 3.13 of the Listing Rules. The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors who are due to retire at the Annual General Meeting. The Company considers that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

LETTER FROM THE BOARD

Pursuant to rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under rule 13.51(2) of the Listing Rules of any Director(s) proposed to be re-elected or proposed new Director in the notice or accompanying circular to its Shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of Mr. Zeng Guangsheng, Ms. Zeng Jing, Mr. Chen Kuangguo and Mr. Xu Bing are set out in Appendix II to this circular.

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 33 to 37 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Buyback Mandate and the Issuance Mandate, the extension of the Issuance Mandate by adding the number of Shares repurchased by the Company under the Buyback Mandate, the grant of Options; and the re-election of the retiring Directors.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except for those resolutions relating purely to procedural or administrative matter which may be voted on by a show of hands. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ipegroup.com). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting (i.e. not later than 12:00 noon on Wednesday, 10 June 2020) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish and in such event, your proxy form shall be deemed to be revoked.

6. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate, the granting/extension of the Issuance Mandate, the terms of the grant of Options; and the re-election of the retiring Directors, are in the interests of the Company, the Group and the Shareholders as a whole.

Accordingly, the Directors (including all the independent non-executive Directors) recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

7. PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Taking account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19). The Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (1) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of venue. Any person with a body temperature of over 37.5 degree celsius will not be admitted to the venue;
- (2) Every Shareholder or proxy is required to wear surgical facial mask throughout the Annual General Meeting; and
- (3) No refreshment will be served.

Furthermore, the Company wishes to advise the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Annual General Meeting as a proxy to vote on the resolution, instead of attending the Annual General Meeting in person.

8. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Buyback Mandate) and Appendix II (Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting) to this circular.

Yours faithfully,
On behalf of the Board
IPE Group Limited
Zeng Guangsheng
Chairman

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

1. REASONS FOR BUYBACK OF SHARES

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,052,254,135 Shares.

Subject to the passing of the ordinary resolution set out in item 10 of the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting, i.e. 1,052,254,135 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, a total number of 105,225,413 Shares, representing 10% of the total number of issued Shares as at the date of the Annual General Meeting.

3. FUNDING OF REPURCHASES

Repurchases of Shares will be funded from the Company's internal resources, which shall be funds legally available for such purposes in accordance with the Company's Memorandum and Articles of Association, the laws of Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2019) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time befitting the Company.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

To the best of the knowledge and belief of the Directors, the shareholdings of the substantial Shareholders as at the Latest Practicable Date and upon full exercise of the Buyback Mandate are set out below:

| | As at the Latest Practicable Date | | Immediately upon full exercise of the Buyback Mandate | |
|--|---|--|--|---|
| | <i>Number of issued Shares held</i> | <i>Percentage of the total issued share capital of the Company</i> | <i>Number of issued Shares held (Note 3)</i> | <i>Percentage of the total issued share capital of the Company (Note 3)</i> |
| Substantial Shareholders | | | | |
| Baoan Technology Company Limited (寶安科技有限公司) (Note 1) | 557,721,250 | 53.0% | 557,721,250 | 58.9% |
| Mr. Chui Siu On (Note 2) | 182,668,225 | 17.4% | 182,668,225 | 19.3% |

Notes:

- (1) Baoan Technology Company Limited (寶安科技有限公司) is wholly-owned by China Baoan Group Co., Ltd. (中國寶安集團股份有限公司), a company listed on the Shenzhen Stock Exchange.
- (2) Mr. Chui Siu On was deemed to be interested in the 167,966,975 Shares which were held by Tottenham Limited, a controlled corporation of Mr. Chui. Other than through Tottenham Limited, Mr. Chui Siu On was also interested in 14,701,250 Shares. Out of these Shares, 125,000 Shares were owned by Mr. Chui's wife, Ms. Leung Wing Yi, and the remaining 14,576,250 Shares were held by Mr. Chui personally.
- (3) On the presumption that (i) the issued share capital of the Company remained at 1,052,254,135 Shares immediately before the full exercise of the Buyback Mandate; and (ii) the aggregate shareholding interests held by the substantial Shareholders as set out in the above table remained unchanged immediately after the full exercise of the Buyback Mandate.

In the event that the Directors exercise in full the power to repurchase Shares under the Buyback Mandate, the shareholding interest of (i) Baoan Technology Company Limited and (ii) Mr. Chui Siu On would, based on their current shareholding, be increased to approximately 58.9% and 19.3% of the total issued share capital of the Company respectively. In the opinion of the Directors, such an increase of shareholding would not give rise to an obligation for (i) Baoan Technology Company Limited and (ii) Mr. Chui Siu On to make a mandatory offer under the Takeovers Code.

In addition, the Company has no intention to exercise the proposed Buyback Mandate to the effect that it will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make any repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

| Month | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
|---|-------------------------------|------------------------------|
| 2019 | | |
| May | 1.05 | 0.91 |
| June | 0.99 | 0.95 |
| July | 0.95 | 0.68 |
| August | 0.91 | 0.71 |
| September | 0.85 | 0.68 |
| October | 0.85 | 0.71 |
| November | 0.82 | 0.74 |
| December | 1.51 | 0.75 |
| 2020 | | |
| January | 0.89 | 0.73 |
| February | 0.89 | 0.76 |
| March | 0.82 | 0.68 |
| April | 0.79 | 0.65 |
| May (up to the Latest Practicable Date) | 0.70 | 0.63 |

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company or by its subsidiaries during the previous 6 months immediately preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the Annual General Meeting according to the Articles of Association, are provided below.

(1) **Mr. Zeng Guangsheng, aged 53**

Position & experience

Mr. Zeng Guangsheng (“**Mr. Zeng**”) is the Chairman of the Board, the Chief Executive Officer, an executive Director, the chairman of both of the executive committee and nomination committee and a member of both of the remuneration committee and the environmental, social and governance committee of the Company. He joined the Group in 2016. Mr. Zeng obtained a doctorate degree in economics from Nankai University (南開大學) in 2004. He is currently an employee representative director of the fourteenth session of the board of directors and the chief investment officer of China Baoan Group Co., Ltd. (中國寶安集團股份有限公司) (“**China Baoan**”, together with its subsidiaries, the “**Baoan Group**”) (a company listed on the Shenzhen Stock Exchange, stock code: 000009 and the controlling shareholder of the Company), the chairman of the board of directors of China Baoan Group Assets Management Co., Ltd. (中國寶安集團資產管理有限公司) and the director of Baoan Technology Company Limited (寶安科技有限公司). Mr. Zeng was an executive director of the thirteenth session of the board of directors of China Baoan during the period between June 2016 and June 2019. He had served various positions at the managerial level in various subsidiaries of the Baoan Group and was the vice chairman of the board of directors of Mayinglong Pharmaceutical Group Co., Ltd. (馬應龍藥業集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600993).

Save as disclosed above, Mr. Zeng has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Pursuant to the director’s service agreement entered into between the Company and Mr. Zeng, his term of office is three years. He is also subject to the retirement by rotation and re-election provisions as set out in the Articles of Association.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Zeng personally held 42,000,000 share options (inclusive of the 20,000,000 share options conditionally granted on 3 April 2020) of the Company attaching thereto the rights to subscribe for 42,000,000 Shares. He also personally held 672,906 shares in China Baoan, the holding company of the Company, representing approximately 0.03% of its issued share capital.

Save as disclosed above, Mr. Zeng was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Relationships

As far as the Directors are aware, Mr. Zeng does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Director's emoluments

Pursuant to the director's service agreement entered into between the Company and Mr. Zeng, he is entitled to receive the following emoluments:

- (i) a fixed salary of HK\$2,210,000 per annum payable in 12 equal monthly installments;
- (ii) a fixed director fee of HK\$250,000 per annum payable in 12 equal monthly installments; and
- (iii) in respect of every financial year of the Company, a discretionary bonus calculated as a percentage of the audited consolidated profit of the Group attributable to Shareholders (after tax but before extraordinary items and such bonus), which percentage shall be determined by the Board, but in any event, the aggregate amount payable in each financial year to all executive Directors shall not exceed 15% of such profit, provided that Mr. Zeng shall not be eligible to be considered for such a discretionary bonus if he has left the employment of the Company or has served to the Company or has been served by the Company of any notice to terminate his employment at the date when the Company's annual discretionary bonuses are declared.

Apart from the aforesaid, Mr. Zeng is also eligible to participate in the Company's Share Option Scheme. The emoluments of Mr. Zeng are determined by the Board by reference to his performance, experience, time commitment and responsibilities as well as the prevailing market conditions.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Zeng to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Zeng that need to be brought to the attention of the Shareholders.

(2) Ms. Zeng Jing, aged 46

Position & experience

Ms. Zeng Jing (“**Ms. Zeng**”) is a non-executive Director of the Company. She joined the Group in June 2017. Ms. Zeng currently is the financial controller of China Baoan Group Assets Management Co., Ltd. (中國寶安集團資產管理有限公司). Ms. Zeng has served senior position in a subsidiary of China Baoan Group Co., Ltd. (中國寶安集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000009 and the controlling shareholder of the Company) and Mayinglong Pharmaceutical Group Co., Ltd. (馬應龍藥業集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600993). She has over 21 years of experience in accounting and financial management.

Save as disclosed above, Ms. Zeng has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Pursuant to the letter of appointment issued by the Company to Ms. Zeng, she was first appointed on 2 June 2017 and subsequently re-elected at a general meeting held on 14 August 2017 for an initial term of 1 year and shall be subject to retirement by rotation and re-election provisions as set out in the Articles of Association of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Ms. Zeng personally held 13,000,000 share options (inclusive of the 5,000,000 share options conditionally granted on 3 April 2020) of the Company attaching thereto the rights to subscribe for 13,000,000 Shares. She also held 10,222,583 shares in China Baoan Group Co., Ltd., the holding company of the Company, representing approximately 0.40% of its issued share capital.

Save as disclosed above, Ms. Zeng was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Relationships

As far as the Directors are aware, Ms. Zeng does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Director's emoluments

Pursuant to the letter of appointment issued by the Company to Ms. Zeng, she is entitled to a director's emolument of HK\$250,000 per annum which is determined by the Board by reference to her duties and responsibilities in the Group as well as the prevailing market conditions.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Ms. Zeng to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Ms. Zeng that need to be brought to the attention of the Shareholders.

(3) Mr. Chen Kuangguo, aged 35*Position & experience*

Mr. Chen Kuangguo ("**Mr. Chen**") is a non-executive Director of the Company. He joined the Group in June 2019 and China Baoan Group Co., Ltd (中國寶安集團股份有限公司), the controlling shareholder of the Company and listed on the Shenzhen Stock Exchange (stock code: 000009) ("**China Baoan**", together with its subsidiaries, the "**Baoan Group**") in July 2006. Mr. Chen has been a director of Mayinglong Pharmaceutical Group Stock Co., Ltd.(馬應龍藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600993), since May 2019, and an executive deputy general manager of the financial investment department of China Baoan. Mr. Chen served as a senior project manager at Tangren Pharmaceutical Co., Ltd. (唐人藥業有限公司), a subsidiary of Baoan Group. He was an executive director of the thirteenth session of the board of directors of China Baoan during the period between June 2016 and June 2019.

Save as disclosed above, Mr. Chen has not held other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Pursuant to the letter of appointment issued by the Company to Mr. Chen, his term of office is three years. He is also subject to the retirement by rotation and re-election provisions as set out in the Articles of Association.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Chen personally held 5,000,000 share options of the Company attaching thereto the rights to subscribe for 5,000,000 Shares.

Save as disclosed above, Mr. Chen was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Relationships

As far as the Directors are aware, Mr. Chen does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Director's emoluments

Pursuant to the letter of appointment issued by the Company to Mr. Chen, he is entitled to a director's emolument of HK\$250,000 per annum which is determined by the Board by reference to his time commitment and responsibilities with the Company as well as the prevailing market conditions.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Chen to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders.

(4) Mr. Xu Bing, aged 48

Position & experience

Mr. Xu Bing ("**Mr. Xu**") is an independent non-executive Director and a member of each of the audit committee, nomination committee, remuneration committee and environmental, social and governance committee of the Company. He joined the Group in June 2019. Mr. Xu obtained his PhD degree of Mechanical Engineering from Zhejiang University in 2001. He is a professor at the School of Mechanical Engineering of Zhejiang University, a doctoral tutor, the head of the Department of Mechanical and Electronic Engineering and the director of the State Key Laboratory of Fluid Power & Mechatronic Systems. He holds various positions, including the director of Chinese Mechanical Engineering Society ("**CMES**") and the deputy chairman of the branch of the Fluid Transmission and Control Society of CMES (流體傳動與控制分會); the director of China Construction Machinery Society ("**CCMS**") and the vice chairman of the branch of the Extraordinary Engineering Transportation Vehicle Society of CCMS (特大型工程運輸車輛分會); the member of the Fluid Transmission and Control Professional Committee (流體傳動與控制專業委員會) of Chinese Society of Aeronautics and Astronautics; the member of the Expert Committee of China Hydraulics Pneumatics & Seals Association; the director of the International Standardization Committee of the National Hydraulic and Pneumatic

Standardization Technical Committee (全國液壓氣動標準化技術委員會國際標準化委員會); and an expert of the ISO-TC131 (Fluid Transmission System) International Standards Committee (ISO-TC131(流體傳動系統)國際標準委員會). From September 2016, Mr. Xu served as an independent director at Jiangsu Hengli Hydraulic Co., Ltd. (江蘇恒立液壓股份有限公司) (formerly known as Jiangsu Hengli High Pressure Cylinder Co., Ltd. (江蘇恒立高壓油缸股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 601100).

Save as disclosed above, Mr. Xu has not held other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Pursuant to the letter of appointment issued by the Company to Mr. Xu his term of office is one year. He is also subject to the retirement by rotation and re-election provisions as set out in the Articles of Association.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Xu was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Relationships

As far as the Directors are aware, Mr. Xu does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Director's emoluments

Pursuant to the letter of appointment issued by the Company to Mr. Xu, he is entitled to receive a fixed director fee of HK\$150,000 per annum which is determined by the Board by reference to his time commitment and responsibilities with the Company as well as the prevailing market conditions.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Xu to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Xu that need to be brought to the attention of the Shareholders.

NOTICE OF THE ANNUAL GENERAL MEETING



IPE GROUP LIMITED

國際精密集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

NOTICE IS HEREBY GIVEN that Annual General Meeting of IPE Group Limited (the “**Company**”) will be held at Multimedia Room, 1/F, Office Building in Guangzhou Xin Hao Precision Technology Company Limited, Shangwei Shahe Community, Yue Hu Cun, Zengcheng, Guangzhou, Guangdong Province, The PRC on Friday, 12 June 2020 at 12:00 noon for the following purposes:

1. To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2019;
2. To declare a final dividend of HK\$0.5 cents per share for the year ended 31 December 2019;
3. To re-elect Mr. Zeng Guangsheng as an executive director of the Company;
4. To re-elect Ms. Zeng Jing as a non-executive director of the Company;
5. To re-elect Mr. Chen Kuangguo as a non-executive director of the Company;
6. To re-elect Mr. Xu Bing as an independent non-executive director of the Company;
7. To authorize the board of directors of the Company to fix the respective directors’ remuneration;
8. To re-appoint KPMG as auditors of the Company and to authorize the board of directors of the Company to fix auditors’ remuneration;
9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** the grant of share options to Mr. Zeng Guangsheng pursuant to the share option scheme of the Company adopted on 17 May 2011 entitling Mr. Zeng Guangsheng to subscribe for 20,000,000 shares of the Company (the “**Options**”) on the terms set out in the circular of the Company dated 14 May 2020 and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified; and that any one director of the Company be and is hereby authorized to do any act or thing and to sign, seal, execute and/or deliver any document for and on behalf of the Company as may be necessary, desirable or expedient in connection with the grant of such options to Mr. Zeng Guangsheng and the transactions contemplated thereunder.”

NOTICE OF THE ANNUAL GENERAL MEETING

10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held.”;

11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under the share option scheme(s) of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”; and

NOTICE OF THE ANNUAL GENERAL MEETING

12. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 10 and 11 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 11 of the Notice be and is hereby extended by the addition to the total number of shares of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares purchased by the Company pursuant to the general mandate referred to in the resolution set out in item 10 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of the passing of this resolution.”.

On behalf of the Board
IPE Group Limited
Zeng Guangsheng
Chairman

Hong Kong, 14 May 2020

Notes:

- (a) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting (i.e. not later than 12:00 noon on Wednesday, 10 June 2020) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the form of proxy shall be deemed to be revoked.
- (c) The Register of Members of the Company will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, 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, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2020.

NOTICE OF THE ANNUAL GENERAL MEETING

(d) Taking account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19). The Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (1) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of venue. Any person with a body temperature of over 37.5 degree celsius will not be admitted to the venue;
- (2) Every Shareholder or proxy is required to wear surgical facial mask throughout the Annual General Meeting; and
- (3) No refreshment will be served.

Furthermore, the Company wishes to advise the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Annual General Meeting as a proxy to vote on the resolution, instead of attending the Annual General Meeting in person.

(e) References to time and dates in this Notice are to Hong Kong time and dates.

* *for identification purposes only*