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INTCERA
Intcera High Tech Group Limited
大陶精密科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8041)

PLACING OF NEW SHARES

Joint Financial Advisers



SOMERLEY LIMITED



統一證券(香港)有限公司
PRESIDENT SECURITIES (HONG KONG) LTD.

Placing Agent



統一證券(香港)有限公司
PRESIDENT SECURITIES (HONG KONG) LTD.

SECOND PLACING

On 25 October 2007, the Company and the Placing Agent entered into the Second Placing Agreement pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, 1,000,000,000 Second Placing Shares to Independent Third Parties at HK\$0.01 per Second Placing Share, which represent:

- (a) approximately 21.17% of the issued share capital of the Company, as enlarged by the issue of the Subscription Shares and the First Placing Shares; and
- (b) approximately 17.47% of the issued share capital of the Company, as enlarged by the issue of the Subscription Shares, the First Placing Shares and the Second Placing Shares.

* for identification purpose only

GENERAL

The EGM will be held to consider and if thought fit, pass the resolutions to approve, *inter alia*, the Second Placing.

Pursuant to the GEM Listing Rules, the Second Placing is subject to Shareholders' approval under a specific mandate to be obtained at the EGM.

Pursuant to the Takeovers Code, the Subscriber, Bright Castle and Mr. Cheng and their respective concert parties and associates who are involved or interested in the Share Subscription will abstain from voting on the resolutions approving the Share Subscription and the Whitewash Waiver at the EGM. Given that the First Placing and the Share Subscription are inter-conditional, and that the completion of the Second Placing is conditional upon, amongst others, the completion of the First Placing, the Second Placing is also subject to Independent Shareholders' approval.

A circular in relation to the Share Subscription, the Whitewash Waiver, the First Placing and the Second Placing will be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules and the Takeovers Code, and, as disclosed in the Announcement, on or before 14 December 2007.

SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares has been suspended since 9:30 a.m. on 6 October 2003.

On 29 June 2006, the GEM Listing Committee has decided to cancel the listing of the Company. The GEM Listing (Review) Committee of the Stock Exchange considered an application from the Company for a review of the decision of the GEM Listing Committee that the listing status of the Company should be cancelled in accordance with Rule 9.14 of the GEM Listing Rules and the GEM Listing (Review) Committee decided that the listing status of the Company should be cancelled. The Company has applied to the Listing Appeals Committee for a review of the GEM Listing (Review) Committee's decision and the hearing before the Listing Appeals Committee was held on 13 September 2007. However, on 13 September 2007, the Listing Appeals Committee decided to adjourn the review hearing to 7 November 2007 to provide more time for the Company and the Listing Division to submit further written submissions in relation to the resumption proposal.

Trading of the Shares will remain suspended. The listing status of the Shares will be subject to the decision of the Listing Appeals Committee and the Second Placing will not proceed if the Listing Appeals Committee approves the delisting of the Shares.

Completion is conditional upon the Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Shares may be delisted by the Stock Exchange in the event that the Listing Appeals Committee decides that the listing status of the Company should be cancelled. In such event, the Second Placing will not proceed. Accordingly, Shareholders should exercise caution when dealing in the Shares.

Reference is made to the Announcement.

SECOND PLACING AGREEMENT

Date

25 October 2007

Placing Agent

President Securities, and its ultimate beneficial owner, are Independent Third Parties not acting in concert with the Company, any of its Directors and substantial Shareholders, the Subscriber and parties in acting in concert with any of them. President Securities and its ultimate beneficial owner do not hold any Shares as at the date of this announcement.

Number of Second Placing Shares:

The Placing Agent has conditionally agreed to procure places for, and failing which, to purchase by itself as principal on a fully underwritten basis, 1,000,000,000 Shares, which representing:

- (a) approximately 21.17% of the issued share capital of the Company, as enlarged by the issue of the Subscription Shares and the First Placing Shares; and
- (b) approximately 17.47% of the issued share capital of the Company, as enlarged by the issue of the Subscription Shares, the First Placing Shares and the Second Placing Shares.

Conditions of the Second Placing Agreement

Completion is conditional upon the fulfillment of the following conditions:

- (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Second Placing Shares;
- (b) the passing by Shareholders at EGM of an ordinary resolution approving the Second Placing Agreement and the transactions contemplated thereunder;
- (c) the First Placing Agreement becoming unconditional in all respects and not having been terminated by the Placing Agent pursuant to their rights thereunder; and
- (d) there being no breach of any of the warranties, representations and/or undertakings given by the Company under the Second Placing Agreement in any material aspect.

Neither the Company nor the Placing Agent may waive compliance in conformity with conditions (a), (b) and (c). The Placing Agent can waive the condition (d). If any of the above conditions has not been fulfilled or waived on or before 31 March 2008 (or such other date as the Placing Agent may agree in writing with the Company), the contract constituted by the Second Placing Agreement shall terminate and none of the Company or the Placing Agent shall have any claim against the other for damages, compensation or otherwise save in respect of any antecedent breach.

Placees:

The choice of the placees for the Second Placing Shares shall be determined wholly and solely by the Placing Agent, subject to:

- (a) there being six or more professional, institutional, corporate and/or individual placees;
- (b) the Placing Agent having received confirmations from each and every of the placees that:
 - (i) they are Independent Third Parties; and
 - (ii) they are not acting in concert (as defined under the Takeovers Code) with the Subscriber, Bright Castle, Mr. Cheng and their respective concert parties in relation to the control of the Company; and
- (c) the Second Placing complies in all respects with the requirements of the GEM Listing Rules.

As confirmed by the Placing Agent, it intends to commence the placing of the First Placing Shares and the Second Placing Shares immediately after fulfillment (or waiver) of all the respective conditions of the First Placing Agreement and the Second Placing Agreement, and has not yet commenced the First Placing and the Second Placing up to the date of this announcement.

The Placing Agent will ensure that the placees fulfill the conditions set out in (b) above. The Placing Agent undertakes to comply with paragraph 5 of Schedule VI of the Takeovers Code by providing the Executive and the Stock Exchange with details of all the proposed placees, including any relevant information to establish whether or not there is a group acting in concert, and the maximum percentage which they could come to hold upon completion of the Second Placing.

Placing price:

HK\$0.01 per Second Placing Share.

The placing price of HK\$0.01 per Second Placing Share, which is equivalent to the par value of the Shares, represents:

- (a) a discount of approximately 88.4% to the closing price of HK\$0.086 per Share on the Stock Exchange on 3 October 2003, the last trading day of the Shares immediately before the date of this announcement;
- (b) a discount of approximately 89.1% to the average closing price of approximately HK\$0.092 per Share for the last 5 trading days up to and including 3 October 2003;
- (c) a discount of approximately 89.7% to the average closing price of approximately HK\$0.097 per Share for the last 10 trading days up to and including 3 October 2003; and
- (d) a discount of 90.2% to the net asset value of the Company of approximately HK\$0.102 per Share based on the Group's audited consolidated net asset value of approximately HK\$73.6 million as at 31 December 2006.

Based on the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on 3 October 2003, the market value of the Second Placing Shares as at 3 October 2003 is HK\$86.0 million.

This price was agreed between the Company and the Placing Agent after their arm's length negotiations having taken into consideration of, amongst others, the prolonged suspension of trading in Shares on the Stock Exchange since 6 October 2003, and is identical to the price of the Subscription Shares and the First Placing Shares. In the premises, the Directors (excluding the non-executive Director and the independent non-executive Directors whose views are subject to the advice to be received from an independent financial adviser) consider that the price of the Second Placing Shares is fair and reasonable.

Completion of the Second Placing:

Under the Second Placing Agreement, completion of the Second Placing will take place on the third Business Day upon fulfillment of the above conditions (or such other date as the Company and the Placing Agent may agree in writing) and simultaneously with the completion of the Subscription Agreement and the First Placing Agreement.

Rights of the Second Placing Shares:

The Second Placing Shares will be issued and allotted free of all liens, charges, encumbrances, claims, options or other third party rights, and will be issued together with all rights attaching to the Second Placing Shares as at the date of completion of the Second Placing Agreement, including the right to receive all dividends or other distributions which may be declared, paid or made by the Company on or after the date of completion of the Second Placing and will rank *pari passu* in all respects with each other.

Termination

The Second Placing is subject to the same termination clauses as the First Placing. Pursuant to the Second Placing Agreement, the Placing Agent shall be entitled to terminate the Second Placing Agreement, if at a time prior to 5:00 p.m. on the second business day immediately prior to the Completion date:

- (a) there develops, occurs or comes into effect:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generic with any of the foregoing (including but not limited to acts of government, lock-outs, fire, acts of war, SARS and H5N1), resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions;
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
 - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
 - (iv) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or otherwise; or
 - (v) the instigation of any litigation or claim of material importance by any third party against any member of the Group;

- (b) it comes to the notice of the Placing Agent that any of the representations, warranties, or undertakings of the Company maintained in the Second Placing Agreement is untrue or inaccurate, breached or not complied with in any respect; or
- (c) it comes to the notice of the Placing Agent that there has been any change in the business or financial or trading position of the Group,

and which, in the sole and absolute opinion of the Placing Agent, is likely to be materially adverse to the Company or the Group or would prejudice the success of the Second Placing or would otherwise make the Second Placing inadvisable or inexpedient.

REASONS FOR THE SECOND PLACING

The principal businesses of the Group involve the manufacturing and trading of ceramic blanks, ferrules and related products. The operating results and financial position of the Group for the three years ended/as at 31 December 2006 as extracted from the audited accounts of the Company for the financial years ended 31 December 2004, 2005 and 2006 are as follows:

	Year ended/ As at 31 December 2006 (audited) HK\$'000	Year ended/ As at 31 December 2005 (audited) HK\$'000	Year ended/ As at 31 December 2004 (audited) HK\$'000
Turnover	30,685	711	7,076
Net profit/(loss)	5,481	(15,675)	(16,090)
Net assets	73,641	49,423	50,131
Net assets per Share	HK\$0.102	HK\$0.068	HK\$0.069

Although the Company has various plans and measures to improve the operating results of the Group, it has not been able to fully implement the same by reason of the Group's limited capital resources. In view of the current financial position of the Group, the Directors (excluding the non-executive Director and the independent non-executive Directors whose views are subject to the advice to be received from an independent financial adviser) consider that it will be in the best interests of the Company and its Shareholders as a whole to raise funds by means of the issue of Shares. Entering into the Second Placing Agreement will enable the Company to further strengthen its financial position and will provide the Group with additional new funds to enhance its existing business operations and will further enable it to make investments in projects/business which the Directors consider to have good profit potential.

Having taken into consideration the factors discussed above, the Directors (excluding the non-executive Director and the independent non-executive Directors whose views are subject to the advice to be received from an independent financial adviser) consider that the terms of the Second Placing Agreement (including the Placing Price) are fair and reasonable and entering into of the Second Placing Agreement is in the interests of the Company and its Shareholders as a whole.

The net proceeds from the issue of the Second Placing Shares (after deduction of expenses) are estimated to be approximately HK\$9 million (representing a net placing price per Second Placing Share of approximately HK\$0.009 each). The total proceeds from the Share Subscription, the First Placing and the Second Placing of approximately HK\$44.9 million will be used by the Group as to approximately HK\$15 million to repay part of the outstanding principal amount of the Convertible Bonds and the balance for general working capital purposes.

Save for the Share Subscription and the First Placing as detailed in the Announcement and which are yet to be approved (as disclosed below), the Company has not conducted any equity-related fund raising exercise for the past 12 months immediately prior to the date of this announcement.

Date of announcement	Event	Net Proceeds (approximately)	Intend use of proceeds	Actual use of proceeds as at the date of this announcement
24 September 2007	Share Subscription	HK\$35.9 million (Total net proceeds from the Share Subscription and the First Placing)	Together with the net proceeds from the Second Placing of approximately HK\$9 million, the total net proceeds of approximately HK\$44.9 million is intended to be used as to approximately HK\$15 million for partial repayment of the outstanding amount of the Convertible Bonds and the balance for general working capital purposes	Resolutions to be approved at the EGM

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Subscription Shares and the First Placing Shares; and (iii) immediately after the allotment and issue of the Subscription Shares, the First Placing Shares and the Second Placing Shares:

	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares and the First Placing Shares		Immediately after the allotment and issue of the Subscription Shares, the First Placing Shares and the Second Placing Shares	
	Shares	%	Shares	%	Shares	%
	(approx.)		(approx.)		(approx.)	
Bright Castle (<i>Note</i>)	180,000,000	24.9	180,000,000	3.8	180,000,000	3.1
The Subscriber	–	–	3,542,000,000	75.0	3,542,000,000	61.9
<i>Public</i>						
Placeses for the First Placing Shares	–	–	458,000,000	9.7	458,000,000	8.0
Placeses for the Second Placing Shares	–	–	–	–	1,000,000,000	17.5
Other public Shareholders	543,087,310	75.1	543,087,310	11.5	543,087,310	9.5
Total	<u>723,087,310</u>	<u>100.0</u>	<u>4,723,087,310</u>	<u>100.0</u>	<u>5,723,087,310</u>	<u>100.0</u>

Notes:

These Shares are beneficially owned by Bright Castle, the entire issued share capital of which is wholly-owned by Mr. Cheng.

GENERAL

The EGM will be held to consider and if thought fit, pass the resolutions to approve, *inter alia*, the Second Placing.

Pursuant to the GEM Listing Rules, the Second Placing is subject to Shareholders' approval under a specific mandate to be obtained at the EGM.

Pursuant to the Takeovers Code, the Subscriber, Bright Castle and Mr. Cheng and their respective concert parties and associates who are involved or interested in the Share Subscription will abstain from voting on the resolutions approving the Share Subscription and the Whitewash Waiver at the EGM. Given that the First Placing and the Share Subscription are inter-conditional, and that the completion of the Second Placing is conditional upon, amongst others, the completion of the First Placing, the Second Placing is also subject to Independent Shareholders' approval. An independent board committee will be formed to consider the terms of the Share Subscription, the Whitewash Waiver, the First Placing, and the Second Placing, and an independent financial adviser will be appointed in due course to advise the independent board committee in these regards. Further announcement will be made in relation to the appointment of such independent financial adviser pursuant to Rule 2.1 of the Takeovers Code.

A circular in relation to the Share Subscription, the Whitewash Waiver, the First Placing and the Second Placing will be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules and the Takeovers Code, and, as disclosed in the Announcement, on or before 14 December 2007.

An application will be made by the Company for the listing of, and permission to deal in, the the Second Placing Shares.

SUSPENSION OF TRADING IN THE SHARES

On 6 October 2003, trading of the Shares was suspended pending the release of an announcement in relation to price sensitive information of the Company.

On 29 June 2006, the GEM Listing Committee has decided to cancel the listing of the Company. The GEM Listing (Review) Committee of the Stock Exchange considered an application from the Company for a review of the decision of the GEM Listing Committee that the listing status of the Company should be cancelled in accordance with Rule 9.14 of the GEM Listing Rules and the GEM Listing (Review) Committee decided that the listing status of the Company should be cancelled. The Company has applied to the Listing Appeals Committee for a review of the GEM Listing (Review) Committee's decision and the hearing before the Listing Appeals Committee was held on 13 September 2007. However, on 13 September 2007, the Listing Appeals Committee decided to adjourn the review hearing to 7 November 2007 to provide more time for the Company and the Listing Division to submit further written submissions in relation to the resumption proposal.

Trading of the Shares will remain suspended. The listing status of the Shares will be subject to the decision of the Listing Appeals Committee and the Second Placing will not proceed if the Listing Appeals Committee approves the delisting of the Shares.

Completion is conditional upon the Shares remaining listed and resuming trading on the Stock Exchange. Shareholders should note that the Shares may be delisted by the Stock Exchange in the event that the Listing Appeals Committee decides that the listing status of the Company should be cancelled. In such event, the Second Placing will not proceed. Accordingly, Shareholders should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 24 September 2007 in relation to, among other things, the Share Subscription, the First Placing and the Whitewash Waiver
“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bright Castle”	Bright Castle Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially wholly-owned by Mr. Cheng
“Business Day”	means a day (excluding Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m. on weekdays and 9:00 a.m. and 12:00 noon on Saturdays) on which licensed banks are open for general business in Hong Kong
“Company”	Intcera High Tech Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Completion”	completion of the Second Placing Agreement
“connected persons”	has the same meaning ascribed to it under the GEM Listing Rules

“Convertible Bonds”	The convertible bonds issued by the Company on 31 October 2002 with principal amount of HK\$27.4 million and bearing interest at a rate of 2% per annum on the aggregate principal amount outstanding from time to time. The convertible bonds carry rights to convert in whole or in part of the principal amount into Shares at the initial conversion price of HK\$0.17 per Share (subject to adjustments) from 1 November 2002 to the maturity date of 31 October 2003 which was subsequently extended to 31 December 2009
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, to approve the Second Placing, and the transactions as contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“First Placing”	the placing of the First Placing Shares pursuant to the terms of the First Placing Agreement
“First Placing Agreement”	a conditional placing agreement dated 7 September 2007 entered into between the Company and the Placing Agent in relation to the First Placing, or in the event where such placing agreement is terminated for any reason whatsoever, the placing agreement to be entered into between the Company and such other placing agent as approved by the Subscriber in writing. Details of which are set out in the Announcement
“First Placing Shares”	an aggregate of 458,000,000 Shares to be placed pursuant to the First Placing Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“Mr. Cheng”	Cheng Qing Bo, the Chairman and the executive Director
“Placing Agent” or “President Securities”	President Securities (Hong Kong) Limited, a corporation licensed under the SFO to engage in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activity as defined in the SFO
“Placing Price”	HK\$0.01 per Second Placing Share
“Second Placing”	the placing of the Second Placing Shares pursuant to the terms of the Second Placing Agreement
“Second Placing Agreement”	a conditional placing agreement dated 25 October 2007 entered into between the Company and the Placing Agent in relation to the Second Placing
“Second Placing Shares”	an aggregate of 1,000,000,000 Shares to be placed pursuant to the Second Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	JL Investments Capital Limited, a company incorporated in the British Virgin Islands with limited liability and is ultimately beneficially owned by Mr. Lau Chi Yuen, Joseph
“Subscription Agreement”	the subscription agreement dated 7 September 2007 made between the Company and the Subscriber in relation to the Share Subscription. Details of which are set out in the Announcement

“Subscription Shares”	an aggregate of 3,542,000,000 Shares to be issued and allotted to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of the Subscriber to make a mandatory general offer for all the Shares other than those held by the Subscriber and parties acting in concert with it
“%”	per cent.

By order of the Board of
Intcera High Tech Group Limited
Cheng Qing Bo
Executive Director

Hong Kong, 26 October 2007

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cheng Qing Bo (Chairman), Mr. Tung Tai Yung and Ms. Li Fang, one non-executive Director namely Mr. Lin Nan and three independent non-executive Directors, namely Mr. Williamson Lam, Ms. Mak Wai Fong and Mr. Liu Zheng Hao.

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