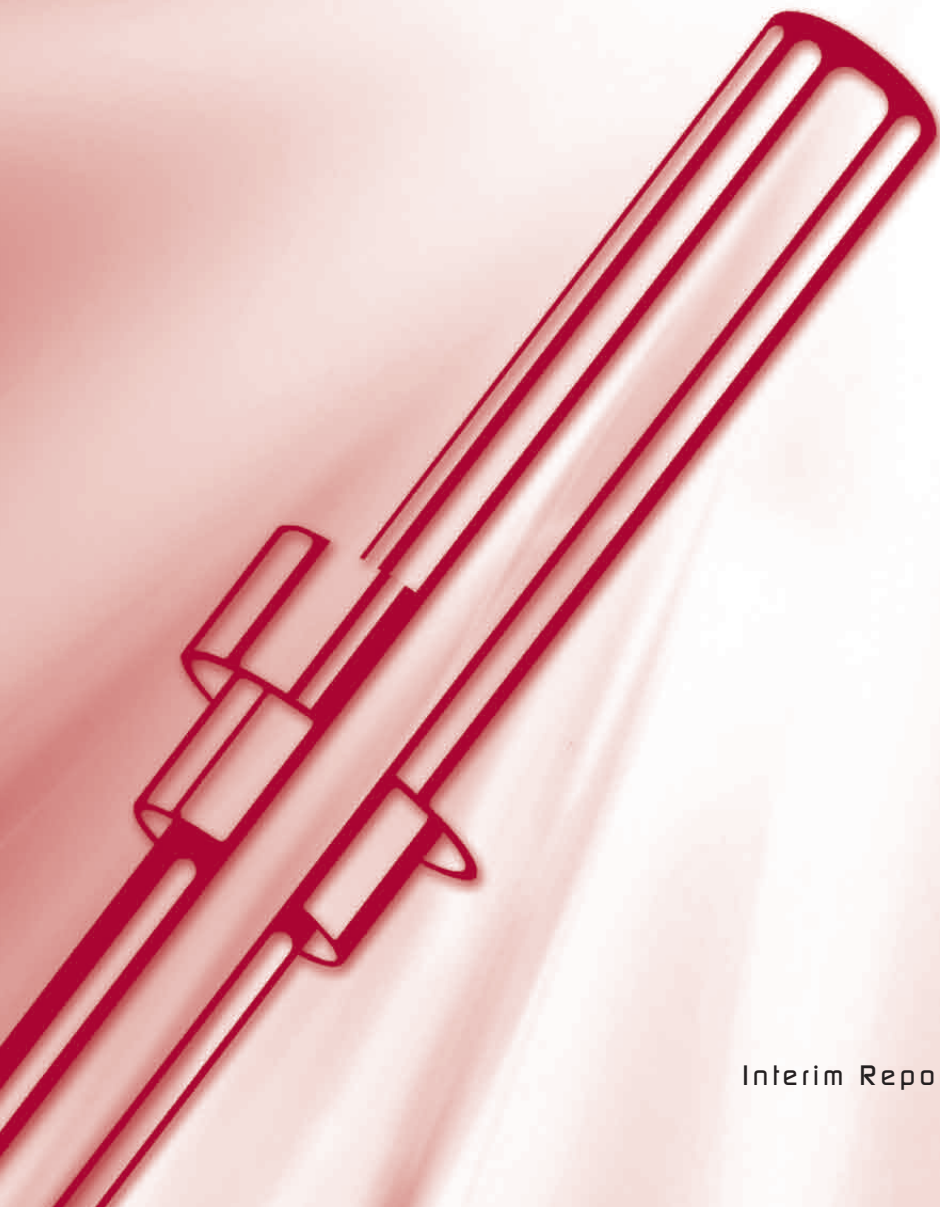


INTCERA High Tech Group Limited

(Stock Code: 8041)



Interim Report 2007

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*The directors (“**Directors**”) of Intcera High Tech Group Limited (“**Company**”) collectively and individually accept full responsibility for this report, which is given in compliance with the requirement of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“**GEM Listing Rules**”). The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this report is accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this report have been arrived at after due and careful consideration on the bases and assumptions of reasonableness and fairness.*

HIGHLIGHTS

- The Group has recorded a total turnover of approximately HK\$23,658,000 for the six months ended 30 June 2007 representing approximately 75% increase over the corresponding period of 2006.
- The Group's gross profit amounted to approximately HK\$10,528,000 for the six months ended 30 June 2007 representing over 5 times growth as compared to the gross profit of approximately HK\$2,035,000 in the corresponding period of 2006.
- The Group has recorded a loss attributable to shareholders for the six months ended 30 June 2007 of approximately HK\$3,001,000, representing a basic loss per share of HK\$0.42 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

To the Board of Directors of
Intcera High Tech Group Limited
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 17, which comprises the condensed consolidated balance sheet of Intcera High Tech Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without modifying our review conclusion, we draw to your attention that the related comparative condensed consolidated statements of income, changes in equity and cash flow for the six-month ended 30 June 2006 disclosed in the interim financial report have not been reviewed in accordance with HKSRE 2410.

Patrick Ng & Company

Certified Public Accountants

Hong Kong, 2 November 2007

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

The board of directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended and six months ended 30 June 2007 together with the comparative unaudited figures for the corresponding periods in 2006 as follows:

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	14,537	9,870	23,658	13,526
Cost of sales		(8,022)	(8,141)	(13,130)	(11,491)
Gross profit		6,515	1,729	10,528	2,035
Other revenue	3	138	4,225	294	4,225
Selling and distribution expenses		–	(255)	–	(417)
Administrative expenses		(1,665)	(3,939)	(2,201)	(6,929)
Depreciation for property, plant and equipments		(2,664)	–	(5,329)	–
Other operating expenses		(1,007)	(557)	(2,783)	(557)
Profit/(loss) from operations		1,317	1,203	509	(1,643)
Finance costs	5	(464)	(409)	(928)	(785)
Profit/(loss) before tax		853	794	(419)	(2,428)
Income tax expense	6	(1,749)	–	(2,582)	–
Profit/(loss) for the period		(896)	794	(3,001)	(2,428)
Dividend	7	–	–	–	–
Earnings/(loss) per share	8	HK cents	HK cents	HK cents	HK cents
Basic		(0.12)	0.11	(0.42)	(0.34)
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

		30 June 2007	31 December 2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	91,398	96,563
Available-for-sale financial assets		146	146
		91,544	96,709
CURRENT ASSETS			
Inventories	10	11,636	3,483
Trade and other receivables	11	29,217	25,095
Due from a related company		816	175
Cash and bank balances		1,054	1,199
		42,723	29,952
CURRENT LIABILITIES			
Trade and other payables	12	(13,847)	(11,596)
Due to a director		(9,883)	(4,885)
Tax payable		(4,594)	(1,972)
		(28,324)	(18,453)
NET CURRENT ASSETS		14,399	11,499
TOTAL ASSETS LESS CURRENT LIABILITIES		105,943	108,208
NON-CURRENT LIABILITIES			
Convertible bonds		(26,294)	(25,640)
Deferred tax liabilities		(7,876)	(8,927)
TOTAL NON-CURRENT LIABILITIES		(34,170)	(34,567)
NET ASSETS		71,773	73,641
CAPITAL AND RESERVES			
Share capital	13	7,231	7,231
Reserves		64,542	66,410
TOTAL EQUITY		71,773	73,641

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Share capital	Share premium	Translation reserve	Revaluation reserve	Convertible bonds reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006 (audited)	7,231	61,597	-	12,849	2,119	(34,373)	49,423
Surplus on revaluation of property, plant and equipment	-	-	-	24,866	-	-	24,866
Loss for the period	-	-	-	-	-	(2,428)	(2,428)
At 30 June 2006 (unaudited)	7,231	61,597	-	37,715	2,119	(36,801)	71,861
At 1 January 2007 (audited)	7,231	61,597	117	29,700	3,888	(28,892)	73,641
Exchange differences arising on translation of financial statement outside Hong Kong	-	-	82	-	-	-	82
Reversal of deferred tax liability on convertible bonds	-	-	-	-	(115)	-	(115)
Deterred tax liability on revaluation of property, plant and equipment	-	-	-	1,166	-	-	1,166
Loss for the period	-	-	-	-	-	(3,001)	(3,001)
At 30 June 2007 (unaudited)	7,231	61,597	199	30,866	3,773	(31,893)	71,773

In the opinion of the directors, the revaluation reserve and convertible bonds reserve are not available for distribution to the Company's shareholders.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended 30 June 2007 HK\$'000 (Unaudited)	Six months ended 30 June 2006 HK\$'000 (Unaudited)
Net cash inflow/(outflow) from operating activities	(77)	3,414
Net cash outflow from investing activities	(150)	–
Net cash inflow from financing activities	–	5,000
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(227)	8,414
Cash and cash equivalents at the beginning of the period	1,199	705
Effect of foreign exchange rate changes	82	–
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	1,054	9,119
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,054	9,119
	<hr/>	<hr/>

1. Basis of presentation

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. In addition, the unaudited consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance. They are prepared under the historical cost convention as modified for the revaluation of certain property, plant and equipment and financial instruments.

The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2007 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior periods.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Cost ⁽¹⁾
HKFRS 8	Operating Segments ⁽¹⁾
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions ⁽²⁾
HK(IFRIC)-Int 12	Service Concession Arrangements ⁽³⁾
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁽⁴⁾
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁽³⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2009

⁽²⁾ Effective for annual periods beginning on or after 1 March 2007

⁽³⁾ Effective for annual periods beginning on or after 1 January 2008

⁽⁴⁾ Effective for annual periods beginning on or after 1 July 2008

3. Revenue

- (a) An analysis of the Group's turnover for the three months ended and the six months ended is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2007 <i>HK\$'000</i> (unaudited)	2006 <i>HK\$'000</i> (unaudited)	2007 <i>HK\$'000</i> (unaudited)	2006 <i>HK\$'000</i> (unaudited)
Sales of goods	14,537	9,870	23,658	13,526

- (b) An analysis of the Group's other revenue for the three months ended and the six months ended is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2007 <i>HK\$'000</i> (unaudited)	2006 <i>HK\$'000</i> (unaudited)	2007 <i>HK\$'000</i> (unaudited)	2006 <i>HK\$'000</i> (unaudited)
Bank interest income	1	1	1	1
Interest on convertible bonds written back	137	3,373	274	3,373
Rental income	-	79	-	79
Sundry income	-	772	19	772
	138	4,225	294	4,225

4. Business and geographical segments

(i) *Business segments*

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

Income statement

	Manufacturing and trading of ceramic blanks and ferrules	
	Six months ended 30 June 2007	Six months ended 30 June 2006
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	23,658	13,526
Segment results	7,748	494
Unallocated corporate income	294	4,225
Unallocated corporate expenses	(7,532)	(6,362)
Finance costs	(928)	(785)
Income tax expense	(2,583)	–
Loss for the period	(3,001)	(2,428)

Other information

	Manufacturing and trading of ceramic blanks and ferrules	
	Six months ended 30 June 2007	Six months ended 30 June 2006
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Capital expenditure	–	15,000
Depreciation	5,308	1,993
Impairment loss on trade receivables	–	–

4. Business and geographical segments *(Continued)*

(i) Business segments (Continued)

Balance sheet

	Manufacturing and trading of ceramic blanks and ferrules	
	30 June	31 December
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Segment assets	65,093	48,818
Unallocated assets	69,174	80,335
	<hr/>	<hr/>
Total assets	134,267	129,153
	<hr/>	<hr/>
Liabilities		
Segment liabilities	9,678	23,456
Unallocated liabilities	52,816	33,836
	<hr/>	<hr/>
Total liabilities	62,494	57,292
	<hr/>	<hr/>

(ii) Geographical segments

No geographical segment information of the Group is shown as the Group's operations, turnover by geographical market and assets are wholly located in Hong Kong and the People's Republic of China ("PRC").

5. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on convertible bonds	464	409	928	785
	<hr/>	<hr/>	<hr/>	<hr/>

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in or derived from Hong Kong during the three months ended and the six months ended 30 June 2007 (the three months ended and six months ended 30 June 2006: Nil). Taxes on profits assessable elsewhere have calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The taxation on the Group's profit/ (loss) for the period differs from the theoretical amount that would arise using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge/(credit) at the effective tax rates are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Profit/(loss) before tax	853	794	(419)	(2,428)
Taxation at the notional rate	1,445	580	2,082	(1,102)
Tax effect of estimated tax profit/(loss) not recognized for the period	304	(580)	500	1,102
	1,749	–	2,582	–

7. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

8. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	2007	2006
Profit/(loss) for the period for the calculation of the basic and diluted earnings/(loss) per share	HK\$(896,000)	HK\$794,000	HK\$(3,001,000)	HK\$(2,428,000)

	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the calculation of basic and diluted earnings/(loss) per share	723,087,310	723,087,310	723,087,310	723,087,310

Diluted earnings per share for the three months and six months ended 30 June 2006 and 2007 has not been presented as the exercise price of the Company's convertible bonds were higher than the average market price for shares. As at 30 June 2006 and 2007, there was no outstanding share option.

9. **Property, plant and equipment**

During the six months ended 30 June 2007, additions to plant and equipment was approximately HK\$151,000 (six months ended 30 June 2006: HK\$15,000,000.)

10. **Inventories**

Inventories comprises of:-

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Raw materials	5,879	1,872
Work in progress	195	80
Finished goods	5,562	1,531
	11,636	3,483

11. **Trade and other receivables**

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Trade receivables	15,886	8,905
Other receivables, deposits and prepayment	13,331	16,190
	29,217	25,095

The aging analysis of trade receivables is as follows:

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Within 30 days	3,935	2,733
31 to 90 days	6,193	3,339
91 to 180 days	2,585	1,664
Over 180 days	3,173	1,169
	15,886	8,905

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

12. Trade and other payables

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Trade payables	5,937	1,134
Temporary deposits, accruals and other payables	7,910	10,462
	13,847	11,596

The aging analysis of trade payables is as follows:-

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Within 30 days	3,402	601
31 to 90 days	1,823	468
91 to 180 days	712	65
	5,937	1,134

The directors consider that the carrying amount of trade and other payables approximates their fair value.

13. Share capital

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Authorised:		
50,000,000,000 (31 December 2006: 50,000,000,000) ordinary shares of HK\$0.01 each	500,000	500,000
Issued and fully paid:		
723,087,310 (31 December 2006: 723,087,310) ordinary shares of HK\$0.01 each	7,231	7,231

14. Contingent liabilities

As at 30 June 2007, the Group did not have any significant contingent liabilities.

15. Operating lease commitment

As at the balance sheet date, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Within one year	170	504
In the second to fifth year inclusive	–	–
	170	504

As at the balance sheet date, the Company did not have any significant operating lease commitment.

Operating lease payments represent rentals payable by the Group for certain of its office premises. Lease is negotiated for fixed term of three years.

16. Litigation

On 19 January 2004, a winding up petition was filed against the Company by certain ex-senior employees of the Group claiming for payment in the sum of HK\$594,315 from the Company in respect of an award/order dated 29 October 2003 granted by the Labour Tribunal in respect of the severance and bonus disputes between the Company and the ex-senior employees. A provision was made for this amount in the Company's financial statements in the year 2005.

17. Connected transactions

During the period, the group had transactions and/or balances with the directors and/or related parties, some of which are also deemed to be connected persons pursuant to the GEM Listing Rules. The transactions during the period and balances with them at the balance sheet, are as follows:

Name of party	Nature of transactions	30 June	30 June
		2007	2006
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Shenzhen Weiyi Optical Communication Technology Limited ("Weiyi") (note i)	Purchase of plant and equipment (note ii)	–	15,000

It is opined that the above transactions were entered into on normal commercial terms.

Notes:

- i Weiyi is controlled by Mr. Cheng Qing Bo, the Chairman and executive director as well as the substantial shareholder of the Company
- ii The purchase price was set out in the sale and purchase agreement agreed by both parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2007, the Group's total revenue amounted to approximately HK\$23,658,000 (2006: HK\$13,526,000) representing a increase of approximately 74% increase over the corresponding period in last period. Gross profit was approximately HK\$10,528,000 when compared with that of approximately HK\$2,035,000 for same period in 2006. The loss attributable to shareholders was approximately HK\$3,001,000 when compared with that of approximately HK\$2,428,000 for the same period in 2006.

Operations

During the period under review, the Group has taken effective measures to control its operating costs. This is the objective of the Group to adopt stringent cost control and maintain a thin but effective overhead structure. The Group is optimistic in enjoying a fruitful harvest and satisfying an anticipated growth of production capacity in the foreseeable future.

Business Review and Future Outlook

Prospects

The Company has successfully established contacts with several well-known telecommunication equipments manufacturers and was appointed as the priority supplier to them and has entered in of Memorandum of Understandings with them for the supply of various products of the Group with a total indicative annual amount of approximately HK\$10 million in the coming twelve months.

Fund raising

The Company entered into of a share subscription agreement with a subscriber in September 2007 and a placing agreement with a placing agent simultaneously. In October 2007, the Company entered into of a second placing agreement with the placing agent. Completion of the share subscription agreement and the placing agreements are conditional upon, amongst other, a proposal for the resumption of trading in shares of the Company on the Stock Exchange having been approved and accepted by the Stock Exchange to be viable. Details please refer to the announcement of the Company dated 24 September 2007 and 26 October 2007 respectively.

Liquidity and Financial Resources

As at 30 June 2007, the Group had total assets of approximately HK\$134,267,000 of which bank and cash balances of approximately HK\$1,054,000. At the balance sheet date, the Group had unsecured convertible bonds of approximately HK\$26,294,000. The Group has a current ratio of approximately 1.51 comparing to that of 1.62 as at 31 December 2006. As at 30 June 2007, the gearing ratio of 52% was calculated by dividing total debt by total assets (as at 31 December 2006 was 42%).

Foreign Exchange Exposure

The business activities of the Group are not exposed to material fluctuations in exchange rate except the operation through its subsidiary in Shenzhen, PRC which is subject to fluctuation in exchange rates between Renminbi and Hong Kong dollars.

Capital Structure

As at 30 June 2007, the Group's outstanding issued shares were 723,087,310 ordinary shares of HK\$0.01 each. There has not been any change to the capital structure of the Company during the period under review.

Acquisition and disposal of subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries or affiliated companies for the six months ended 30 June 2007.

Employee Information

As at 30 June 2007, the Group employed approximately 230 staff (30 June 2006: 200). Total staff costs, including Directors' emoluments were approximately HK\$1,328,000 for the six months ended 30 June 2007 as compared with those of approximately HK\$2,200,000 for the corresponding period of the preceding financial year.

The Group remunerated its employees mainly based on industry practices and individual's performance and experience.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

DISCLOSURE OF INTERESTS

Interest in Securities of Directors and Chief Executive

As at 30 June 2007, the interests and short positions of the Directors in the shares (“Shares”), underlying Shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance, the Laws of Hong Kong (the “SFO”) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules of the Stock Exchange (the “GEM Listing Rules”) relating to securities transaction by Directors, were as follows:

(i) Long positions in Shares

Name of Director/ Ex-Director	Number of Shares	Capacity	Type of Interest	Approximate percentage of issued share capital (%)
Mr. Cheng Qing Bo (“Mr. Cheng”)	180,000,000 (Note 1)	Beneficial owner	Corporate	24.89 (Note 2)

Notes:

1. These Shares are held by Bright Castle Investments Limited, which is wholly owned by Mr. Cheng. Mr. Cheng is therefore deemed to be interested in 24.89% of the issued share capital of the Company.
2. The percentage of issued shares had been arrived at on the basis of a total of 723,087,310 shares of the Company in issue as at 30 June 2007.

Save as disclosed above, as at 30 June 2007, none of the Directors had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules relating to securities transaction by Directors.

(ii) Long positions in underlying Shares of equity derivatives of the Company

No share option was granted or exercised during the period.

Save as disclosed above, as at 30 June 2007, none of the Directors or chief executives of the Company or their respective spouses or children under 18 years of age had any right to subscribe for the Shares or any share of its associated corporations.

(iii) Short positions in the Shares and underlying Shares of equity derivatives of the Company

Saved as disclosed herein, as at 30 June 2007, none of the Directors had short positions in Shares or underlying Shares of equity derivatives of the Company.

Interests in Securities of Substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at 30 June 2007, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:—

(i) Long positions in Shares

Name of Shareholder	Number of Shares	Capacity	Approximate percentage of issued share capital (%)
Bright Castle Investments Limited	180,000,000 (Note 1)	Other	24.89 (Note 2)

Notes:

1. see Note 1 on page 20
2. see Note 2 on page 20

(i) Long positions in Shares

Save as disclosed above, as at 30 June 2007, the Directors were not aware of any other person who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

(ii) Short positions in the Shares and underlying Shares of equity derivatives of the Company

As far as the Directors are aware, saved as disclosed herein, as at 30 June 2007, no persons have short positions in Shares or underlying Shares of equity derivatives of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company had not redeemed any of its Shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any Shares during the period.

COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2007, any business or interest of each Director, substantial shareholder and management shareholder (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board of Directors. The audit committee has met regularly to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The audit committee comprises three independent non-executive directors, namely Mr. Lam Williamson, Ms. Mak Wai Fong and Mr. Liu Zheng Hao. The Group's half-yearly results for the six months ended 30 June 2007 have been reviewed by the audit committee and the auditors of the Company.

Code on Corporate Governance Practices

The Board is committed to maintain high standards of corporate governance for the Company. During the year, the Company is in compliance with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except provisions A.2.1 and A.4.1 of the CG Code as detailed below:

Code Provision A.2.1

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual, Mr. Cheng Qing Bo is currently the Chairman and the chief executive officer of the Company. The Board considers that the combination of the roles can effectively formulate and implement the Company's strategies, and that under the supervision of the Board as well as the independent non-executive Directors, the interest of the Shareholders would be adequately and fairly represented.

Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors are not appointed for specific terms, but are subject to retirement and re-election.

The current practices of the corporate governance of the Company will be reviewed and updated in a timely manner in order to comply with the requirements of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has complied with the requirements for directors' securities transactions stated in the GEM Listing Rules. All the Directors have confirmed that they have complied with the requirements as set out in the GEM Listing Rules for the six months ended 30 June 2007.

By Order of the Board
Intcera High Tech Group Limited
Cheng Qing Bo
Chairman

Hong Kong, 2 November 2007.