

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.

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)

Website: <http://www.intcera.com.hk>

ANNOUNCEMENT
EARLY REDEMPTION OF HK\$27,400,000 2% CONVERTIBLE BONDS
RESUMPTION OF TRADING

EARLY REDEMPTION OF CONVERTIBLE BONDS

The Board announces that on 30 April 2008, the Company entered into various CB Redemption Agreements with the respective Bondholders which are supplemental to the Convertible Bonds and the Bonds Supplemental Agreements respectively. Under the CB Redemption Agreements, the Company and the respective Bondholders have agreed that the Company shall early redeem at the Redemption Consideration the Convertible Bonds on the date of Completion, by way of (i) cash as to HK\$15,000,000 in aggregate and (ii) issuing in favour of certain Bondholders, namely, Mr. Xiao and Mr. Zhao, the Promissory Notes as to HK\$12,400,000 in aggregate, on the date of Completion.

Particulars of the Convertible Bonds have been set out in the Company's announcement dated 26 June 2002, the circular dated 16 July 2002 and the Circular dated 29 February 2008.

IMPLICATION OF THE GEM LISTING RULES AND THE SHARE REPURCHASES CODE

The CB Redemption is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 17 of the GEM Listing Rules. None of the Bondholders and their respective associates and parties acting in concert with any of them have interests are connected persons of the Company. However, as the CB Redemption constitutes off-market share repurchase for the purpose of the Share Repurchases Code and is required to be approved by the Executive under Rule 2 of the Share Repurchases Code. As such, the CB Redemption Agreements is also required to be approved by the Disinterested Shareholders on a poll.

* *For identification purpose only*

GENERAL

None of the Bondholders, their respective associates and parties acting in concert are holding any securities of the Company as at the date of this announcement.

Each of the CB Redemption Agreements is not inter-conditional upon each other.

A circular containing, among other information, (i) further details of the CB Redemption; (ii) financial and other information on the Group; (iii) the letter of the independent board committee of the Company setting out its advice on the CB Redemption and its recommendation to the Disinterested Shareholders; (iv) the letter of the independent financial advisor to the independent board committee of the Company setting out its advice on the CB Redemption; and (v) the notice convening the EGM will be dispatched to the Shareholders as soon as practicable and in compliance with the GEM Listing Rules and the Share Repurchases Code.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 2 May, 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 May, 2008.

INTRODUCTION

Reference is made to the Circular issued by the Company on 29 February 2008 and the announcement of the Company dated 26 June 2002 and the circular dated 16 July 2002.

The Board announces that on 30 April 2008, the Company entered into various CB Redemption Agreements with the respective Bondholders which are supplemental to the Convertible Bonds and the Bonds Supplemental Agreements respectively. Under the CB Redemption Agreements, the Company and the respective Bondholders have agreed that the Company shall early redeem at the Redemption Consideration the Convertible Bonds on the date of Completion, by way of (i) cash as to HK\$15,000,000 in aggregate and (ii) issuing in favour of certain Bondholders, namely, Mr. Xiao and Mr. Zhao, the Promissory Notes as to HK\$12,400,000 in aggregate, on the date of Completion.

On 31 October 2002, the Company issued the Convertible Bonds with principal amount of HK\$27,400,000 which were originally due on 31 October 2003. The Company should repay the principal amount outstanding under the Convertible Bonds to the Bondholders together with interest accrued thereon up to and including the date of actual repayment upon maturity. The Convertible Bonds bear interest at a rate of 2% per annum on the aggregate principal amount outstanding from time to time, payable yearly in arrears on 31 December. The Convertible Bonds carry the rights to convert, at the discretion of the Bondholders, either in whole or in part, the principal amount into ordinary shares of the Company at the initial conversion price of HK\$0.17 per share (subject to adjustments), from 1 November 2002 to the maturity date. The principal terms of the Convertible Bonds had been set out and detailed in the Company's announcement dated 26 June 2002 and circular dated 16 July 2002.

Given the loss-making and unsatisfactory financial situation of the Company in recent years and in order to defer the repayment obligation under the Convertible Bonds so as to allow more working capital for the operations of the Group, the Company had entered into the Bonds Supplemental Agreements with each of the Bondholders to extend the maturity date of the Convertible Bonds.

On 1 November 2003, the Company entered into agreements with the Bondholders to extend the maturity date to 31 October 2005, with the other terms and conditions remained unchanged.

On 28 December 2004, the Company entered into agreements with the Bondholders to extend the maturity date to 30 April 2006, with the other terms and conditions remained unchanged.

On 26 December 2005, the Company entered into agreements with the Bondholders to extend the maturity date to 30 April 2007, with the other terms and conditions remained unchanged.

On 31 July 2006, the Company entered into agreements with the Bondholders to extend the maturity date to 30 June 2008, with the other terms and conditions remained unchanged.

On 28 September 2007, the Company entered into agreements with the Bondholders to extend the maturity date to 31 December 2009, with the other terms and conditions remained unchanged.

Save as disclosed above, all other terms of the Convertible Bonds remain unchanged.

EARLY REDEMPTION OF CONVERTIBLE BONDS

CB Redemption Agreements

(i) Mr. Li's Redemption Agreement between the Company and Mr. Li

Date:

30 April 2008

Parties:

(1) the Company, as issuer

(2) Mr. Li, as bondholder

(ii) Mr. Wang's Redemption Agreement between the Company and Mr. Wang

Date:

30 April 2008

Parties:

- (1) the Company, as issuer
- (2) Mr. Wang, as bondholder

(iii) Mr. Xiao's Redemption Agreement between the Company and Mr. Xiao

Date:

30 April 2008

Parties:

- (1) the Company, as issuer
- (2) Mr. Xiao, as bondholder

(iv) Mr. Zhao's Redemption Agreement between the Company and Mr. Zhao

Date:

30 April 2008

Parties:

- (1) the Company, as issuer
- (2) Mr. Zhao, as bondholder

Redemption Consideration

The Convertible Bonds issued by the Company to the Bondholders on 31 October 2002 are to be early redeemed by the Company before maturity pursuant to the CB Redemption Agreements, whose particulars are set out below:

Bondholder	Principal amount of Convertible Bonds (HK\$)	Amount of Convertible Bonds to be redeemed by cash (HK\$)	Amount of Convertible Bonds to be redeemed by Promissory Notes (HK\$)	Interest under the Convertible Bonds (per annum)	Maturity	Initial conversion price per Share	Maximum number of Shares to be issued upon conversion in full
Mr. Li	5,100,000	5,100,000	0	2%	31 December 2009	HK\$0.17	30,000,000
Mr. Wang	7,800,000	7,800,000	0	2%	31 December 2009	HK\$0.17	45,882,353
Mr. Xiao	9,400,000	2,100,000	7,300,000	2%	31 December 2009	HK\$0.17	55,294,118
Mr. Zhao	5,100,000	0	5,100,000	2%	31 December 2009	HK\$0.17	30,000,000

As shown in the above table, the maximum number of Shares to be issued upon exercise of the conversion rights attached to the Convertible Bonds in full is 161,176,741 Shares, representing about 2.4% of the existing issued share capital of the Company and about 2.35% of the issued share capital of the Company as enlarged by the issue of such 161,176,741 Shares.

As set out in the above table, part of the Redemption Consideration in the sum of HK\$12,400,000 is to be satisfied by the Company issuing in favour of the Bondholders on the date of the Completion the Promissory Notes for the aggregate principal amount of HK\$12,400,000, the main terms of which are as follows:

	Bondholder	Principal amount (HK\$)	Maturity date	Interest (per annum)
Promissory Note No. 1	Mr. Xiao	7,300,000	2nd anniversary of the date of the Promissory Note	2%
Promissory Note No. 2	Mr. Zhao	5,100,000	2nd anniversary of the date of the Promissory Note	2%

As at the date of this announcement, no part of the Convertible Bonds is converted into Shares by their respective Bondholders and the Bondholders have also indicated that they will not exercise the conversion rights attached to their respective Convertible Bonds.

The Board confirms that (i) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares which might be material to the CB Redemption; and (ii) there is no agreement nor arrangement to which the Company is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the CB Redemption.

The original terms and conditions of the Convertible Bonds and the Bonds Supplemental Agreements have not provided for early redemption as contemplated under the CB Redemption Agreements.

The Redemption Consideration is to be satisfied by the Company at Completion (i) in cash as to HK\$15,000,000 in aggregate; and (ii) the issue of Promissory Notes as to HK\$12,400,000 in aggregate in favor of certain Bondholders, namely, Mr. Xiao and Mr. Zhao, as set out in the table above. The date of maturity of the Promissory Notes is the second anniversary of the date of the Promissory Note. The Company expects to settle payment of the Promissory Notes in cash on the maturity date.

The Redemption Consideration was reached after arm's length negotiations between the respective parties to the CB Redemption Agreements.

Conditions precedent

Completion of the CB Redemption Agreement is conditional upon: (i) the passing of a resolution by at least three-fourths of the votes casted on a poll by the Disinterested Shareholders in attendance in person or by proxy at the EGM approving the CB Redemption Agreement and the transactions contemplated thereby in the manner required under the GEM Listing Rules and the Share Repurchases Code; and (ii) the approval of the CB Redemption by the SFC pursuant to Rule 2 of the Share Repurchases Code and the Stock Exchange, if required.

If any of the conditions mentioned above has not been satisfied in full on or before 30 July, 2008, the CB Redemption Agreements shall lapse and the parties thereto shall be discharged from the terms and obligations of the CB Redemption Agreements, and the Convertible Bonds concerned shall continue to be of full force and effect as if the CB Redemption Agreements have not been entered into.

Completion

Completion shall take place on the third business day after the service of a completion notice by the Company on the Bondholders, which notice shall only be served after the fulfillment of the conditions mentioned above.

Reasons for the CB Redemption

Reference is made to the Circular dated 29 February 2008 and the announcement of the Company dated 13 December 2007, which have mentioned that by a letter from the Stock Exchange dated 14 November 2007 to the Company, not more than HK\$15,000,000 of the proceeds from the Share Subscription, the First Placing and the Second Placing shall be permitted to be applied towards repayment by the Company of the outstanding amount of the Convertible Bonds. In view of the foregoing restriction, for the purpose of the CB Redemption, part of the Convertible Bonds in the sum of HK\$15,000,000 will be redeemed by the Company by cash in the aggregate amount of HK\$15,000,000, while the remaining aggregate amount of HK\$12,400,000 of the Convertible Bonds will be redeemed by the Company by way of issuing to certain Bondholders, namely, Mr. Xiao and Mr. Zhao, the Promissory Notes in the aggregate amount of HK\$12,400,000. The early redemption of the Convertible Bonds is made so as to improve the Company's existing gearing ratio, which is a step intended to be achieved by the Company upon the operational review conducted by the Company's new management following its recent change of substantial shareholder of the Company, with reference to the circular of the Company dated 29 February 2008.

The net proceeds from the Share Subscription, the First Placing and the Second Placing are intended to 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.

INFORMATION ON THE BONDHOLDERS

The Bondholders are residents of the PRC.

Each of the Bondholders is not connected persons of the Company and is independent from and not connected with the Company and its connected persons.

IMPLICATIONS OF THE GEM LISTING RULES AND THE SHARE REPURCHASES CODE

The CB Redemption is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 17 of the GEM Listing Rules. None of the Bondholders and their respective associates and parties acting in concert with any of them have interests are connected persons of the Company (as defined in the GEM Listing Rules). However, as the CB Redemption constitutes off-market share repurchase for the purpose of the Share Repurchases Code and are required to be approved by the Executive under Rule 2 of the Share Repurchases Code. As such, the CB Redemption is required to be approved by the Disinterested Shareholders on a poll.

An EGM will be convened for the purposes of considering, and if thought fit, approving, among others, the entering into and performance of the CB Redemption Agreements and the transactions contemplated thereunder respectively.

GENERAL

None of the Bondholders, their respective associates and parties acting in concert are holding any securities of the Company as at the date of this announcement.

Each of the CB Redemption Agreements is not inter-conditional upon each other.

Pursuant to rule 2(b)(ii) of the Share Repurchase Code, an independent board committee will be established to advise and give recommendation to the Disinterested Shareholders regarding the CB Redemption. An independent financial adviser will be appointed to advise the Disinterested Shareholders on the CB Redemption. An announcement with respect to the appointment of the independent financial adviser will be made immediately after the appointment. The Company will seek the approval from the SFC pursuant to Rule 2 of the Share Repurchases Code and the Stock Exchange in respect of the CB Redemption.

A circular containing, among other information, (i) further details of the CB Redemption; (ii) financial and other information on the Group; (iii) the letter of the independent board committee of the Company setting out its advice on the CB Redemption and its recommendation to the Disinterested Shareholders; (iv) the letter of the independent financial advisor to the independent board committee of the Company setting out its advice on the CB Redemption; and (v) the notice convening the EGM will be dispatched to the Shareholders as soon as practicable and in compliance with the GEM Listing Rules and the Share Repurchases Code.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 2 May, 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 May, 2008.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Bond Supplemental Agreements”	the supplement agreements that the Company had entered into with each of the Bondholders to extend the maturity date of the Convertible Bonds
“Bondholders”	collectively (i) Mr. Li; (ii) Mr. Wang; (iii) Mr. Xiao; and (iv) Mr. Zhao
“business day”	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
“CB Redemption”	the early redemption by the Company of the Convertible Bonds in accordance with the terms and conditions of the CB Redemption Agreements
“CB Redemption Agreements”	collectively the (i) Mr. Li Redemption Agreement; (ii) Mr. Xiao Redemption Agreement; (iii) Mr. Wang Redemption Agreement; and (iv) Mr. Zhao Redemption Agreement
“Company”	Intcera High Tech Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM
“Completion”	the third business day after the service of a completion notice by the Company on the Bondholders, which notice shall only be served after the fulfillment of the conditions mentioned in the section headed “Conditions Precedent” of this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the 2% convertible bonds issued by the Company on 31 October 2002 with aggregate principal amount of HK\$27,400,000 carrying rights to convert in whole or in part 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 and the expression “Convertible Bonds” shall be construed correspondingly
“Director(s)”	the director(s) of the Company

“Disinterested Shareholders”	Shareholders other than (i) the Bondholders, their respective associates and parties acting in concert with them and (ii) Shareholders who have any interest in the CB Redemption which is different from the interests of all other Shareholders
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the CB Redemption Agreements and the transaction contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Placing”	the placing of an aggregate of 458,000,000 Shares to be placed pursuant to 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
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mr. Li”	Mr. Li Jian Ling, a PRC resident
“Mr. Li Redemption Agreement”	the conditional agreement entered into on 30 April 2008 between the Company and Mr. Li in relation to the CB Redemption of HK\$5,100,000 Convertible Bond held by Mr. Li, supplemental to such Convertible Bond
“Mr. Wang”	Mr. Wang Yong, a PRC resident
“Mr. Wang Redemption Agreement”	the conditional agreement entered into on 30 April 2008 between the Company and Mr. Wang in relation to the CB Redemption of HK\$7,800,000 Convertible Bond held by Mr. Wang, supplemental to such Convertible Bond
“Mr. Xiao”	Mr. Xiao Yong, a PRC resident

“Mr. Xiao Redemption Agreement”	the conditional agreement entered into on 30 April 2008 between the Company and Mr. Xiao in relation to the CB Redemption of the HK\$9,400,000 Convertible Bond held by Mr. Xiao, supplemental to such Convertible Bond
“Mr. Zhao”	Mr. Zhao Yu, a PRC resident
“Mr. Zhao Redemption Agreement”	the conditional agreement entered into on 30 April 2008 between the Company and Mr. Zhao in relation to the CB Redemption of HK\$5,100,000 Convertible Bond held by Mr. Zhao, supplemental to such Convertible Bond
“Placing Agent”	President Securities (Hong Kong) Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to engage in Types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Notes”	collectively two unsecured promissory notes in the aggregate principal amount of HK\$12,400,000 to be issued on the date of Completion by the Company to certain Bondholders, namely, Mr. Xiao as to HK\$7,300,000 and Mr. Zhao as to HK\$5,100,000 respectively, main terms of which are set out in the paragraph headed “Redemption Consideration” under the section headed “Early Redemption of Convertible Bonds”
“Redemption Consideration”	the total consideration payable by the Company to the Bondholders for the CB Redemption, the particulars of which are set out in the section headed “Redemption Consideration” above
“Second Placing”	the placing of an aggregate of 1,000,000,000 Shares to be placed pursuant to 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
“SFC”	the Securities and Futures Commission

“Share Repurchases Code”	the Code on Share Repurchases of Hong Kong
“Share Subscription”	the subscription of 3,542,000,000 Shares by the Subscriber upon and subject to the terms and conditions of the subscription agreement dated 7 September 2007 made between the Company and the Subscriber
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“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
“Takeovers Code”	the Code on Takeovers and Mergers
“%”	per cent

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

Hong Kong, 6 May 2008

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Cheng Qing Bo (Chairman), Mr. Tung Tai Yung, Mr. Lau Chi Yuen, Joseph and Ms. Li Fang, one non-executive Director namely Mr. Lin Nan and six independent non-executive Directors, namely Mr. Lam Williamson, Ms. Mak Wai Fong, Mr. Liu Zheng Hao, Dr. Lee Chung Mong, John, Mr. Tam Wing Kin and Mr. Fung Chan Man, Alex.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.