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

ANNUAL RESULTS 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The directors (the "Directors") of Intcera High Tech Group Limited (the "Company") collectively and individually accept full responsibility for this announcement which is given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in this announcement 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 announcement have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

* *For identification purpose only*

HIGHLIGHTS

- The Group has recorded a total turnover of approximately HK$52,612,000 for the year ended 31 December 2007 representing approximately 71% growth over the corresponding period of 2006.

- The Group's gross profit amounted to approximately HK$20,494,000 for the year ended 31 December 2007 representing over 59% growth as compared to the gross profit of approximately HK$12,871,000 in the corresponding period of 2006.

- The Group has recorded a profit attributable to shareholders for the year ended 31 December 2007 of approximately HK$182,000, representing a basic earnings per share of HK$0.025 cents.

- The Directors do not recommend the payment of a dividend for the year ended 31 December 2007.

AUDITED ANNUAL RESULTS

The Board of Directors (the "Board") of the Company announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2007, together with the comparative audited figures for the year ended 31 December 2006, are as follows:

Consolidated Income Statement

Year ended 31 December 2007

	Notes	**2007** **HK$'000**	2006 *HK$'000*
Turnover	*3*	**52,612**	30,685
Cost of sales		**(32,118)**	(17,814)
		20,494	12,871
Other Revenue	*3*	**616**	7,867
Administrative expenses		**(8,813)**	(3,834)
Depreciation for property, plant and equipment		**(26)**	(77)
Other operating expenses		**(5,237)**	(7,624)
PROFIT FROM OPERATIONS	*5*	**7,034**	9,203
Finance costs	*6*	**(1,814)**	(1,750)
Profit before tax		**5,220**	7,453
Income tax expense	*7*	**(5,038)**	(1,972)
Profit for the year		**182**	5,481
Dividends		**–**	–
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**0.025**	0.758
Diluted		**0.025**	0.758

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**91,759**	96,563
Available-for-sale financial assets		**146**	146
		91,905	96,709
CURRENT ASSETS			
Inventories		**19,060**	3,483
Trade and other receivables	*9*	**31,322**	25,095
Due from a related company		**–**	175
Cash and bank balances		**37**	1,199
TOTAL CURRENT ASSETS		**50,419**	29,952
CURRENT LIABILITIES			
Short-term borrowing		**(1,700)**	–
Trade and other payables	*10*	**(24,111)**	(11,596)
Due to a director		**(3,295)**	(4,885)
Due to a related company		**(430)**	–
Tax payable		**(7,326)**	(1,972)
TOTAL CURRENT LIABILITIES		**(36,862)**	(18,453)
NET CURRENT ASSETS		**13,557**	11,499
TOTAL ASSETS LESS CURRENT LIABILITIES		**105,462**	108,208
NON-CURRENT LIABILITIES			
Convertible bonds		**(24,859)**	(25,640)
Deferred tax liabilities		**(5,936)**	(8,927)
TOTAL NON-CURRENT LIABILITIES		**(30,795)**	(34,567)
NET ASSETS		**74,667**	73,641
CAPITAL AND RESERVES			
Share capital		**7,231**	7,231
Reserves		**67,436**	66,410
TOTAL EQUITY		**74,667**	73,641

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Share capital	Share premium	Translation reserve	Revaluation reserve	Convertible bonds reserve	Accumulated losses	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	7,231	61,597	–	12,849	2,119	(34,373)	49,423
Exchange differences arising on translation of financial statements outside Hong Kong	–	–	117	–	–	–	117
Fair value adjustment on convertible bonds	–	–	–	–	2,077	–	2,077
Surplus on revaluation of property, plant and equipment	–	–	–	23,514	–	–	23,514
Reversal of deferred tax liability on the convertible bonds	–	–	–	–	(308)	–	(308)
Deferred tax liability on revaluation of property, plant and equipment	–	–	–	(6,663)	–	–	(6,663)
Profit for the year	–	–	–	–	–	5,481	5,481
At 31 December 2006 and at 1 January 2007	**7,231**	**61,597**	**117**	**29,700**	**3,888**	**(28,892)**	**73,641**
Exchange differences arising on translation of financial statements outside Hong Kong	**–**	**–**	**646**	**–**	**–**	**–**	**646**
Fair value adjustment on convertible bonds	**–**	**–**	**–**	**–**	**2,029**	**–**	**2,029**
Deficit on revaluation of property, plant and equipment	**–**	**–**	**–**	**(4,823)**	**–**	**–**	**(4,823)**
Reversal of deferred tax liability on the convertible bonds	**–**	**–**	**–**	**–**	**(427)**	**–**	**(427)**
Deferred tax liability on revaluation of property, plant and equipment	**–**	**–**	**–**	**3,419**	**–**	**–**	**3,419**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**182**	**182**
At 31 December 2007	**7,231**	**61,597**	**763**	**28,296**	**5,490**	**(28,710)**	**74,667**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The consolidated financial statements are presented in Hong Kong dollars, being the measurement currency of the Company and its subsidiaries (the "Group").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of new Standards, amendment and Interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA'') which are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2007. The adoption of the new HKFRSs has no significant effect on the Group's accounting policies and amounts reported for the current or prior accounting periods in these financial statements.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company 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 1 (Revised)	Presentation of Financial Statements[(1)]
HKAS 23 (Revised)	Borrowing Costs[(4)]
HKFRS 8	Operating Segments[(4)]
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions[(1)]
HK(IFRIC)-Int 12	Service Concession Arrangements[(2)]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[(3)]
HK(IFRIC)-Int 14	HKAS 19 The Limit on a Demand Benefit Asset, Minimum Funding Requirement and their Interaction[(2)]

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

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

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

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

3. REVENUE

(a) An analysis of the Group's turnover for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Sales of goods	**52,612**	30,685

(b) An analysis of the Group's other revenue for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Bank interest income	**–**	1
Interest on convertible bonds written back	**548**	1,643
Rental income	**32**	5,000
Sundry income	**36**	1,223
	616	7,867

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	
	2007	2006
	HK$'000	*HK$'000*
Revenue	**52,612**	30,685
Segment results	**15,447**	14,107
Unallocated corporate income	**616**	2,173
Unallocated corporate expenses	**(9,029)**	(7,077)
Finance costs	**(1,814)**	(1,750)
Income tax expense	**(5,038)**	(1,972)
Profit for the year	**182**	5,481

Other information

	Manufacturing and trading of ceramic blanks and ferrules	
	2007	2006
	HK$'000	*HK$'000*
Capital expenditure	–	651
Depreciation	–	–

Balance sheet

	Manufacturing and trading of ceramic blanks and ferrules	
	2007	2006
	HK$'000	*HK$'000*
Assets		
Segment assets	**80,284**	53,166
Unallocated assets	**62,040**	73,495
Total assets	**142,324**	126,661
Liabilities		
Segment liabilities	**25,031**	1,818
Unallocated liabilities	**42,626**	51,202
Total liabilities	**67,657**	53,020

(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. PROFIT FROM OPERATIONS

Profit from operations of the Group has been arrived at after charging the followings:

	2007	2006
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries and allowances	**8,181**	4,205
Mandatory provident fund contributions	**265**	152
	8,446	4,357
Depreciation for property, plant and equipment	**26**	77
Auditors' remuneration	**550**	600
Cost of inventories recognized as expenses	**32,118**	17,814
Impairment for club debenture	**–**	54
Loss on disposal of property, plant and equipment	**–**	219
Operating lease rentals in respect of land and buildings	**771**	1,241

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on convertible bonds	**1,797**	1,702
Other interest	**17**	48
	1,814	1,750

7. 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 year (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.

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income tax	**5,038**	1,972
	5,038	1,972

The taxation on the Group's profit for the year 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 at the effective tax rates are as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before tax	**5,220**	7,453
Taxation at the notional rate	**3,280**	2,241
Tax effect of income not taxable	**–**	(1,431)
Tax effect of expenses not deductible for taxation purpose	**5**	–
Tax effect of estimated tax losses not recognized for the year	**1,753**	1,162
	5,038	1,972

8. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to shareholders of HK$182,000 (2006: HK$5,481,000) and the weighted average number of 723,087,310 (2006: 723,087,310) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 December 2007 and 31 December 2006 has not been disclosed as the exercise price of the Company's convertible bonds were higher than the average market price for shares and there was no outstanding share option.

9. TRADE AND OTHER RECEIVABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**24,816**	8,905
Other receivables, deposits and prepayment	**6,506**	16,190
	31,322	25,095

The aging analysis of trade receivables is as follows

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**5,759**	2,733
31 to 90 days	**5,596**	3,339
91 to 180 days	**7,351**	1,664
Over 180 days	**6,110**	1,169
	24,816	8,905

10. TRADE AND OTHER PAYABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade payables	**6,832**	1,134
Temporary deposits, accruals and other payables	**17,279**	10,462
	24,111	11,596

The aging analysis of trade payables is as follows: –

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**3,542**	601
31 to 90 days	**2,393**	468
91 to 180 days	**164**	65
Over 360 days	**733**	–
	6,832	1,134

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2007, the Group recorded a total turnover of approximately HK$52,612,000 representing an increase of approximately 71% from approximately HK$30,685,000 for the year ended 31 December 2006. A gross profit of approximately HK$20,494,000 was recorded by the Group for the year ended 31 December 2007. The profit attributable to shareholders was approximately HK$182,000.

Operations

During the year 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.

Liquidity and Financial Resources

As at 31 December 2007, the Group had total assets of approximately HK$142,324,000. At the balance sheet date, the Group had unsecured convertible bonds of approximately HK$24,859,000. The Group has a current ratio of approximately 1.37 comparing to that of 1.62 as at 31 December 2006. As at 31 December 2007, the Group had short-term borrowing of approximately HK$1.7 million and the gearing ratio of 48% was calculated at by dividing total debt by the total assets (31 December 2006: 42%).

Foreign Exchange Exposure

The business activities of the Group are not exposed to material fluctuations in exchange rates 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 31 December 2007 and 2006, the Company's outstanding issued shares were 723,087,310 ordinary shares of HK$0.01 each. There was no change in the capital structure of the Company during the year under review.

Significant Investments

The Group did not have any significant investments as at 31 December 2007.

Material acquisitions and disposals of subsidiaries

The Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies for the year ended 31 December 2007.

Employees

As at 31 December 2007, the Group had 315 full time employees compared with that of 236 in 2006. The staff costs, including directors' remuneration, were approximately HK$8,446,000 (2006: HK$4,357,000). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong and the PRC respectively, including medical scheme, provident fund or retirement fund.

Contingent Liabilities

As at 31 December 2007, the Group did not have any material contingent liabilities or charges laid against its assets.

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. Completion of share subscription agreement and the placing agreement 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, 26 October 2007, 18 December 2007, 27 February 2008 and a circular dated 29 February 2008 respectively. All ordinary resolutions proposed for approving subscription shares, placings shares, rights shares were duly passed by the shareholders, all by way of poll at the extra-ordinary general meeting held on 18 March 2008. Details please refer to the announcement of the Company dated 18 March 2008.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

DIVIDEND

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: nil).

COMPETING INTERESTS

The Directors are not aware of, as at 31 December 2007, any business or interest of each Director, substantial shareholder and management shareholders (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 annual results for the year ended 31 December 2007 have been reviewed by the audit committee.

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 year ended 31 December 2007.

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

Hong Kong, 19 March 2008

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from the date of its publication.

As at the date of this announcement, the Company has altogether seven directors comprising three executive directors namely, Mr. Cheng Qing Bo (also chairman), Mr. Tung Tai Yung, Ms. Li Fung, one non-executive director namely, Mr. Lin Nan, and three independent non-executive directors namely, Mr. Lam Williamson, Ms. Mak Wai Fong and Mr. Liu Zheng Hao.