

**INTCERA HIGH TECH GROUP LTD:
\$HK163 MILLION DOWN THE PROVERBIAL DRAIN ?**

Since [Intcera High Tech Group Ltd](#) went public on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it has raised, in aggregate, \$HK163.40 million.

And, still, this company cannot turn a profit.

In addition, Intcera High Tech appears to be attracting more and more litigation.

Intcera High Tech is engaged in the manufacture and sale of ceramic blanks and ferrules in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and the PRC, proper.

It went public on The GEM on July 7, 2000 when it raised, net of expenses, \$HK128 million.

About 14 months after the company went public, Shenyin Wanguo Capital (Hongkong) Ltd was appointed Post-Listing Sponsor of Intcera High Tech at a fee of \$HK500,000 per annum, payable quarterly.

At least, that is the contention, contained in District Court Action Number 2950, an Action in which Shenyin Wanguo Capital sued Intcera High Tech for its alleged unpaid fees, totalling \$HK458,000.

According to the Statement of Claim, attached to the Writ of Summons, there was a purported agreement, entered into between Intcera High Tech and Shenyin Wanguo Capital, dated September 11, 2001, in respect of its appointment.

The appointment was to last, the Statement of Claim alleges, until December 31, 2002. (Paragraph 3 of the Statement of Claim)

However, Intcera High Tech did not pay up as per the terms and conditions of the purported agreement, signed by the 2 parties, it is being alleged.

Paragraph 6 of the Statement of Claim attests:

'In breach of the Agreement, the Defendant (Intcera High Tech) failed to pay the fees of the Plaintiff (Shenyin Wanguo Capital) for the 1st and 2nd quarters of the year 2002 (i.e. for the period from 1st January 2002 to 30th June 2002) as agreed. On repeated demands from the Plaintiff, the Defendant paid a sum of HK\$42,000.00 to the Plaintiff being partial settlement of the said fees of the Plaintiff for the 1st and 2nd quarters of the year 2002 on 5th July 2002.'

The Statement of Claim alleges that no further payments have been made to Shenyin Wanguo Capital 'Despite repeated requests and demands, the Defendant has still failed and/or refused and/or neglected to pay the said sum of HK\$458,000.00 or any part thereof to the Plaintiff.' (Paragraph 8)

This relatively small debt appeared to have been incurred during the time that Intcera High Tech was raising not inconsiderable sums of money from the marketplace.

According to the First Quarterly Report of Intcera High Tech, the company raised \$HK19 million on June 3, 2002 via a one-for-10 Rights Issue at 50 cents per Rights Share.

That money, the Report states, was to be used as to \$HK13.40 million to retire some borrowings and \$HK5.60 million to be used as General Working Capital.

So, Intcera High Tech must have had the wherewithal to settle its debts to Shenyin Wanguo Capital, assuming that the District Court Writ, Number 2950, has merit.

Still on the subject of raising funds, on March 20, 2003 – that is just 71 days ago – Intcera High Tech raised a further \$HK16.40 million by the Placement of 120.50 million New Shares at the price of 14 cents per New Share.

It is noted that the March 2003 Placement Price of the New Issue of Shares was at a discount of about 72 percent to the June 2002 Rights Issue Price of 50 cents per Share.

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