THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this Response Document or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Incutech Investments Limited**, you should at once hand this Response Document to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

INCUTECH

Incutech Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

RESPONSE DOCUMENT
VOLUNTARY CONDITIONAL CASH OFFER BY AMPLE ORIENT CAPITAL LIMITED ON BEHALF OF PERFECT GALAXY INVESTMENT LIMITED TO ACQUIRE ALL ISSUED SHARES OF INCUTECH INVESTMENTS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT GALAXY INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial advisor to Incutech Investments Limited

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Independent financial advisor to the Independent Board Committee of Incutech Investments Limited

VINCO 域高

Grand Vinco Capital Limited
(A wholly-owned subsidiary of Vinco Financial Group Limited)

Capitalized terms used in this cover page shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 6 to 16 of this Response Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation is set out on pages 17 to 19 of this Response Document. A letter from Vinco Capital containing its advice to the Independent Board Committee is set out on pages 20 to 39 of this Response Document.

6 December 2013

CONTENTS

In this Response Document, unless the context otherwise requires, the following terms shall have the following meaning:

"acting in concert"	the meaning ascribed to it under the Takeovers Code
"associates"	the meaning ascribed to it under the Takeovers Code
"AOCL"	Ample Orient Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO, and the agent making the Current Offer on behalf of the Current Offeror
"Board"	the board of Directors of the Company
"Business Day(s)"	a day (other than a Saturday, Sunday, public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for business throughout their normal business hours
"BVI"	British Virgin Islands
"Closing Date"	20 December 2013, being the closing date of the Current Offer or any subsequent date as may be announced by the Current Offeror and approved by the Executive
"Company"	Incutech Investments Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Current Offer"	the voluntary conditional cash offer made by AOCL on behalf on the Current Offeror for all the Current Offer Shares in accordance with the Takeovers Code
"Current Offer Price"	HK$0.24 per Current Offer Share
"Current Offer Share(s)"	72,000,000 Shares, being all the Shares other than those already owned or agreed to be acquired by the Current Offeror and parties acting in concert with it

"Current Offeror"	Perfect Galaxy Investment Limited, a company incorporated in the BVI with limited liability and beneficially owned as to approximately 69.4% and 30.6% by EWTK and Dr. Cheung respectively
"Director(s)"	director(s) of the Company from time to time
"Dr. Cheung"	Dr. Cheung Siu Wing (張紹榮), an individual who is beneficially interested in approximately 30.6% of the issued share capital of the Current Offeror
"EWTK"	EWTK Holdings Pty Ltd., a company established in Australia which is beneficially interested in approximately 69.4% of the issued share capital of the Current Offeror
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate
"First Offer"	subject to completion of the Sale and Purchase Agreement and the Subscription Agreement, the possible mandatory unconditional cash offer for all the issued Shares (other than those already acquired by or agreed to be acquired by the First Offerors and parties acting in concert with any of them) will be required to be made by the First Offerors at HK$0.1, the same price of the Sale Share and Subscription Share
"First Offerors"	Sharp Years Limited and Hugo Lucky Limited, the purchaser of the Sale Shares and the subscriber of the Subscription Shares
"Form of Acceptance and Transfer"	the form of acceptance and transfer of the Current Offer Shares in respect of the Current Offer accompanying with the Offer Document
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	the independent board committee of the Company formed for the purpose of advising the Independent Shareholders in respect of the Current Offer
"Independent Shareholders"	holders of the Shares, Shareholders other than the Current Offeror and parties acting in concert with it
"Latest Practicable Date"	4 December 2013, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM Board of the Stock Exchange
"Offer Document"	the offer document dated 22 November 2013 despatched by the Current Offeror to the Shareholders in connection with the Current Offer
"Relevant Period"	the period from 6 November 2012 (being the date falling six months prior to 6 May 2013, being the date of announcement issued by the First Offerors in relation to the First Offer) and up to and including the Latest Practicable Date
"Response Document"	this offeree board circular issued by the Company dated 6 December 2013 in relation to the Current Offer in accordance with the Takeovers Code
"Resumption"	the resumption of trading in the Shares on the Stock Exchange
"Resumption Proposal"	the resumption proposal dated 10 July 2013 submitted by the Company to the Stock Exchange

"Sale and Purchase Agreement"	the conditional agreement dated 30 April 2013 entered into between the First Offerors and Biggish Management Limited in relation to the sale and purchase of the Sale Shares (as supplemented by a supplemental agreement dated 31 July 2013)
"Sale Shares"	15,000,000 Shares to be acquired by the First Offerors from Biggish Management Limited pursuant to the Sale and Purchase Agreement, representing approximately 20.83% of the entire issued share capital of the Company as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the subscription agreement dated 30 April 2013 entered into between the Company and the First Offerors in relation to the subscription of the Subscription Shares by the First Offerors (as supplemented by a supplemental agreement dated 31 July 2013)
"Subscription Price"	a subscription price of HK$0.1 per Subscription Share under the Subscription Agreement
"Subscription Shares"	1,000,000,000 new Shares to be subscribed by the First Offerors pursuant to the terms and conditions of the Subscription Agreement, representing approximately 13.89 times of the entire issued share capital of the Company as at the Latest Practicable Date

"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers issued by the SFC
"Vinco Capital"	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock code: 8340), a corporation licensed to carry out to type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and being the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Current Offer
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

Incutech Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

Executive Directors:
Mr. Tung Tat Wah *(Chairman)*
Mr. Michael Wu Chun Wah

Independent Non-Executive Directors:
Mr. Allan Kwok Ming Fai
Mr. Robert Siu Siu Ling
Mr. Stephen Lee Ming Ching

Registered office:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
Room 1704, 17th Floor
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

To the Independent Shareholders

6 December 2013

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY AMPLE ORIENT CAPITAL LIMITED ON BEHALF OF PERFECT GALAXY INVESTMENT LIMITED TO ACQUIRE ALL ISSUED SHARES OF INCUTECH INVESTMENTS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT GALAXY INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 17 October 2013, the Board received a letter from AOCL, notifying the Board of its intention to extend the voluntary conditional cash offer for all the issued Shares on behalf of the Current Offeror.

On 1 November 2013, the Current Offeror announced that AOCL would make the voluntary conditional cash offer on behalf of the Current Offeror for all the issued Shares not already owned or agreed to be acquired by the Current Offeror and parties acting in concert with it at the Current Offer Price of HK$0.24 per Current Offer Share.

On 22 November 2013, the Current Offeror despatched the Offer Document.

The purpose of this Response Document is to provide you with, among others, information regarding to the Group and the Current Offer, the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Current Offer and the advice of Vinco Capital to the Independent Board Committee in respect of the Current Offer.

INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Allan, Kwok Ming Fai, Mr. Robert, Siu Siu Ling and Mr. Stephen, Lee Ming Ching, has been formed to advise the Independent Shareholders in respect of the Current Offer.

Vinco Capital has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Current Offer, in particular as to whether the Current Offer is fair and reasonable and as to the acceptance of the Current Offer. The appointment of Vinco Capital by the Company has been approved by the Independent Board Committee. The letter of advice from Vinco Capital addressed to the Independent Board Committee is set out on pages 20 to 39 of this Response Document.

You are advised to read this Response Document, the recommendation of the Independent Board Committee and the advice of Vinco Capital in conjunction with the Offer Document carefully before taking any action in respect of the Current Offer.

THE CURRENT OFFER

The terms of the Current Offer as set out in the Offer Document are briefly set out below. You are recommended to refer to the Offer Document and the Form of Acceptance and Transfer for further details.

Principle terms of the Current Offer

AOCL, on behalf of the Current Offeror is making the Current Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Current Offeror and parties acting in concert with it) in compliance with the Takeovers Code on the following basis:

For each Current Offer Share ....HK$0.24 in cash

The Current Offer Shares to be acquired under the Current Offer shall be fully paid or credited as fully paid free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made, or paid, if any, on or after the date of the Offer Document.

There were 72,000,000 Shares in issue as at the Latest Practicable Date. The Current Offeror and parties acting in concert with it do not own any Shares as the Latest Practicable Date. Based on the Current Offer Price of HK$0.24 per Current Offer Share, the entire issued share capital of the Company is valued at approximately HK$17.3 million. In the event that the Current Offer is accepted in full, the aggregate amount payable by the Current Offeror will be approximately HK$17.3 million.

Financial resources available to the Current Offeror

As stated in the Offer Document, the Current Offer is to be financed by (i) a facility of HK$10 million (the "Convoy Facility") granted by Convoy Investment Services Limited ("Convoy") to the Current Offeror; and (ii) a facility of HK$8 million (the "First Asia Facility") granted by First Asia Finance International Limited to the Current Offeror. Ample Capital Limited, the financial adviser of the Current Offeror, is satisfied that sufficient financial resources are available to the Current Offeror to satisfy full acceptance of the Current Offer. The Current Offeror indirectly holds a 49% interest in Convoy. Subject to the drawdown of the First Asia Facility, Shares which may be received by the Current Offeror pursuant to the Current Offer shall be used as collateral for the First Asia Facility. The payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Convoy Facility and First Asia Facility will not be dependent on the business of the Company. The Board requested the Current Offeror a copy of the Convoy Facility and the First Asia Facility and despite our repeated requests, the Board has not been provided satisfactory evidence that sufficient financial resources were available to the Current Offeror.

Condition of the Current Offer

The Current Offer is conditional upon the Current Offeror having received valid acceptances of the Current Offer which, together with the Shares already owned by the Current Offeror and the parties acting in concert with it, would result in the Current Offeror and parties acting in concert with it hold more than 50% of the voting rights in the Company.

The Board wishes to remind Shareholders that the Current Offer may or may not become unconditional. Shareholders and investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Further details of the Current Offer

Further details of the Current Offer including, among others, the expected timetable, the terms and procedures of acceptance of the Current Offer, are set out in the sections headed “Expected Timetable”, “Letter from AOCL”, “Further terms of the Share Offer” to the Offer Document and the Form of Acceptance and Transfer.

INFORMATION ON THE CURRENT OFFEROR AND INTENTIONS OF THE CURRENT OFFEROR REGARDING THE GROUP

The Current Offeror is a company incorporated in the BVI with limited liability and is beneficially owned as to approximately 69.4% and 30.6% by EWTK and Dr. Cheung respectively. Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from AOCL” of the Offer Document for further details.

The Board notes the intention of the Current Offeror as stated in the Offer Document that it intends to (i) seek appointment of new Director(s) to the Board and to procure the existing executive Directors to resign from the Board as permitted under the Takeovers Code; and (ii) conduct a review on the financial position and operations of the Company and will formulate long-term plans and strategy of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company, ultimate seeking for resumption in trading of the Shares on the Stock Exchange.

As set out in the Offer Document, following the close of the Current Offer, the Current Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Board has noted the intentions of the Current Offeror in respect of the Company and its employees as stated above.

LISTING STATUS OF THE COMPANY

As stated in the Offer Document, the Current Offeror intends to maintain the listing of Shares on the Stock Exchange after closing of the Current Offer.

The Stock Exchange has stated that if, at the close of the offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Current Offer has stated in the Offer Document that the Current Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Current Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there were 72,000,000 Shares in issue which were fully paid-up and rank pari passu in all respects with each other, including in particular as to dividends, voting rights and capital.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such options, warrants, derivatives or convertibles.

The shareholding structure of the Company as the Latest Practicable Date was as follows:

Shareholders	**Number of Shares**	**Approximate %**
Biggish Management Limited *(Note)*	15,000,000	20.83%
Cheong Chi Man	7,350,000	10.21%
Public Shareholders		
Hugger Thomas Eugen	3,780,000	5.25%
Existing Public Shareholders	45,870,000	63.71%
Sub-total	*49,650,000*	*68.96%*
Total	**72,000,000**	**100.00%**

Note:

As at the Latest Practicable Date, Mr. Tung Tat Wah and Mr. Michael, Wu Chun Wah were interested in the equity interest of Biggish Management Limited of 60% and 40% respectively. Mr. Tung Tat Wah and Mr. Michael, Wu Chun Wah are deemed to be interested in 15,000,000 Shares held by Biggish Management Limited. On 30 April 2013, Biggish Management Limited entered into the Sale and Purchase Agreement with the First Offerors to sell its entire 20.8% share interest in the Company.

FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 31 December 2011 and 2012, and its unaudited consolidated results for the six months ended 30 June 2013, as extracted from the Company's 2012 annual report and the Company's interim report for the six months ended 30 June 2013, respectively.

	For the six months ended 30 June	**For the financial year ended 31 December**	
	2013	**2012**	**2011**
HK$	*(Unaudited)*	*(Audited)*	*(Audited)*
Turnover	—	190,960	132,120
Loss before taxation	(2,468,916)	(3,927,748)	(4,971,164)
Loss for the period/year attributable to equity holders of the Company	(2,468,916)	(3,927,748)	(4,971,164)

The unaudited consolidated net liabilities of the Group attributable to Shareholders as at 30 June 2013 were approximately HK$24,256,124. The audited consolidated net liabilities of the Group attributable to Shareholders as at 31 December 2012 and 31 December 2011 were approximately HK$21,787,208 and HK$17,859,460, respectively.

BACKGROUND INFORMATION OF THE COMPANY

The Company is an investment company incorporated in the Cayman Islands with limited liabilities and the Shares are listed on the main board of the Stock Exchange on 7th June 2002 pursuant to the Chapter 21 of the Listing Rules. The Group is principally engaged in investments in securities listed on the Stock Exchange and unlisted securities with a potential and capital appreciation.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 June 2008.

On 22 March 2011, Ample Capital Limited (which is under the same group, Ample Finance Group, as AOCL) has submitted a resumption proposal in order to satisfy certain resumption conditions in accordance with a letter dated 25 June 2008 issued by the Stock Exchange. However, the resumption proposal was considered inadequate to justify a trading resumption by the Stock Exchange, as the resumption proposal did not demonstrate a sustainable business and sufficient asset backing to support resumption of the trading and that the management of the Company should be strengthened.

With concerns over deterioration of the Group's financial position, on 18 January 2013, the Stock Exchange issued a letter to the Company which required the Company to address the following issues before the Company can resume trading (the "**Resumption Conditions**") and placed the Company into first stage of delisting procedure pursuant to Practice Note 17 to the Listing Rules:

i. demonstrates it has sufficient level of operations or assets of sufficient value under Rule 13.24 of the Listing Rules; and

ii. satisfies Rule 21.04(1) of the Listing Rules on, among others, the character, experience and integrity of the directors of the Company, its management company and/or its investment adviser (if any).

On 30 April 2013, Biggish Management Limited, the single largest Shareholder of the Company, has entered into the Sale and Purchase Agreement with the First Offerors to sell its entire holding of 15,000,000 Shares in the Company, representing approximately 20.83% of the entire issued share capital of the Company (the "**Share Transaction**"). On the even date, the Company and the First Offerors entered into the Subscription Agreement, pursuant to which the Company agreed to issue and allot and the First Offerors agreed to subscribe in cash an aggregate of 1,000,000,000 Subscription Shares at the Subscription Price of HK$0.1 per Subscription Share, with total consideration amounts to HK$100 million (the "**Subscription**"). Upon completion of the aforesaid Share Transaction and Subscription, the First Offerors will hold 1,015,000,000 Shares, representing 94.68% of the entire issued share capital of the Company as enlarged by the Subscription and are therefore required to make a mandatory unconditional cash offer to all the Shareholders under Rule 26.1 of the Takeovers Code at HK$0.1, which is the same price of the Sale Share and Subscription Share.

Based on the proposed Share Transaction, Subscription and the First Offer, the Company submitted the Resumption Proposal to the Stock Exchange on 10 July 2013 to address the Resumption Conditions, involving, inter alia,

(i) the Share Transaction, the cash injection of HK$100 million to the Company by way of the Subscription and the First Offer;

(ii) proposed appointment of 5 new Directors and an investment manager to satisfy the relevant Listing Rules requirement; and

(iii) proposed open offer to the existing Shareholders at the same price as the Subscription Price to restore the public float of the Company and to offer existing Shareholders an opportunity to enlarge their shareholdings in the Company. As the open offer will be fully underwritten, it would bring in additional cash proceeds to the Company whether or not the existing Shareholders choose to subscribe the open offer.

Pursuant to PN17 of the Listing Rules, there are three delisting stages, each comprise a six-month period for listed issuers to submit a viable resumption proposal for consideration by the Stock Exchange, which will consider the resumption proposal and determine whether it is appropriate to place the listed issuer to the next stage. By the end of the third stage, if no viable resumption proposal is submitted to the Stock Exchange, the listed issuer will be delisted.

On 31 July 2013, the Company was placed into the second delisting stage, which will expire on 31 January 2014.

Since the submission of the Resumption Proposal, the Stock Exchange has made a number of enquires on the details of the Resumption Proposal and other related submissions made by the Company related thereto. The Company has responded to these enquires accordingly save for the latest batch of enquiries received from the Stock Exchange on 26 November 2013, which requested the Company to submit a revised resumption proposal (the "Revised Resumption Proposal") to address its latest enquiries and to incorporate all information submitted and to be submitted into the Revised Resumption Proposal. The Company is in the process of preparing the Revised Resumption Proposal, which will include, inter alia, original Resumption Proposal and supplemental information on additional fund to be provided by the First Offerors to support sufficient level of operations of the Company and the composition of Board. The Revised Resumption Proposal is subject to review of and approval from the Stock Exchange.

It is uncertain that if the Stock Exchange would consider the Revised Resumption Proposal viable by the end of the second delisting stage ending on 31 January 2014 and if the Stock Exchange would place the Company into the third delisting stage. In the event that the Company is placed into the third delisting stage after the expiry of the second delisting stage on 1 February 2014, the Company would generally have a final six months thereafter to submit a viable resumption proposal to the Stock Exchange, failing which, the Company may be delisted from the Stock Exchange.

As at the Latest Practicable Date, the Company has not received any resumption proposal from the Current Offeror and the Board is unable to assess the readiness of the Current Offeror to submit a viable resumption proposal to the Stock Exchange before the Company is placed into the third delisting stage or before the end of the third delisting stage.

MATERIAL CHANGE

Currently, the Group has minimal revenue per year from its operations and no revenue was recorded for the six months ended 30 June 2013. The Group has no sufficient cash inflow to support its daily operation without financial assistance from external parties. Biggish Management Limited, substantial shareholder of the Company, and Mr. Tung Tat Wah, the Chairman and executive Director, agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations to meet its obligation for at least twelve month from 31 December 2012, being the date of latest published audited financial statements. Total outstanding amount of financial assistance due to Mr. Tung Tat Wah amounted to approximately HK$8.9 million as at 31 October 2013.

Pursuant to the Offer Document, the Current Offeror intends to requisite a Shareholders' meeting after the Current Offer has become unconditional to seek appointment of new Directors to the Board and to procure the existing executive Directors to resign from the Board as permitted under the Takeovers Code. As such, should the Current Offer becomes unconditional, the Company may not be able to further obtain financial supports from Biggish Management Limited or Mr. Tung Tat Wah. In such event, the Group may run into financial difficulties if no financial assistance is obtained from the Current Offeror or other external parties. As at the Latest Practicable Date, the Board has not received any plan from the Current Offeror on if any financial assistance may be made to the Company for its operation and the Board is not optimistic about possibility of obtaining external financial assistance given the prolonged suspension status of the Shares and its previous experience in obtaining third party facilities.

Save as disclosed above, the Directors confirm that there is no material change in the financial or trading position or outlook of the Group since 31 December 2012 (being the date to which the latest published audited financial statements of the Group were prepared) and up to and including the Latest Practicable Date.

RECOMMENDATION

The Board wishes to remind Shareholders that submission of a resumption proposal which the Stock Exchange considers viable takes time to complete.

Shareholders who (i) believe the prospects of the Resumption are slim, or (ii) have been waiting for an opportunity to liquidate their shareholding in the Company, should accept the Current Offer at HK$0.24 per Share. **As the condition of the Current Offer is subject to valid acceptances to be received by the Current Offeror and the parties acting in concert with it to be more than 50% of the voting rights in the Company, Shareholders are reminded that the 20.83% Shares held by Biggish Management Limited are subject to the Sale and Purchase Agreement and are incapable of accepting the Current Offer, which may or may not become unconditional. Independent Shareholders are reminded that if the Current Offer does not become unconditional (i.e. there are insufficient valid acceptances), the Current Offer will lapse.**

If the Current Offer does not become unconditional and lapses, the First Offer and transactions contemplated under the Resumption Proposal will continue to proceed and the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance and Transfer will be returned to the accepting Shareholder by the Current Offeror as soon as possible, but in any event within 10 days thereof.

If the Current Offer becomes unconditional, the Resumption Proposal will not proceed and the Current Offeror would need to submit a new resumption proposal acceptable to the Stock Exchange before the Shares could resume trading on the Stock Exchange.

Shareholders who believe the Resumption is a distinct possibility, and wish to observe the market value of the Company subsequent to the Resumption before making any investment decision relating to their Shares, should consider holding on to their Shares, and not accept the Current Offer. However, Shareholders not accepting the Current Offer would not be able to receive any value from their Shares if the Resumption does not take place.

The Independent Board Committee is established to make recommendation to the Independent Shareholders as to whether the Current Offer is fair and reasonable and as to acceptance of the Current Offer.

We recommend Independent Shareholders to read the "Letter from the Independent Board Committee" as set out on pages 17 and 19 of this Response Document which contains its recommendation to the Independent Shareholders in respect of the Current Offer, and the "Letter from Vinco Capital" as set out on pages 20 to 39 of this Response Document containing its advice to the Independent Board Committee in respect of the Current Offer in conjunction with the Offer Document before taking any action in respect of the Current Offer. **Shareholders and investors should exercise caution when dealing in the shares, and if they are in any doubt about their position, they should consult their professional advisers.**

By Order of the Board
Incutech Investments Limited
Tung Tat Wah
Executive Director

Incutech Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

To the Independent Shareholders

6 December 2013

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY AMPLE ORIENT CAPITAL LIMITED ON BEHALF OF PERFECT GALAXY INVESTMENT LIMITED TO ACQUIRE ALL ISSUED SHARES OF INCUTECH INVESTMENTS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT GALAXY INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Response Document dated 6 December 2013 issued by the Company in response to the Current Offer, in which this letter forms a part. Terms used in this letter shall have the meanings as defined in the Response Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Current Offer and to give recommendation to the Independent Shareholders as to whether, in our opinions, the terms of the Current Offer are fair and reasonable so far as they are concerned and as to acceptance of the Current Offer. Vinco Capital has been appointed as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the letter from Vinco Capital on pages 20 to 39 of the Response Document.

We also wish you to draw your attention to the letter from the Board, the letter from Vinco Capital and the additional information set out in the appendices to this Response Document.

Having considered the terms of the Current Offer and the independent advice from Vinco Capital, we consider that the terms of the Current Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Current Offer.

Independent Shareholders are reminded that the condition of the Current Offer is subject to valid acceptances to be received by the Current Offeror and the parties acting in concert with it to be more than 50% of the voting rights in the Company, Independent Shareholders are reminded that the 20.83% Shares held by Biggish Management Limited are subject to the Sale and Purchase Agreement and are incapable of accepting the Current Offer, which may or may not become unconditional. Independent Shareholders are reminded that if the Current Offer does not become unconditional (i.e. there are insufficient valid acceptances), the Current Offer will lapse. Also, should the Current Offer becomes unconditional, the Company may not be able to further obtain financial supports from Biggish Management Limited or Mr. Tung Tat Wah. In such event, the Group may run into financial difficulties if no financial assistance is obtained from the Current Offeror or other external parties.

If the Current Offer does not become unconditional and lapses, the First Offer and transactions contemplated under the Resumption Proposal will continue to proceed, only if they become unconditional.

If the Current Offer becomes unconditional, the Resumption Proposal will not proceed and the Current Offeror would need to submit a new resumption proposal acceptable to the Stock Exchange before the Shares could resume trading on the Stock Exchange. Independent Shareholders not accepting the Current Offer would not be able to receive any value from their Shares if the Resumption does not take place.

Independent Shareholders who believe the Resumption is a distinct possibility, and wish to observe the market value of the Company subsequent to the Resumption before making any investment decision relating to their Shares, should consider holding on to their Shares, and not accept the Current Offer. Otherwise Independent Shareholders should consider to accept the Current Offer with Current Offer Price. However, Independent Shareholders not accepting the Current Offer would not be able to receive any value from their Shares if the Resumption does not take place.

Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. Independent Shareholders should read carefully the procedures for accepting the Current Offer as detailed in the Offer Document, the appendices to the Offer Document and the Form of Acceptance and Transfer, if they wish to accept the Current Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Incutech Investments Limited

Allan Kwok Ming Fai	**Robert Siu Siu Ling**	**Stephen Lee Ming Ching**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Vinco Capital to the Independent Board Committee in relation to the Current Offer, which has been prepared for the inclusion in this Response Document.

VINCO 域高

Grand Vinco Capital Limited

Units 4909-4910, 49/F., The Center

99 Queen's Road Central, Hong Kong

6 December 2013

To the Independent Board Committee of
Incutech Investments Limited

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY AMPLE ORIENT CAPITAL LIMITED ON BEHALF OF PERFECT GALAXY INVESTMENT LIMITED TO ACQUIRE ALL ISSUED SHARES OF INCUTECH INVESTMENTS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT GALAXY INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee of the Company in relation to the Current Offer being made by the AOCL on behalf of the Current Offeror to acquire all issued shares of the Company (other than those already owned or agreed to be acquired by the Current Offeror and parties acting in concert with it), details of which are set out in the letter from the Board (the "Letter from the Board") contained in the Response Document dated 6 December 2013, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context requires otherwise.

The Current Offeror announced on 1 November 2013 that the Current Offeror intended to make the Current Offer (in compliance with the Takeovers Code) through the AOCL for all the issued Shares not already owned or agreed to be acquired by the Current Offeror and parties acting in concert with it, at the Current Offer Price of HK$0.24 per Current Offer Share.

As stated in the Response Document, there are 72,000,000 Shares in issue as at the Latest Practicable Date. At the Current Offer Price of HK$0.24 per Current Offer Share, the entire issued share capital of the Company is valued at approximately HK$17.3 million. In the event the Current Offer is accepted in full, the aggregate amount payable by the Current Offeror will be approximately HK$17.3 million. Further terms and conditions of the Current Offer, including the procedures for acceptance, are set out in the Offer Document which has been despatched on 22 November 2013. The Independent Shareholders should read this Response Document together with the Offer Document carefully before making their decisions whether to accept or not to accept the Current Offer.

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Allan Kwok Ming Fai, Mr. Robert Siu Siu Ling and Mr. Stephen Lee Ming Ching, has been established to advise and give recommendation to the Independent Shareholders in respect of the Current Offer.

We, Grand Vinco Capital Limited, have been appointed by the Company to advise the Independent Board Committee as to whether the terms of the Current Offer is fair and reasonable and whether the Independent Shareholders should accept the Current Offer. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Offer Document and the Response Document provided to us by the Company, the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Offer Document and the Response Document were true and accurate at the time when they were made and continue to be true and accurate at the dates of the Offer Document and the Response Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Current Offeror in the Offer Document and the Response Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Offer Document and the Response Document to provide a reasonable basis for our opinion and recommendation. The Directors have declared in a responsibility statement set out in Appendix II to this Response Document that they jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document. We have also relied on the responsibility statement made by the directors of the Current Offeror contained in the Offer Document. We have not, however, carried out any independent verification of the information provided by the Company, the Directors, the management of the Company and the Current Offeror, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Current Offeror.

In formulating our opinion, we have not considered the tax implications on the Independent Shareholders arising from acceptances or non-acceptances of the Current Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Current Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinion, our opinion are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Current Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

This letter is issued for the Independent Board Committee solely in respect of the Current Offer and, except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee in relation to the Current Offer, we have taken into account the following principal factors and reasons:

(a) Information and historical financial performance of the Group

The Company is an investment company incorporated in the Cayman Islands, the Shares of which are currently listed on the Main Board of the Stock Exchange pursuant to the chapter 21 of the Listing Rules. The Group is principally engaged in investments in securities listed on the Stock Exchange and unlisted securities. As announced by the Company on 25 March 2009, certain articles (the "Articles") in various newspapers and media published on 13 June 2008 reported a police investigation (the "Investigation") on alleged frauds involving one or two companies listed on the Stock Exchange, and since then the Directors were being invited to assist in the Investigation. The Directors are of the view that such assisting in Investigation may be information of price sensitive nature, therefore the Company requested for trading in the Shares to be suspended with effect from 9:30 a.m., 13 June 2008. We noted that, up till now, no clarification announcement on such Articles and the Investigation has been released by the Company, and the trading of the Shares is still being suspended.

Set out below are the audited financial information of the Company for the three financial years ended 31 December 2010, 2011 and 2012 and the unaudited financial information of the Company for the six months ended 30 June 2012 and the six months ended 30 June 2013:

	For the year ended 31 December			For the six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*
Turnover	132,120	132,120	190,960	0	0
Loss attributable to the Shareholders	4,323,809	4,971,164	3,927,748	3,486,178	2,468,916
Non-current assets	1	145,170	72,585	108,878	36,293
Current assets	7,949,232	6,385,231	5,570,223	4,600,740	5,649,135
Total liabilities	20,837,529	24,389,861	27,430,016	26,055,256	29,941,552
Equity attributable to owners of the Company	(12,888,296)	(17,859,460)	(21,787,208)	(21,345,638)	(24,256,124)

Audited consolidated results for the year ended 31 December 2011

For the financial year ended 31 December 2011, the turnover of the Group was HK$132,120 derived from cash dividend received from investments held for trading. There are no changes for the turnover as compared with the year ended 31 December 2010. However, the loss attributable to the Shareholders increased by approximately 14.97% to approximately HK$4.97 million for the year ended 31 December 2011. As stated in the annual report of the Company for the financial year 2011, such increase in loss attributable to the Shareholders was mainly due to the increase in unrealised loss on listed securities to approximately HK$1.49 million from HK$34,164, which resulted from the unstable global financial markets.

Audited consolidated results for the year ended 31 December 2012

For the financial year ended 31 December 2012, the turnover of the Group increased from HK$132,120 to HK$190,960, representing an increase of approximately 44.54%. Loss attributable to the Shareholders narrowed down from approximately HK$4.97 million to approximately HK$3.93 million. As stated in the annual report of the Company for the financial year 2012, the decrease in losses attributable to the Shareholders was mainly attributable to the improvement in market sentiment. The improved market sentiment in Hong Kong, China and the stabilisation of the euro debt crisis brought the Group about (i) a turnaround from unrealised loss on listed securities held for trading from approximately HK$1.49 million for the financial year 2011 to unrealised gain on listed securities of HK$450,308 for the financial year 2012; and (ii) an increase in cash dividend income from listed securities from HK$132,120 to HK$190,960 against the previous year.

Unaudited consolidated results for the six months ended 30 June 2013

For the financial six months ended 30 June 2013, no turnover was recorded. There are no changes for the turnover as compared with the six months ended 30 June 2012. No revenue was recorded for the Group was due to the fact that no dividend income was received from investments held for trading. However, loss attributable to the Shareholders narrowed down from approximately HK$3.49 million to approximately HK$2.47 million. This was mainly due to the turnaround from unrealised loss on listed securities held for trading from approximately HK$1.11 million for the six months ended 30 June 2012 to unrealised gain on listed securities held for trading of HK$55,228 for the six months ended 30 June 2013.

(b) Prospects of the Group

Since the Company acts as an investment holding company and is engaged principally in investments in securities listed on the Stock Exchange and unlisted securities. Hence, the business and prospects of the Group are subject to market risks. We concur with the Company's view that the investment market in Hong Kong will still be challenging due to (i) speculation of the decrease in scale in quantitative easing by the Federal Reserve System of the United States of America (the "US Fed"); and (ii) the signs of downward pressure on China's economy.

In June 2013, statements from the US Fed chairman Ben Bernanke indicated that the US Fed might start to reduce the scales in quantitative easing from the autumn of the year. Moreover, the Chinese government indicated that they would tolerate short-term economic pain in order to achieve structural reform. The interbank lending rate surged in June 2013 as rumours that the People's Bank of China temporarily suspended capital injection into the banking system, resulted in banks seek for funding in the financial markets. Based on such adverse news, the Hong Kong financial markets were negatively impacted. Nevertheless, the Hong Kong financial markets recovered in recent months and the China's economy grew in third quarter at its quickest pace this year, with an increase in 7.8% from a year earlier. However, China has reported an unexpected fall in exports in September 2013, easing growth in factory output and retail sales and the Chinese government may cool credit growth due to high inflation. These factors may drag on the economic activities of China. In addition, the impasse in the United States Congress over the government's debt ceiling could be replayed before a new deadline by 7 February 2014, the market confidence may be shaken again. Therefore, we are of the view that the global financial markets including, Hong Kong, remain uncertain in the future.

In addition, we considered the audited financial information of the Company for the three years ended 31 December 2010, 2011 and 2012 and the unaudited financial information of the Company for the six months ended 30 June 2013, and noted that, the Company has never recorded any profit. We have also reviewed the audited financial information of the Company for the two years ended 31 December 2008 and 2009 after its suspension in trading of the Shares on 13 June 2008, and noted that, the Company has been in a persistent loss-making position for over five years.

In view of (i) the expected challenging investment market in the future as disclosed above; and (ii) the fact that the Group has been making losses for over five years since its suspension in trading of the Shares, we consider the prospects and outlook of the Group may remain uncertain.

(c) Information on the Current Offeror

Set out below is the information on the Current Offeror as extracted from the "Letter from AOCL" of the Offer Document:

The Current Offeror is a company incorporated in the BVI with limited liability and is beneficially owned as to approximately 69.4% and 30.6% by EWTK and Dr. Cheung respectively. EWTK is a company established in Australia and is beneficially owned as to 60%, 10%, 10%, 10% and 10% by Mr. Kwok Wai Tak ("Mr. Kwok"), Ms. Gu Xiaowen, Ms. Kwok Sum Yu, Ms. Kwok Sum Kiu and Mr. Kwok Hung Yuen respectively. Mr. Kwok and Ms. Gu Xiaowen are spouses to each other while Ms. Kwok Sum Yu, Ms. Kwok Sum Kiu and Mr. Kwok Hung Yuen are children of Mr. Kwok and Ms. Gu Xiaowen. Furthermore, Dr. Cheung and Mr. Kwok are business partners. The principal business of the Current Offeror is investment holding. As at the Latest Practicable Date, the directors of the Current Offeror are Mr. Kwok and Dr. Cheung.

Mr. Kwok is the founder of Australia China Metal Corporation Pty Ltd. which is a player in Australia's iron pipeline and infrastructure industry. He is also a director of Australia Investment and Migration Corporation which specializes in assisting overseas investors make fully informed decisions about investment prospects in Australia. He has extensive experience of over 25 years in investing and managing various businesses in mining resources, media, real estate and financial services in Australia, Hong Kong and the PRC. Mr. Kwok holds a bachelor degree in business administration from North Western University in the United States.

Dr. Cheung is a director of Bellavista Concepts Limited which is principally engaging in the retail of window coverings. He has over 25 years of experience in the management of various businesses such as information technology, education and manufacturing in Hong Kong, the United States of America and the United Kingdom. Dr. Cheung holds (i) a PhD degree in engineering from the University of Warwick in the United Kingdom; (ii) a master of science degree in engineering from the University of California, Berkeley in the United States; and (iii) bachelor of arts degree in applied mathematics and computer science from the University of California, Berkeley in the United States. Professionally, he is (i) a Chartered Engineer of the Engineering Council; (ii) a member of the Hong Kong Institute of Engineers; (iii) a member of the Institution of Electrical Engineers; and (iv) a Chartered Member of The British Computer Society.

As at the Latest Practicable Date, the Current Offeror, its directors and parties acting in concert with it (i) do not own, control or have direction over any voting rights in the Company; (ii) do not hold, control or have direction over any Shares, convertible securities, warrants or options issued by the Company; (iii) have not entered into any outstanding derivative in respect of securities of the Company; and (iv) have not borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

(d) Reason for the Current Offer and Intention of the Current Offeror in relation to the Group

Proposed change of Board composition of the Company

As stated in the "Letter from AOCL" of the Offer Document, it is the Current Offeror's intention to acquire a majority interest in the Company pursuant to the Current Offer. The Current Offeror intends to requisite a Shareholder's' meeting after the Current Offer has become unconditional to seek appointment of new Director(s) to the Board and to procure the existing executive Directors to resign from the Board as permitted under the Takeovers Code.

The Current Offeror intends to nominate Mr. Yen Jong Ling ("Mr. Yen") as an executive Director. Mr. Yen, aged 52, holds a Master's degree in Business Administration from the State University of New York at Buffalo and a Master's degree in Science, Finance from New York University. He also holds the professional qualifications of Chartered Financial Analyst and Financial Risk Manager, as well as responsible officer licensed for type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Yen has held various senior positions with different financial institutions in New York, Hong Kong and Taiwan. He has over 20 years of experience in investing in the international capital market. Mr. Yen has vast experience in fund management including mutual fund, pension fund, insurance investment portfolio and management of institutional accounts. He has been appointed as an executive director of China Financial Leasing Group Limited (stock code: 2312), a company listed on the Stock Exchange under Chapter 21 of the Listing Rules, since 3 June 2013 (previously non-executive director of the aforementioned company from 18 January 2013 to 2 June 2013). He has also been an independent non-executive director of First China Financial Network Holdings Limited (stock code: 8123), a company listed on the Growth Enterprise Market of the Stock Exchange from 2008 to 2010.

Save for the intention to nominate Mr. Yen as an executive Director, the Current Offeror is in the course of identifying additional candidates for the Board in compliance with Rule 21.04(1) of the Listing Rules.

Business

Following the close of the Current Offer, the Current Offeror intends to continue the existing businesses of the Group. The Current Offeror will conduct a review on the financial position and operations of the Company and will formulate long-term business plans and strategy of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company, ultimate seeking for resumption in trading of the Shares on the Stock Exchange. Should such disposals and/or acquisitions materialise, further announcement will be made by the Current Offeror in accordance with the Listing Rules. Save for the proposed change in Board composition and subject to the result of the Current Offeror's review of the Company, the Current Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. The Current Offeror also intends to appoint Ample Capital Limited ("ACL") as its investment manager following the close of the Current Offer. ACL is a licensed corporation for, amongst others, type 9 regulated activity (asset management) under the SFO, with asset under management of not less than HK$1.2 billion as at 31 October 2013.

Maintain the listing status of the Group

The Current Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Current Offer.

In the event that after the close of the Current Offer, the public float of the Company falls below 25%, the Current Offeror will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Current Offer to ensure that sufficient public float exists for the Shares.

(e) Principal terms and condition of the Current Offer

AOCL, on behalf of the Current Offeror, will make the Current Offer on the following terms:

For each Current Offer Share . . . . HK$0.24 in cash

The Current Offer Price was determined with reference to (i) the closing price of the Shares on the Stock Exchange on the Last Trading Day; (ii) the prolonged suspension in trading of the Shares on the Stock Exchange; and (iii) the unaudited net liabilities per Share of approximately HK$0.337 as at 30 June 2013. The Current Offer is conditional upon the Current Offeror having received valid acceptances of the Current Offer which, together with the Shares already owned by the Current Offeror and the parties acting in concert with it which would result in the Current Offeror and parties acting in concert with it, hold more than 50% of the voting rights in the Company.

The Current Offer Price of HK$0.24 per Current Offer Share represents:

(i) a discount of approximately 50.0% to the closing price of HK$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day and the Latest Practicable Date;

(ii) a discount of approximately 50.8% to the average closing price of HK$0.488 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 53.6% to the average closing price of HK$0.517 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

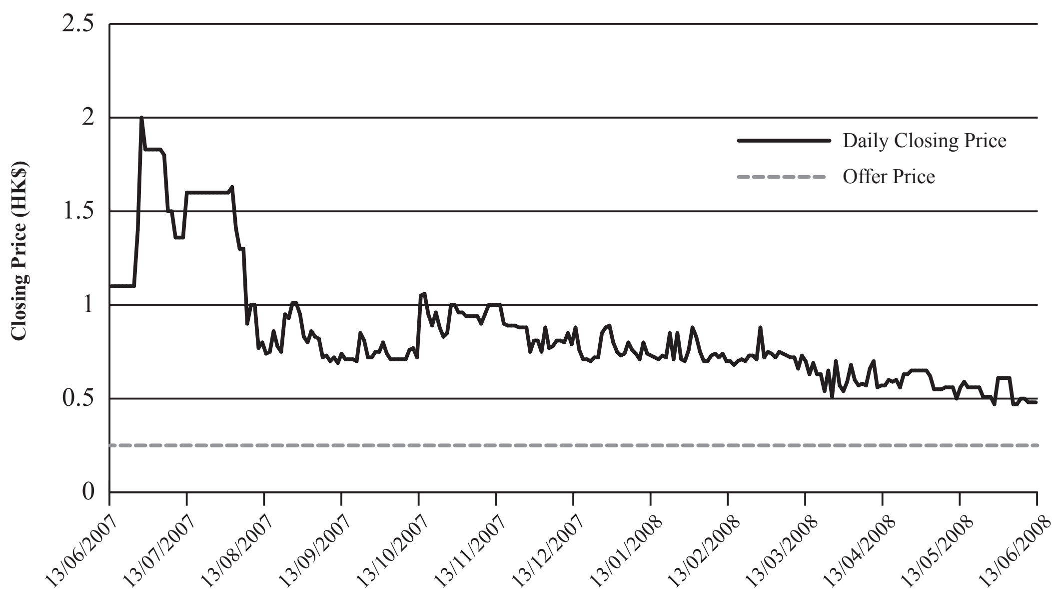
(iv) a premium of approximately HK$0.577 over the unaudited consolidated net liabilities attributable to Shareholders per Share of approximately HK$0.337 as at 30 June 2013; and

(v) a premium of approximately HK$0.598 over the latest published unaudited consolidated net liabilities attributable to Shareholders per Share of approximately HK$0.358 as at 31 October 2013.

Historical Share price performance

The graph below sets out the daily closing prices of the Shares during the period from 13 June 2007 (being 12 full calendar months period prior to the Last Trading Day) to the Last Trading Day (the "Review Period") as quoted on the Stock Exchange's website as compared with the Current Offer Price.

Trading in the Shares on the Stock Exchange had been suspended since 13 June 2008. The Independent Shareholders should note that as the trading in the Shares has been suspended for over five years, and heavy reliance should not be placed on the below comparison of the Current Offer Price to the closing prices of the Shares prior to the Last Trading Day. For reference only, the historical trading pattern of the Shares for the Review Period is illustrated as follows.



Source: The website of the Stock Exchange (http://www.hkex.com.hk)

As illustrated on the above graph, during the Review Period, the market price of the Shares showed a downward trend in general, with the highest closing price of HK$2.00 per Share on 26 June 2007 and the lowest closing price of HK$0.47 per Share on 27 May 2008, 3 June 2008 and 4 June 2008, respectively. The Current Offer Price represents a discount of approximately 88.00% to the highest closing price per Share and a discount of approximately 48.94% to the lowest closing price per Share during the Review Period, and a discount of approximately 50.00% to the closing price of HK$0.48 per Share on the Last Trading Day.

Despite the Current Offer Price represents a discount to the closing price of the Share during the Review Period, after taken into consideration that (i) there are uncertainties in the outlook of the Hong Kong financial market as discussed in the above section "Prospects of the Group"; (ii) the operating loss-making results of the Group since its suspension in trading of the Shares; (iii) the prolonged suspension in trading of the Shares for over five years has precluded the opportunities of the Independent Shareholders from realising their shareholdings in the Company during the period of suspension in trading of the Shares should they wish to do so; (iv) there is no guarantee that the trading in the Shares will be resumed; (v) the trading performance of the Shares upon resumption cannot be ascertained to be able to restore to a level comparable or higher than that during the Review Period given the loss-making results of the Group since its suspension in trading of the Shares; and (vi) the Current Offer is a good opportunity presented to the Independent Shareholders for realising their shareholdings in the Company after the prolonged suspension in trading of the Shares for over five years, we are therefore of the view that the Current Offer Price is fair and reasonable, and that the Current Offer provides an opportunity for the Independent Shareholders who wish to realise their entire shareholdings in the Company in full.

Historical trading volume of the Shares

We have reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares, the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares as at the Latest Practicable Date are shown in the table below.

	Total trading volume *(No. of shares)*	**Number of trading days**	**Average daily volume** *(No. of shares)*	**% of average daily trading volume to the number of issued Shares** *(Note 3)* *(Approximate %)*
2007				
June *(Note 1)*	320,000	12	26,667	0.037%
July	80,000	21	3,810	0.005%
August	12,370,000	23	537,826	0.747%
September	5,340,000	19	281,053	0.390%
October	7,070,000	21	336,667	0.468%
November	2,240,000	22	101,818	0.141%
December	60,000	19	3,158	0.004%

	Total trading volume *(No. of shares)*	Number of trading days	Average daily volume *(No. of shares)*	% of average daily trading volume to the number of issued Shares *(Note 3)* *(Approximate %)*
2008				
January	1,030,000	22	46,818	0.065%
February	3,290,000	19	173,158	0.240%
March	3,770,000	19	198,421	0.276%
April	1,840,000	21	87,619	0.122%
May	1,180,000	20	59,000	0.082%
June *(Note 2)*	130,000	8	16,250	0.023%
The Review Period	**38,720,000**	**246**	**157,398**	**0.219%**

Source: The website of the Stock Exchange (http://www.hkex.com.hk)

Notes:

1. The Review Period commenced on 13 June 2007

2. The Review Period ended on 12 June 2008

3. Based on 72,000,000 Shares in issue as at the Latest Practicable Date

As shown from the table and graph above, we noted that the trading volume of the Shares during the Review Period was thin and/or low. The percentage of the average daily trading volume during the Review Period amounted to approximately 0.22%. The highest average daily trading volume during the Review Period amounted to approximately 537,826 Shares recorded in August 2007, only representing approximately 0.75% of the total Shares in issue and the lowest average daily trading volume during the Review Period amounted to 3,158 Shares recorded in December 2007, representing approximately 0.004% of the total issued Shares.

Based on the above, we consider the overall liquidity of the Shares to be thin and/or low during the Review Period before the prolonged suspension in trading of the Shares since 13 June 2008 and there may not be sufficient liquidity in the Shares for the Independent Shareholders to dispose of their Shares in the open market even if trading in the Shares was not suspended and the Independent Shareholders who intend to dispose of a large number of Shares in the market may not be able to do so without exerting downward pressure on the Share price to some extent. In addition, we consider that the Current Offer can provide an alternative exit to such Independent Shareholders to realise their investments in full as there is no assurance as to if and when trading in the Shares on Stock Exchange will resume.

Comparison of the Current Offer Price

In assessing the fairness and reasonableness of the Current Offer Price, we have attempted to perform a price-to-earnings multiple ("P/E Ratio") analysis, which is the most widely used and accepted method for valuing a business with recurrent income. Given the Company has been loss-making since the financial year ended 31 December 2010, we consider that it is not feasible to assess the Current Offer Price using the P/E Ratio approach. Taking into account the nature of the business of the Company and as advised by the Company, the total assets of the Company is mainly composed of investment on listed securities and unlisted securities, we consider the net asset approach is an appropriate approach to assess the fairness and reasonableness of the Current Offer Price.

As announced by the Company on 15 November 2013, the latest unaudited consolidated net liabilities per Share was approximately HK$0.358 (the "NAV") as at 31 October 2013 and the Current Offer Price represented a premium of approximately HK$0.598 (the "NAV Premium") over the NAV. We have identified all companies listed on the Stock Exchange pursuant to chapter 21 of the Listing Rules (the "Business Comparables") and we have reviewed and tabulated below the premium/(discounts) of the share closing price of the Business Comparables as at the Latest Practicable Date (or trading day immediately before the Latest Practicable Date if the Business Comparables have been suspended in trading on the Latest Practicable Date) over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date, for comparison purposes. In view that the Business Comparables chosen are (i) companies listed on the Main Board of the Stock Exchange under chapter 21 of the Listing Rules; (ii) of similar principal businesses and nature, i.e. investment vehicles which makes investments in listed and/or unlisted securities, including warrants, money market instruments, commodities, options and futures contracts; and (iii) do not possess any other active businesses, we consider the Business Comparables are fair and representative samples.

Company Name *(stock code)*	Closing price as at the Latest Practicable Date *(HK$)*	Latest published net asset/ (liability) value per share prior to the Latest Practicable Date *(HK$)*	Premium/ (discounts) of the closing share price of the Business Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date *(HK$)*	Premium/ (discounts) of the closing share price of the Business Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date *(%)*
APAC Resources Limited (1104)	0.151	0.510	(0.359)	(70.39)
Capital VC Limited (2324)	0.730	3.431	(2.701)	(78.72)
China Development Bank International Investment Limited (1062)	0.860	0.359	0.501	139.29
China Financial International Investments Limited (721)	0.390	0.210	0.180	85.71
China Financial Leasing Group Limited (2312)	0.370	0.115	0.255	220.62
China Innovation Investment Limited (1217)	0.035	0.043	(0.008)	(18.60)
China Investment and Finance Group Limited (1226)	0.300	0.940	(0.640)	(68.09)
China Investment Development Limited (204)	0.490	0.068	0.422	620.59
China Investment Fund Company Limited (612)	0.225	0.250	(0.025)	(10.00)
China Merchants China Direct Investments Limited (133)	11.500	25.770	(14.270)	(55.37)
China New Economy Fund Limited (80)	0.620	0.840	(0.220)	(26.19)

Company Name *(stock code)*	Closing price as at the Latest Practicable Date *(HK$)*	Latest published net asset/ (liability) value per share prior to the Latest Practicable Date *(HK$)*	Premium/ (discounts) of the closing share price of the Business Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date *(HK$)*	Premium/ (discounts) of the closing share price of the Business Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date *(%)*
Earnest Investments Holdings Limited (339)	0.740	0.481	0.260	54.01
Grand Investment International Limited (1160)	0.620	0.280	0.340	121.43
Harmony Asset Limited (428)	3.750	6.320	(2.570)	(40.66)
Mastermind Capital Limited (905)	0.076	0.026	0.050	192.31
National Investment Group Limited (1227)	0.320	0.311	0.009	2.89
OP Financial Investment Limited (1140)	0.640	1.360	(0.720)	(52.94)
Prosperity Investment Holdings Limited (310)	0.206	0.400	(0.194)	(48.50)
Radford Capital Investment Limited (901)	3.160	0.747	2.413	323.03
SHK Hong Kong Industries Limited (666)	0.240	0.314	(0.074)	(23.57)
Shanghai International Shanghai Growth Investment Limited (770)**	0.800	9.768	(8.968)	(91.81)
UBA Investments Limited (768)	0.129	0.113	0.016	14.16
Unity Investments Holdings Limited (913)	1.350	1.720	(0.370)	(21.51)
	Maximum		2.413	620.588
	Minimum		(14.270)	(91.810)

We have also considered the range of the Business Comparables with share closing price on the Latest Practicable Date which represented a premium over the latest published net asset value per share prior to the Latest Practicable Date (the "Premium Comparables"). The range of the Premium Comparables is set as below:

Maximum			2.413	620.588
Minimum			0.009	2.894
Current Offer Price				
The Current Offer	**0.240**	**(0.358)**	**0.598**	**167.04**

Source: The website of the Stock Exchange (http://www.hkex.com.hk)

Notes:

** The net asset value was recorded in USD has been converted into HK$ based on the exchange rate of USD1.0 = HK$7.75.

As shown in the above table, the premium/(discount) represented by the closing share price of the Business Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date ranged from a premium of approximately 620.59% to a discount of approximately 91.81% (the "Overall Range"). We noted that the NAV Premium represented by the Current Offer Price falls within the Overall Range. Given that the Overall Range is large, we have also considered the range of the Premium Comparables. The premium represented by the share closing price of the Premium Comparables as at the Latest Practicable Date over/(to) their respective latest published net asset value per share prior to the Latest Practicable Date ranged from approximately 2.89% to approximately 620.59% (the "Premium Range"). The NAV Premium as derived by the Current Offer Price also falls within the Premium Range.

In view of (i) the Company was in loss-making position for the financial year ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013; (ii) the Current Offer Price represents a premium over the latest audited consolidated net asset value per Share of the Company as at 31 October 2013; and (iii) the NAV Premium as derived by the Current Offer Price falls within the Overall Range and the Premium Range, we consider that the Current Offer Price is fair and reasonable.

The Resumption and the Resumption Proposal

Independent Shareholders may choose to accept the First Offer or hold onto their Shares if they are anticipating the Resumption will take place. The Resumption Proposal which includes, among others, (i) the cash injection of HK$100 million to the Company by way of Subscription, (ii) the proposed open offer to offer existing Shareholders an opportunity to enlarge their shareholdings in the Company and improve the financial position of the Group and (iii) proposed appointment of 5 new Directors and an investment manager to satisfy the relevant Listing Rules requirement.

Since the submission of the Resumption Proposal, the Stock Exchange has made a number of enquires on the details of the Resumption Proposal and other related submissions made by the Company related thereto. The Company has responded to these enquiries accordingly save for the latest batch of enquiries from the Stock Exchange on 26 November 2013, which requested the Company to submit a revised resumption proposal (the "Revised Resumption Proposal") to address its latest enquiries and to incorporate all information submitted and to be submitted into the Revised Resumption Proposal. The Company is in the process of preparing the Revised Resumption Proposal, which will include, inter alia, original Resumption Proposal and supplemental information on additional fund to be provided by the First Offerors to support sufficient level of operations of the Company and composition of Board. The Revised Resumption Proposal is subject to review of and approval from the Stock Exchange. As stated in the Letter from the Board, Shareholders who believe the Resumption is a distinct possibility, and wish to observe the market value of the Company subsequent to the Resumption before making any investment decision relating to their Shares, should consider holding on to their Shares, and not accept the Current Offer.

As the Revised Resumption Proposal is subject to review of and approval from the Stock Exchange, Independent Shareholders should note that there is a risk that the Revised Resumption Proposal may not be acceptable to the Stock Exchange and hence the Resumption may not take place.

RECOMMENDATION

Taking into consideration the abovementioned factors and reasons for the Current Offer, in particular:

- the prospects of the Group may remain uncertain;
- the persistent loss-making track record of the Group since its suspension in trading of the Shares on 13 June 2008;
- the prolonged suspension in trading of the Shares for over five years has precluded the opportunities of the Independent Shareholders from realising their shareholdings in the Company during the period of suspension in trading of the Shares should they wish to do so;
- the Current Offer is a good opportunity presented to the Independent Shareholders for realising their shareholdings in the Company after the prolonged suspension in trading of the Shares for over five years;
- the trading volume of the Shares during the Review Period was generally thin and/or low which Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares and the Current Offer provides an alternative exit for the Independent Shareholders to realise their investment in the Shares;
- the Current Offer Price represents a premium of approximately 167.04% or HK$0.598 over the latest unaudited consolidated net liabilities of the Company of approximately HK$0.358 per Share as at 31 October 2013; and
- the NAV Premium as derived by the Current Offer Price falls within the Overall Range and the Premium Range,

we consider that the terms of the Current Offer are fair and reasonable so far as the Shareholders are concerned. In addition, given that (i) there is a risk that the Revised Resumption Proposal may not acceptable to the Stock Exchange and hence there is a risk that the Resumption may not take place and the trading of Shares of the Company have been suspended since 2008 which is considered to be a prolong period of time and (ii) the Current Offer Price is higher than offer price under the First Offer which offers a better value for Shareholders to liquidate their positions, we accordingly recommend the Independent Board Committee to advise the Independent Shareholders to accept the Current Offer.

Independent Shareholders are reminded that the condition of the Current Offer is subject to valid acceptances to be received by the Current Offeror and the parties acting in concert with it to be more than 50% of the voting rights in the Company, Independent Shareholders are reminded that the 20.83% Shares held by Biggish Management Limited are subject to the Sale and Purchase Agreement and are incapable of accepting the Current Offer, which may or may not become unconditional. Independent Shareholders are reminded that if the Current Offer does not become unconditional (i.e. there are insufficient valid acceptances), the Current Offer will lapse. Also, should the Current Offer becomes unconditional, the Company may not be able to further obtain financial supports from Biggish Management Limited or Mr. Tung Tat Wah. In such event, the Group may run into financial difficulties if no financial assistance is obtained from the Current Offeror or other external parties.

If the Current Offer does not become unconditional and lapse, the First Offer and transactions contemplated under the Resumption Proposal will continue to proceed, only if they become unconditional.

If the Current Offer becomes unconditional, the Resumption Proposal may not proceed and the Current Offeror would need to submit a new resumption proposal acceptable to the Stock Exchange before the Shares could resume trading on the Stock Exchange. Independent Shareholders not accepting the Current Offer would not be able to receive any value from their Shares if the Resumption does not take place.

The Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. The Independent Shareholders should read carefully the procedures for accepting the Current Offer as detailed in the Offer Document, the appendices to the Offer Document and the Form of Acceptance and Transfer, if they wish to accept the Current Offer.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. FINANCIAL SUMMARY

The following is a summary of (i) the audited financial results of the Group for each of the three financial years ended 31 December 2010, 2011 and 2012; and (ii) the audited assets and liabilities of the Group as at 31 December 2010, 2011 and 2012; (iii) the unaudited financial results of the Group for the six months ended 30 June 2013; and (iv) the unaudited assets and liabilities of the Group as at 30 June 2013 as extracted from the published financial statements of the Group for the relevant years/ period.

	For the six months ended 30 June	For the year ended 31 December		
	2013	**2012**	**2011**	**2010**
	HK$	*HK$*	*HK$*	*HK$*
HK$	(Unaudited)	(Audited)	(Audited)	(Audited)
Turnover	—	190,960	132,120	132,120
Gain on disposal of a subsidiary	—	—	1,017,152	—
Interest income from bank deposits	—	—	—	1
Unrealised gain/(loss) on listed securities	55,228	450,308	(1,492,884)	(34,164)
Realised loss on disposal of listed securities	—	(11,500)	—	—
Investment management fee	(300,000)	(600,000)	(600,000)	(600,000)
Other operating expenses	(1,881,786)	(3,309,271)	(3,433,522)	(3,279,110)
Operating loss	(2,126,558)	(3,279,503)	(4,377,134)	(3,781,153)
Finance costs	(342,358)	(648,245)	(594,030)	(542,656)
Loss before taxation	(2,468,916)	(3,927,748)	(4,971,164)	(4,323,809)
Taxation	—	—	—	—
Loss for the period/year attributable to equity holders of the Company	(2,468,916)	(3,927,748)	(4,971,164)	(4,323,809)
Other comprehensive income	—	—	—	—
Total comprehensive loss for the period/year attributable to equity holders of the Company	(2,468,916)	(3,927,748)	(4,971,164)	(4,323,809)
Dividend	—	—	—	—
Loss per share	(HK$0.034)	(HK$0.05)	(HK$0.07)	(HK$0.06)

	As at 30 June	As at 31 December		
	2013	**2012**	**2011**	**2010**
	HK$	*HK$*	*HK$*	*HK$*
HK$	(Unaudited)	(Audited)	(Audited)	(Audited)
Non-current assets	36,293	72,585	145,170	1
Current assets	5,649,135	5,570,223	6,385,231	7,949,232
Total asset	5,685,428	5,642,808	6,530,401	7,949,233
Total liabilities	(29,941,552)	(27,430,016)	(24,389,861)	(20,837,529)
Net liabilities	(24,256,124)	(21,787,208)	(17,859,460)	(12,888,296)

For the year ended 31 December 2011, there was a one-off exceptional gain on disposal of a wholly owned subsidiary, Jointline Investment Limited amounting to HK$1,017,152. Save as disclosed above, the Group did not have any minority interest or extraordinary items or items which were exceptional because of its size, nature or incidence for each of the three financial years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013.

The auditor's reports issued by W. H. Tang & Partners CPA Limited in respect for each of the three financial years ended 31 December 2010, 2011 and 2012 did not contain any qualifications.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following is the full text of the audited financial statements of the Group for the year ended 31 December 2012 as extracted from the annual report of the Company for the year ended 31 December 2012:

Consolidated Statement of Comprehensive Income

	Note	2012 HK$	2011 HK$
Turnover	7	190,960	132,120
Gain on disposal of a subsidiary	7	—	1,017,152
Unrealised gain/(loss) on listed securities	16	450,308	(1,492,884)
Realised loss on disposal of listed securities		(11,500)	—
Investment management fee		(600,000)	(600,000)
Other operating expenses		(3,309,271)	(3,433,522)
Operating loss		(3,279,503)	(4,377,134)
Finance costs	9	(648,245)	(594,030)
Loss before taxation	10	(3,927,748)	(4,971,164)
Taxation	11	—	—
Loss for the year attributable to equity holders of the Company	12	(3,927,748)	(4,971,164)
Other comprehensive income		—	—
Total comprehensive loss for the year attributable to equity holders of the Company		(3,927,748)	(4,971,164)
Loss per share	13	(HK$0.05)	(HK$0.07)

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	2012 HK$	2011 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	15	72,585	145,170
		72,585	145,170
CURRENT ASSETS			
Investments held for trading	16	5,204,208	6,106,800
Prepayments and other receivables	17	116,060	254,155
Cash and bank balances	24b	249,955	24,276
		5,570,223	6,385,231
CURRENT LIABILITIES			
Short term loans	18	8,674,116	8,025,871
Other payables and accruals	19	11,304,049	9,416,631
Due to a director	20	7,451,851	6,947,359
		27,430,016	24,389,861
NET CURRENT LIABILITIES		(21,859,793)	(18,004,630)
NET LIABILITIES		(21,787,208)	(17,859,460)
CAPITAL AND RESERVES			
Share capital		21720,000	720,000
Reserves		(22,507,208)	(18,579,460)
SHAREHOLDERS' FUNDS		(21,787,208)	(17,859,460)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital *HK$*	Share premium *HK$*	Accumulated losses *HK$*	Total equity *HK$*
At 1 January 2011	720,000	67,320,071	(80,928,367)	(12,888,296)
Total comprehensive loss for the year	—	—	(4,971,164)	(4,971,164)
At 31 December 2011 and 1 January 2012	720,000	67,320,071	(85,899,531)	(17,859,460)
Total comprehensive loss for the year	—	—	(3,927,748)	(3,927,748)
At 31 December 2012	720,000	67,320,071	(89,827,279)	(21,787,208)

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 HK$	2011 HK$
Operating activities			
Cash from/(used in) operation	24a	225,679	(25,827)
Interest paid		—	(1,878)
Net cash from/(used in) operating activities		225,679	(27,705)
Investing activities			
Additions of property, plant and equipment		—	(145,169)
Net cash outflow from disposal of a subsidiary	22	—	(2,820)
Net cash used in investing activities		—	(147,989)
Net increase/(decrease) in cash and cash equivalents		225,679	(175,694)
Cash and cash equivalents at the beginning of year	24b	24,276	199,970
Cash and cash equivalents at the end of year		249,955	24,276
Analysis of balance of cash and cash equivalents	24b	249,955	24,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. General Information

(a) Incutech Investments Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 13 June 2008.

The principal activities of the Company and its subsidiaries during the year are investments in securities listed on the Stock Exchange and unlisted securities with a potential for earning growth and capital appreciation.

(b) The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, except that investments held for trading are stated at fair value.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

In preparing the consolidated financial statements, the directors of the Company ("Directors") have given careful consideration to the future liquidity of the Group in light of a loss of HK$3,927,748 for the year ended 31 December 2012 and the Group's net current liabilities and net liabilities as at 31 December 2012 amounted to HK$21,859,793 and HK$21,787,208 respectively. A resumption proposal was approved by the Board of Directors on 21 March 2011 to improve the financial position of the Group but such proposal has yet to be implemented. The Directors have been taking measures to improve the liquidity of the Group. These measures include (i) extending the Group's short term loans upon maturity; (ii) implementing cost controls over operating expenses; (iii) negotiating with the suppliers to reschedule the payments of the Group's expenditures; and (iv) exploring options to conduct fund raising activities. In addition, Biggish Management Limited, the substantial shareholder of the Company, and Mr. Tung Tat Wah, the chairman and executive director of the Company, have agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern and to meet its obligation for at least twelve months from the date of the consolidated financial statements.

Provided that the aforesaid measures are successful and the continuing financial support is given by the substantial shareholder and one of the directors of the Company that can effectively improve the liquidity position of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. HK(SIC) – INT 12 "Consolidation – Special purpose entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – INT 13 "Jointly controlled entities – Nonmonetary contributions by venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards. The Directors are currently assessing the financial impact of these revisions to the Group's financial position and performance.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted, provided that all of these standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards will not have material impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of the new standard will not have material impact on amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

3. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the gains or losses are also recognised directly in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year in which the item is derecognised.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follow:

Decoration and office equipment	2 years

(d) Impairment of investment in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to profit or loss on a straight-line basis over the lease period.

(f) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. They are carried at fair value, with any resultant gain and loss recognised in profit and loss, which incorporates any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at FVTPL, if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognition gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including prepayments, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables. The Group designated investments in unlisted securities as available-for-sale financial assets.

Investments in unlisted securities are available-for-sale equity investments measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in capital reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in capital reserve is removed from capital reserve and recognised in profit or loss. Investments in unlisted securities which fair values cannot be reliably measured are stated at cost less any identified impairment losses at the end of the reporting period subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in capital reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including short term loans, other payables and accruals and amount due to a director are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(g) Cash and cash equivalents

For the purposes of consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(j) Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contribution to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The Group participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(k) Borrowing Costs

All borrowings costs are recognised as an expense in the period in which they are incurred.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(m) Revenue recognition

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

Gains or losses on sale of investment securities and other investments are recognised on the transfer of risks and rewards of ownership which generally coincides with the time when investments are delivered and title has passed.

(n) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of the Group's parent.

(ii) An entity is related to the Group if:

(a) the entity and the Group are members of the same group;

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint venture of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(f) the entity is controlled or jointly controlled by a person identified in (i); or

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expect to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going concern assumption

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statement. The Group is dependent upon the successful outcome of the measures and continuing financial support from the substantial shareholder and director of the Company as set forth in note 1(b) in order to meet the Group's future working capital and financing requirements.

In assessing whether or not the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but is not limited to, twelve months from the approval date of the consolidated financial statements.

If the Group were unable to continue as a going concern, adjustments relating to the recoverability and classification of recorded assets and liabilities may need to be incorporated in the consolidated financial statements.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group also monitors the current and expected liquidity requirements regularly to ensure that sufficient working capital and adequate committed lines of funding are maintained to meet its liquidity requirements. Upon the discovery of any default, the Group would negotiate immediately with the relevant lenders for proper arrangement in order to maintain sufficient working capital. The Group manages its operating cashflow in order to achieve optimum utilization and certain costs-cutting measures are implemented to streamline its operating costs.

The capital structure of the Group consists of (deficit) equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary.

The Group has negative equity at both years ended 31 December 2011 and 2012, resulting primarily from the significant loss suffered by the Group. The Group monitors its current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and mainly relies on short term financing from a director of the Company to meet its working capital requirements.

6. Financial Instruments

Categories of financial instruments

	2012	2011
	HK$	*HK$*
Financial assets		
Designated as at fair value through profit or loss ("FVTPL")	5,204,208	6,106,800
Loans and receivables (including cash and cash equivalents)	366,015	278,431
Financial liabilities		
Amortised cost	27,430,016	24,389,861

Financial risk management objectives and policies

The Group's major financial instruments include investments held for trading, prepayments, other receivables, cash and bank balances, short term loans, other payables, accruals and amount due to a director. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency rates and equity prices. Market risk exposures are further measured by sensitivity analysis. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

(i) *Currency risk*

The Group has limited exposure to market risk resulting from changes in foreign currency exchange rates since other than the functional and presentation currency of HK dollar, the Group holds no financial assets in foreign currency and thus the Group currently does not have a foreign currency hedging policy.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate short term loans (see note 18 for details of the short term loans). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate arising from the Group's Hong Kong dollars borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For short term loans, the analysis is prepared assuming the amount of the outstanding loans at the end of reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2012 would increase/decrease by HK$35,021 (2011: increase/decrease by HK$31,930). This is mainly attributable to the Group's exposure to interest rates on its short term loans.

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in the Stock Exchange. In addition, the Group has appointed an investment manager to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 5% higher/lower, the Group's loss for the year ended 31 December 2012 would decrease/increase by HK$260,210 (2011: decrease/increase by HK$305,340) as a result of the changes in fair value of financial assets at fair value through profit or loss.

Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

2012

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	More than 1 year less than 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short term loans	8,674	8,674	8,674	—
Other payables and accruals	11,304	11,304	11,304	—
Due to a director	7,452	7,452	7,452	—
	27,430	27,430	27,430	—

2011

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	More than 1 year less than 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short term loans	8,026	8,026	8,026	—
Other payables and accruals	9,417	9,417	9,417	—
Due to a director	6,947	6,947	6,947	—
	24,390	24,390	24,390	—

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

		31 December 2012		
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets at FVTPL				
Listed securities	5,204,208	—	—	5,204,208
	5,204,208	—	—	5,204,208

		31 December 2011		
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets at FVTPL				
Listed securities	6,106,800	—	—	6,106,800
	6,106,800	—	—	6,106,800

There were no transfers between Level 1 and 2 in both years.

7. Turnover and Revenues

Total revenues recognised during the year are as follows:

	2012	**2011**
	HK$	*HK$*
Turnover:		
Dividend income from listed securities	190,960	132,120
Other revenues:		
Gain on disposal of a subsidiary	—	1,017,152
Total revenues	190,960	1,149,272

8. Segment Information

The Group determines its operating segments based on the internal reports about components of the Group that are regularly reviewed by the executive Directors for the purpose of allocating resources to segments and assessing their performance.

The Group's operating and reportable segments are as follows:

Listed securities	— Investments in securities listed on Stock Exchange
Unlisted securities	— Investments in unlisted securities

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's results by reportable segment:

Year ended 31 December 2012

	Listed securities	**Unlisted securities**	**Total**
	HK$	*HK$*	*HK$*
Segment result	629,768	—	629,768
Unallocated expenses			(4,557,516)
Loss for the year			(3,927,748)

Year ended 31 December 2011

	Listed securities	**Unlisted securities**	**Total**
	HK$	*HK$*	*HK$*
Segment result	(1,360,764)	—	(1,360,764)
Unallocated expenses			(3,610,400)
Loss for the year			(4,971,164)

Segment result of listed securities represents dividend income from listed securities, realised loss on disposal of listed securities and unrealised gain/(loss) on listed securities. With the nature of investments business, no segment revenue is presented.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	2012	2011
	HK$	*HK$*
Listed securities	5,204,208	6,106,800
Unlisted securities	—	—
Total segment assets	5,204,208	6,106,800
Unallocated assets	438,600	281,431
	5,642,808	6,388,231

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, prepayments, other receivables and bank balances.

Geographical information

No geographical information is presented as the Group operates in Hong Kong only.

9. Finance Costs

	2012	2011
	HK$	*HK$*
Interest on unsecured short term loans	648,245	594,030

10. Loss Before Taxation

Loss before taxation is stated after charging/(crediting) the following:

	2012	2011
	HK$	*HK$*
Auditor's remuneration	146,000	156,600
Depreciation	72,585	—
Realised loss on disposal of listed securities	11,500	—
Rental charges under operating leases in respect of rented premises	402,736	542,230
Staff costs including directors' emoluments:		
Salaries and other benefits	2,058,000	2,058,000
Contributions to retirement benefits scheme	22,150	20,400
Gain on disposal of a subsidiary	—	(1,017,152)

11. Taxation

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for both years.

Taxation for the year can be reconciled to the loss before taxation as follows:

	2012	2011
	HK$	*HK$*
Loss before taxation	(3,927,748)	(4,971,164)
Taxation at Hong Kong Profits Tax rate of 16.5%	(648,078)	(820,242)
Tax effect of income not subject to taxation	(105,809)	(189,630)
Tax effect on non-deductible expenses	7,663	443,187
Tax effect of tax losses not recognised	735,436	593,599
Others	10,788	(26,914)
Taxation for the year	—	—

At 31 December 2012, the Group has estimated unused tax losses of HK$18,470,016 (2011: HK$15,074,708) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of taxable income in future. The losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the end of the reporting period.

12. Loss for the Year Attributable to Equity Holders of the Company

The consolidated loss contributable to equity holders of the Company includes a loss of HK$2,835,782 (2011: HK$11,184,961) which has been dealt with in the financial statements of the Company.

13. Loss Per Share

The calculation of the loss per share is based on the Group's loss attributable to equity holders of HK$3,927,748 (2011: HK$4,971,164) and the weighted average number of 72,000,000 (2011: 72,000,000) ordinary shares in issue during the year.

As the Company has not issued any warrants and options during the year, the calculation of diluted earnings per share is the same as the basic earnings per share.

14. Directors' and Employees' Emoluments

(a) The emoluments paid or payable to each of the five (2011: five) directors were as follows:

	2012	2011
	HK$	*HK$*
Fees for executive directors		
Michael Wu Chun Wah	600,000	600,000
Tung Tat Wah	600,000	600,000
Fees for independent non-executive directors		
Robert Siu Siu Ling	50,000	50,000
Allan Kwok Ming Fai	50,000	50,000
Stephen Lee Ming Ching	50,000	50,000
Total emoluments	1,350,000	1,350,000

(b) Employees' emoluments

The five highest paid individuals of the Group included two (2011: two) directors of the Company, details of whose emoluments are set out above. The details of the emoluments of the remaining two (2011: two) individuals are as follows:

	2012	2011
	HK$	*HK$*
Salaries and other benefits	708,000	708,000
Contributions to retirement benefit	22,150	20,400
	730,150	728,400

The emoluments of the five highest paid individuals were within the band of Nil to HK$1,000,000.

15. Property, Plant and Equipment

	Decoration	Office equipment	Total
	HK$	*HK$*	*HK$*
Cost			
At 1 January 2011	174,388	54,076	228,464
Additions	145,169	—	145,169
Disposals	(174,388)	—	(174,388)
At 31 December 2011 and at 31 December 2012	145,169	54,076	199,245
Accumulated depreciation			
At 1 January 2011	174,388	54,075	228,463
Eliminated on disposals	(174,388)	—	(174,388)
At 31 December 2011 and 1 January 2012	—	54,075	54,075
Charged for the year	72,585	—	72,585
At 31 December 2012	72,585	54,075	126,660
Carrying values			
At 31 December 2012	72,584	1	72,585
At 31 December 2011	145,169	1	145,170

16. Investments Held for Trading

	2012	2011
	HK$	*HK$*
Equity securities listed in Hong Kong, at fair values	5,204,208	6,106,800

The fair values of the investments held for trading are determined based on the quoted market values of the securities listed on the Stock Exchange at the end of the reporting period. Details of investments held for trading, which were all incorporated in Cayman Islands, are as follows:

A brief description of the business and financial information of the listed investee companies, based on their published annual or interim reports, is as follows:

Name of investee company	Number of shares held	Effective shareholding interest	2012 Market value/ Fair value	2012 Fair value gain	2011 Market value/ Fair value	2011 Fair value loss	Dividend received/ receivable during the year	% of total assets of the Group	*Note*
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*		
UBA Investments Limited ("UBA Investments")	4,172,000 (2011: 6,972,000)	0.39% (2011: 0.66%)	350	7	558	(502)	— (2011: Nil)	6% (2011: 9%)	*1*
Upbest Group Limited ("Upbest")	5,056,000 (2011: 6,606,000)	0.38% (2011: 0.49%)	4,854	443	5,549	(991)	191 (2011: 132)	86% (2011: 85%)	*2*
			5,204	450	6,107	(1,493)			

Note:

1. UBA Investments

UBA Investments and its subsidiaries are principally engaged in the investment holding and trading of securities.

The unaudited result attributable to shareholders of UBA Investments for the six months ended 30 September 2012 was a profit of HK$44,033 (six months ended 30 September 2011: loss of HK$24,749,263). As at 30 September 2012, the unaudited net asset value of UBA Investments was HK$105,084,235 (As at 30 September 2011: HK$98,771,924).

2. Upbest

Upbest and its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, precious metal trading, assets management and property investment.

The unaudited result attributable to shareholders of Upbest for the six months ended 30 September 2012 was a profit of approximately HK$17,117,000 (six months ended 30 September 2011: HK$67,940,000). As at 30 September 2012, the unaudited net asset value of Upbest was approximately HK$1,229,487,000 (As at 30 September 2011: HK$1,232,267,000).

17. Prepayments and Other Receivables

Included in the prepayments and other receivables is the amount due from a former subsidiary amounting to HK$47,369,893 arisen from the disposal of Group's entire interest in Jointline Investment Limited ("Jointline") for the year ended 31 December 2011. The amount had been fully impaired in previous year since the directors of the Company considered that Jointline is not capable of repaying the loan in the foreseeable future.

18. Short Term Loans

The short term loans are unsecured and repayable on demand. Interest is charged at a range from 2% to 9.25% (2011: 2% to 9.25%) per annum.

19. Other Payables and Accruals

Included in the other payable and accruals are the amount due to directors arising from unsettled directors' fees amounting to HK$6,688,575 (2011: HK$5,338,575), and the amount due to investment manager for unsettled investment management fee amounting to HK$2,200,000 (2011: HK$1,650,000).

20. Due to a Director

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

21. Share Capital

	2012	**2011**
	HK$	*HK$*
Authorised:		
500,000,000 ordinary shares of HK$0.01 each	5,000,000	5,000,000
Issued and fully paid:		
72,000,000 ordinary shares of HK$0.01 each	720,000	720,000

22. Disposal of a Subsidiary

On 31 December 2011, the Group disposed of its entire interest in Jointline, a wholly-owned subsidiary at a consideration of HK$1.

The net liabilities of Jointline at the date of disposal were as follows:

	HK$
Net liabilities disposed of:	
Amount due from former fellow subsidiary	181
Bank balances	2,821
Account payables	(15,071)
Provision for taxation	(1,005,082)
	(1,017,151)
Gain on disposal of a subsidiary	1,017,152
Total consideration satisfied by:	
Cash	1
Net cash outflow arising on disposal:	
Cash received	1
Bank balances disposed of	(2,821)
	(2,820)

The subsidiary disposed of did not have any significant contribution to the results and cash flows of the Group for the period prior to the disposal.

23. Financial Information of the Company

	Note	**2012** *HK$*	**2011** *HK$*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	72,585	145,170
Interests in subsidiaries	*(a)*	8	8
		72,593	145,178
CURRENT ASSETS			
Other receivables		10,202	9,360
Investments held for trading		5,204,208	6,106,800
Cash and bank balances		249,955	24,276
		5,464,365	6,140,436
CURRENT LIABILITIES			
Other payables and accruals		11,286,868	9,405,450
Amount due to a subsidiary		12,253,179	12,047,471
		23,540,047	21,452,921
NET CURRENT LIABILITIES		(18,075,682)	(15,312,485)
NET LIABILITIES		(18,003,089)	(15,167,307)
CAPITAL AND RESERVES			
Share capital		21 720,000	720,000
Reserves	*(b)*	(18,723,089)	(15,887,307)
SHAREHOLDERS' FUNDS		(18,003,089)	(15,167,307)

(a) Interests in subsidiaries

	2012	**2011**
	HK$	*HK$*
Unlisted shares, at cost	9	9
Amount due from a subsidiary	—	47,369,893
	9	47,369,902
Less: Allowance for impairment	(1)	(47,369,894)
	8	8

Details of the subsidiaries, which were all wholly-owned by the Company, as at 31 December 2012, are as follows:

Name	**Principal activities and operation**	**Place of Incorporation**	**Particulars of issued share capital**	**Portion of interest directly held in the Company**	
				2012	**2011**
Perfect Partner Holdings Limited	Investment holding in Hong Kong	Hong Kong	1 ordinary share of HK$1	100%	100%
Sparkling Achievement Limited	Investment holding in Hong Kong	British Virgin Islands	1 ordinary share of US$1	100%	100%

(b) Reserves

	Share premium	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2011	67,320,071	(72,022,417)	(4,702,346)
Total comprehensive loss for the year	—	(11,184,961)	(11,184,961)
At 31 December 2011	67,320,071	(83,207,378)	(15,887,307)
Total comprehensive loss for the year	—	(2,835,782)	(2,835,782)
At 31 December 2012	67,320,071	(86,043,160)	(18,723,089)

24. Consolidated Statement of Cash Flows

(a) Reconciliation of loss before taxation to net cash from/(used in) operating activities during the year are as follows:

	2012	**2011**
	HK$	*HK$*
Loss before taxation	(3,927,748)	(4,971,164)
Adjustment for:		
Interest expenses	648,245	594,030
Depreciation of property, plant and equipment	72,585	—
Realised loss on disposal of listed securities	11,500	—
Gain on disposal of a subsidiary	—	(1,017,152)
Unrealised (gain)/loss on listed securities	(450,308)	1,492,884
Operating cash outflow before changes in working capital	(3,645,726)	(3,901,402)
Decrease in investment held for trading	1,341,400	—
Decrease/(increase) in prepayments and other receivables	138,096	(104,577)
Increase in other payables and accruals	1,887,417	2,186,260
Increase in due to a director	504,492	1,793,892
Cash from/(used in) operation	225,679	(25,827)

(b) **Analysis of balance of cash and cash equivalents**

	2012	**2011**
	HK$	*HK$*
Cash and bank balances	249,955	24,276

25. Contingent Liabilities

At the end of the reporting period, the Group did not have any significant amount of contingent liabilities.

26. Commitments under Operating Leases

At 31 December 2012, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2012	**2011**
	HK	*HK$*
Within one year	323,334	352,728
In the second to fifth year inclusive	—	323,334
	323,334	676,062

The above lease agreement was made between the Group and the landlord for a term of two years and rentals are fixed for two years. The lease payments were guaranteed by the Company.

27. Related Party Transactions

Compensation of key management personnel of the Group

	2012	**2011**
	HK$	*HK$*
Short term benefits	1,200,000	1,200,000
Post employment benefits	—	—
	1,200,000	1,200,000

Further details of directors' emoluments are included in note 14.

28. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 26 March 2013.

3. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The following is the full text of the unaudited financial statements of the Group for the six months ended 30 June 2013 as extracted from the interim report of the Company for the six months ended 30 June 2013.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (Unaudited) HK$	Six months ended 30 June 2012 (Unaudited) HK$
Turnover	2	—	—
Realised loss on disposals of listed securities		—	(32,500)
Unrealised gain/(loss) on listed securities		55,228	(1,108,104)
Investment management fee		(300,000)	(300,000)
Operating expenses		(1,881,786)	(1,732,902)
Finance costs	4	(342,358)	(312,672)
Loss before taxation	5	(2,468,916)	(3,486,178)
Taxation	6	—	—
Loss for the period attributable to equity holder of the Company		(2,468,916)	(3,486,178)
Other comprehensive income for the period		—	—
Total comprehensive loss for the period attributable to equity holders of the Company		(2,468,916)	(3,486,178)
Loss per share	7	(3.43 cents)	(4.84 cents)
Interim dividend	8	Nil	Nil

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 (Unaudited) HK$	31 December 2012 (Audited) HK$
NON-CURRENT ASSETS			
Property, plant and equipment		36,293	72,585
CURRENT ASSETS			
Investments held for trading	9	5,259,436	5,204,208
Prepayments and other receivables		383,052	116,060
Bank balances and cash		6,647	249,955
		5,649,135	5,570,223
CURRENT LIABILITIES			
Short term loans	10	9,016,474	8,674,116
Other payables and accruals	11	12,440,096	11,304,049
Due to a director	12	8,484,982	7,451,851
		29,941,552	27,430,016
NET CURRENT LIABILITIES		(24,292,417)	(21,859,793)
NET LIABILITIES		(24,256,124)	(21,787,208)
CAPITAL AND RESERVES			
Share capital	13	720,000	720,000
Reserves		(24,976,124)	(22,507,208)
SHAREHOLDERS' FUNDS		(24,256,124)	(21,787,208)

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2013

	For the six months ended 30 June 2012 (Unaudited)			
	Share capital	Share premium	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*
Balance at 1 January 2012	720,000	67,320,071	(85,899,531)	(17,859,460)
Total comprehensive loss attributable to equity holders of the Company	—	—	(3,486,178)	(3,486,178)
At 30 June 2012	720,000	67,320,071	(89,385,709)	(21,345,638)

	For the six months ended 30 June 2013 (Unaudited)			
	Share capital	Share premium	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*
Balance at 1 January 2013	720,000	67,320,071	(89,827,279)	(21,787,208)
Total comprehensive loss attributable to equity holders of the Company	—	—	(2,468,916)	(2,468,916)
At 30 June 2013	720,000	67,320,071	(92,296,195)	(24,256,124)

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2013

	Six months ended 30 June 2013 (Unaudited) *HK$*	Six months ended 30 June 2012 (Unaudited) *HK$*
Net cash used in operating activities	(243,308)	(19,346)
Net decrease in cash and cash equivalents	(243,308)	(19,346)
Cash and cash equivalents at the beginning of the period	249,955	24,276
Cash and cash equivalents at the end of the period	6,647	4,930
Analysis of cash and cash equivalents		
Bank balances and cash	6,647	4,930

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. Basis of Preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In preparing the condensed consolidated financial statements, the directors of the Company ("Directors") have given careful consideration to the future liquidity of the Group in light of a loss of HK$2,468,916 for the six months ended 30 June 2013 and the Group's net current liabilities and net liabilities as at 30 June 2013 amounted to HK$24,292,417 and HK$24,256,124 respectively. On 6 May 2013, the Company announced that, among others, the Company and certain subscribers entered into a subscription agreement pursuant to which the subscribers conditionally agreed to subscribe in cash an aggregate of 1,000,000,000 ordinary shares of the Company at the subscription price of HK$0.1 per ordinary share. Moreover, a resumption proposal has been submitted to The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 10 July 2013, which includes, among others, the proposed injection of HK$100 million cash by way of share subscription and the proposed open offer to improve the financial position of the Group. Furthermore, the Directors have been taking measures to improve the liquidity of the Group. These measures include (i) extending the Group's short term loans upon maturity; (ii) implementing cost controls over operating expenses; (iii) negotiating with the suppliers to reschedule the payments of the Group's expenditures; and (iv) exploring options to conduct fund raising activities. In addition, Biggish Management Limited, the substantial shareholder of the Company, and Mr. Tung Tat Wah, the chairman and executive director of the Company, have agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern and to meet its obligation for at least twelve months from the date of the condensed consolidated financial statements.

Provided that the aforesaid proposed fund raising exercises and measures are successful and the continuing financial support is given by the substantial shareholder and one of the directors of the Company that can effectively improve the liquidity position of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2012. They have been prepared on the historical cost basis, except that investments held for trading are stated at fair value.

The accounting policies and methods of computation applied in preparation of the condensed consolidated financial statements are consistent with those applied in preparing the Group's financial statements for the year ended 31 December 2012. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period, did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

2. Turnover and Revenue

The principal activities of the Group are investments in securities listed on the Stock Exchange and unlisted securities with a potential growth and capital appreciation.

3. Segment Information

The Group determines its operating segments based on the internal reports about components of the Group that are regularly reviewed by the executive Directors for the purpose of allocating resources to segments and assessing their performance. The Group's operating and reportable segments are as follows:

Listed securities	—	Investments in securities listed on the Stock Exchange
Unlisted securities	—	Investments in unlisted securities

Segment revenues and results

The following is an analysis of the Group's results by reportable segment:

Six months ended 30 June 2013 (Unaudited)

	Listed securities	**Unlisted securities**	**Total**
	HK$	*HK$*	*HK$*
Segment result	55,228	—	55,228
Unallocated expenses			(2,524,144)
Loss for the period			(2,468,916)

Six months ended 30 June 2012 (Unaudited)

	Listed securities	**Unlisted securities**	**Total**
	HK$	*HK$*	*HK$*
Segment result	(1,140,604)	—	(1,140,604)
Unallocated expenses			(2,345,574)
Loss for the period			(3,486,178)

Segment result of listed securities represents dividend income from listed securities, realised gain/(loss) on disposal of listed securities and unrealised gain/(loss) on listed securities. With the nature of investments business, no segment revenue is presented.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	30 June 2013 (Unaudited) *HK$*	31 December 2012 (Audited) *HK$*
Listed securities	5,259,436	5,204,208
Unlisted securities	—	—
Total segment assets	5,259,436	5,204,208
Unallocated assets	425,992	438,600
	5,685,428	5,642,808

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, prepayments, other receivables and bank balances.

Geographical information

No geographical information is presented as the Group operates in Hong Kong only.

4. Finance Costs

	Six months ended 30 June 2013 (Unaudited) *HK$*	Six months ended 30 June 2012 (Unaudited) *HK$*
Interest on unsecured short term loans	342,358	312,672

5. Loss Before Taxation

	Six months ended 30 June 2013 (Unaudited) *HK$*	Six months ended 30 June 2012 (Unaudited) *HK$*
Loss before taxation is stated after charging the following:		
Depreciation	36,292	36,292
Rental charges under operating leases in respect of rented premises	205,155	203,880
Staff costs, including directors' emoluments	1,040,700	1,039,450

6. Taxation

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits for the six months ended 30 June 2013 and 2012.

7. Loss Per Share

The calculation of the loss per share for the six months ended 30 June 2013 is based on the Group's loss attributable to the equity holders of HK$2,468,916 and the weighted average number of 72,000,000 ordinary shares in issue during the period. Loss per share for the six months ended 30 June 2012 is based on the Group's loss attributable to equity holders of HK$3,486,178 and the weighted average number of 72,000,000 ordinary shares in issue during the prior period.

No diluted loss per share is presented since the Group did not issue any dilutive potential ordinary shares during both periods presented.

8. Dividend

The Directors do not recommend the payment of any interim dividend for both periods.

9. Investments Held for Trading

	30 June 2013 (Unaudited) *HK$*	**31 December 2012 (Audited)** *HK$*
Equity securities listed in Hong Kong, at fair values	5,259,436	5,204,208

10. Short Term Loans

The short term loans are unsecured and repayable on demand. Interest is charged at a range from 2% to 9.25% (2012: 2% to 9.25%) per annum.

11. Other Payables and Accruals

Included in the other payables and accruals are the amount due to directors arising from unsettled directors' fees amounting to HK$7,363,575 (2012: HK$6,013,575), and the amount due to investment manager for unsettled investment management fee amounting to HK$2,500,000 (2012: HK$1,900,000).

12. Due to a Director

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

13. Share Capital

	30 June 2013 (Unaudited) *HK$*	**31 December 2012 (Audited)** *HK$*
Authorised:		
500,000,000 ordinary shares of HK$0.01 each	5,000,000	5,000,000
Issued and fully paid:		
72,000,000 ordinary shares of HK$0.01 each	720,000	720,000

14. Commitments under Operating Leases

At 30 June 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2013 (Unaudited) *HK$*	**31 December 2012 (Audited)** *HK$*
Within one year	146,970	323,334
In the second to fifth year inclusive	—	—
	146,970	323,334

The above lease agreement was made between the Group and the landlord for a term of two years and rentals are fixed for two years. The lease payments were guaranteed by the Company.

15. Related Party Transactions

Compensation of key management personnel of the Group

	Six months ended 30 June 2013 (Unaudited) *HK$*	**Six months ended 30 June 2012 (Unaudited)** *HK$*
Short term benefits	600,000	600,000
Post employment benefits	—	—
	600,000	600,000

4. INDEBTEDNESS STATEMENT

As the close of business on 31 October 2013, being the latest practicable date prior to the printing of this Response Document for the purpose of this indebtedness statement, the Group had total outstanding indebtedness of approximately HK$19,034,000 which comprised short term loans of approximately HK$9,257,000 and unsecured loan from a director of approximately HK$8,897,000 and non-cancellable capital commitment of approximate HK$880,000. Apart from intra-group liabilities, normal trade and other payables, the Group did not have any mortgages, charges, debentures, loan capital, bank overdrafts, loans, liabilities under acceptance (other than under normal trade bills) or other similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities as at the close of business on 31 October 2013. The Directors confirmed that there had been no material change in the indebtedness of the Group since 31 October 2013 up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

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

The information contained in this Response Document relating to the Current Offeror, its ultimate beneficial owner and parties acting in concert with any of them and the terms of the Current Offer has been extracted or derived from the Offer Document. The Directors jointly and severally accept full responsibility for the correctness and fairness of the reproduction and representation of such information but accept no further responsibility in respect of such information.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.01 each as at the Latest Practicable Date are as follows:

	HK$
Authorised share capital as at the Latest Practicable Date	
500,000,000 Shares	5,000,000
Issued and fully paid up as at the Latest Practicable Date	
72,000,000 Shares	720,000

All issued Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. The Company has not issued any other Share since 31 December 2012, the date to which the latest audited financial statements of the Company were made up.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right on the holder thereof to subscribe for, convert or exchange into Shares.

3. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interest and short positions of the Directors, chief executives and their associates had in any Shares, underlying Shares of equity derivatives or debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were set out as follows:

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate % of interest
Tung Tat Wah	Interested in Controlled Corporation	15,000,000 (L) *(Note)*	20.83%
Michael, Wu Chun Wah	Interested in Controlled Corporation	15,000,000 (L) *(Note)*	20.83%

Note:

(L) denotes long position

As at the Latest Practicable Date, Mr. Tung Tat Wah and Mr. Michael, Wu Chun Wah, both executive Directors were interested in the equity interest of Biggish Management Limited of 60% and 40% respectively. Accordingly, Mr. Tung Tat Wah and Mr. Michael, Wu Chun Wah were deemed to be interested in 15,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives and their associates had any interests and short positions in any Shares, underlying Shares of equity derivatives or debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. SUBSTANTIAL SHARESHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, who has an interests or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities were as follows:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate % of interest
Biggish Management Limited	Beneficial Owner	15,000,000 (L)	20.83%
Cheong Chi Man	Beneficial Owner	7,350,000 (L)	10.21%

Note:

(L) denotes long position

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, there were no other persons who had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in any circumstances at general meeting of any other member of the Group or any options in respect of such capital.

5. SHAREHOLDINGS AND DEALINGS IN THE CURRENT OFFEROR

As at the Latest Practicable Date, neither the Company nor any of its Directors have any interest in the relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of the Current Offeror, and no such person (including the Company) had dealt in the relevant securities of the Current Offeror during the Relevant Period.

6. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

Save as disclosed in the section headed "Directors' Interests in Securities" in this appendix, none of the Directors held any Shares, convertible securities, warrants, options or other derivatives of the Company and none of the Directors have dealt for value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period.

As at the Latest Practicable Date,

(a) no Share or any convertible securities, warrants, option or derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code or by the independent financial adviser or any of its associates (as defined in the Takeovers Code), and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(b) no Shares or any convertible securities, warrants, option or derivatives of the Company was managed on a discretionary basis by fund managers connected with the Company, and no such person had dealt in the Share or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code; and

(d) neither the Company nor any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date,

(a) no benefit (other than statutory compensation) had been or will be given to any Director as compensation for loss of office or otherwise in connection with the Current Offer;

(b) no material contract had been entered into by the Current Offeror in which any Director has a material personal interest; and

(c) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Current Offer or otherwise connected with the Current Offer.

8. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group or associated companies of the Group (i) which (including both continuous and fixed terms contracts) have been entered into or amended in the Relevant Period; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed terms contracts with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

10. MATERIAL CONTRACTS

The following contract, not being contracts entered into in the ordinary course of business, had been entered by members of the Group after the date falling two years prior to the commencement of the offer period on 6 May 2013 (being the date of announcement issued by the First Offerors in relation to the First Offer) up to and including the Latest Practicable Date and which are or may be material:

(a) The management agreement dated 1 March 2011 entered into between the Company and Hua Yu Investment Management Limited ("Hua Yu") in respect of Hua Yu being reappointed as the investment manager of the Company to provide investment management services for a term of two years commencing on 1 March 2011. The quarterly management fee payable to Hua Yu is HK$150,000. Details of which are set out in the announcement of the Company date 4 September 2012.

The management agreement was renewed on 25 February 2013 for a term of one year commencing on 1 March 2013 to 28 February 2014 (the "Management Agreement"). The quarterly management fee payable to Hua Yu is HK$150,000. The Management Agreement is conditional upon approval of Independent Shareholders in the extraordinary general meeting to be held;

(b) On 30 April 2013 Biggish Management Limited entered into the Sale and Purchase Agreement with the First Offerors, pursuant to which the Biggish Management Limited had conditionally agreed to sell and the First Offerors had conditionally agreed to acquire 20.83% of the entire issued share capital of the Company at a total consideration of HK$1,500,000;

(c) On 30 April 2013, the Company and the First Offerors entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue and allot and the First Offerors conditionally agreed to subscribe in cash an aggregate of 1,000,000,000 Shares at the price of HK$0.1 per Share; and

(d) On 31 July 2013, the First Offerors and Biggish Management Limited entered into a supplemental agreement to the Sale and Purchase Agreement and a supplemental agreement to the Subscription Agreement to extend the long stop date of the Sale and Purchase Agreement and the Subscription Agreement from 31 July 2013 to 31 December 2013 (or such later date as parties thereto may agree).

Save as disclosed above, as at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of the business carried on by the Group) has been entered into by the Group within the two years prior to the date of the commencement of the offer period on 6 May 2013 up to and including the Latest Practicable Date and are or maybe material.

11. EXPERT AND CONSENT

The following are the qualifications of the expert contained in this Response Document:

Name	Qualification
Vinco Capital	a licensed corporation permitted to carry out to type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Vinco Capital has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of the text of its letter and/or report and/or the reference to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, Vinco Capital did not had any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Vinco Capital did not had any direct or indirect interest in any assets which have been, since 31 December 2012 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. MISCELLANEOUS

(a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is Room 1704, 17th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

(b) The branch share registrar and transfer agent of the Company in Hong Kong is Tricor Secretaries Limited, which is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

(c) The English text of this Response Document shall prevail over their respective Chinese text in case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (www.hklistedco.com/356.asp) and the website of the SFC (www.sfc.com.hk) and; (ii) at the principal office and place of business of the Company at Room 1704, 17th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong during normal business hours on any Business Day for as long as the Current Offer remain open for acceptance during the date of this Response Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the year ended 31 December 2011 and the year ended 31 December 2012;

(c) the interim report of the Company for six months ended 30 June 2013;

(d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 17 to 19 of this Response Document;

(e) the letter from Vinco Capital to the Independent Board Committee, the text of which is set out on pages 20 to 39 of Response Document;

(f) the material contracts referred to in the paragraph headed "Material contracts" of this Appendix II;

(g) the written consent from Vinco Capital referred to in the section headed "Expert and consent" of this Appendix II; and

(h) this Response Document.