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INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

INTERIM RESULTS AND CONDENSED ACCOUNTS

The Board of Directors (the “Board”) of Incutech Investments Limited (the “Company”) hereby presents the interim results and condensed accounts of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013. The interim results had been reviewed by the audit committee of the Company and approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

	<i>Note</i>	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		Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

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

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 HK\$	Unlisted securities HK\$	Total HK\$
Segment result	<u>55,228</u>	<u>–</u>	55,228
Unallocated expenses			<u>(2,524,144)</u>
Loss for the period			<u><u>(2,468,916)</u></u>

Six months ended 30 June 2012 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment result	<u>(1,140,604)</u>	<u>–</u>	(1,140,604)
Unallocated expenses			<u>(2,345,574)</u>
Loss for the period			<u><u>(3,486,178)</u></u>

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
	<u>5,685,428</u>	<u>5,642,808</u>

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.

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30 June 2013 (2012: Nil).

REVIEW OF RESULTS

For the six months ended 30 June 2013, the Group recorded a net loss attributable to shareholders of approximately HK\$2,468,916 (2012: HK\$3,486,178) and loss per share of HK3.43 cents (2012: HK4.84 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

The period under review was full of challenge. US Federal Reserve expanded the US quantitative easing purchases (the "QE") at the end of 2012. The US economic growth was improved because of picking up with unemployment rate and corporate earnings improving at the first half of 2013. In June, statements from the US Fed Chairman Ben Bernanke indicated that the Fed might start to reduce US QE from the autumn of the year. The global financial markets were negatively impacted and became more volatile by the fear of QE tapering in the coming few months in this year.

In June 2013, the Chinese government indicated that they would tolerate short-term economic pain in order to achieve structural reform. The People's Bank of China also temporarily suspended capital injection into the banking system, resulting in a surge in interbank lending rate. China gross domestic product growth slowed to 7.5% year-on-year in the second quarter of 2013 from 7.9% in the fourth quarter of 2012 and it would be the slowest pace in 23 years for China. The HSBC Markit Purchasing Managers' Index was below 50 for the first time during the period under review. Hang Seng China Enterprise Index dropped 11.38% on total return basis in the second quarter of 2013, closing at 9,311.44.

Due to speculation of US QE tapering by the US Fed and the signs of downward pressure on China's economy, equity markets in Hong Kong were under pressure and increased volatility and uncertainty. Hang Seng Index fell 1,854 points in the first six months of 2013, a loss of 8.2% from the end of 2012.

BUSINESS REVIEW AND PROSPECTS

The Company is an investment company and the Company's shares were listed on the main board of Stock Exchange pursuant to the Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange. The Group is principally engaged in the investments in the listed securities with a potential for earnings growth and capital appreciation.

The Group reported a net loss from operation of HK\$2,468,916 as at 30 June 2013 as compared with a loss from operation of HK\$3,486,178 in 2012. During the period under review, the Company had not made any new investment. The Group portfolio investment comprised mainly securities listed in Hong Kong. As at 30 June 2013, the Group held listed securities investments at market value of HK\$5,259,436 (2012: HK\$4,470,196).

On 6 May 2013, the joint announcement issued jointly by the offerors (the "Offerors") and the Company in relation to, among others, the possible mandatory unconditional cash offer (the "Offer"). The making of the Offer by the Offerors is subject to completion, which in turn is subject to Independent Shareholders' approval at the EGM. Details of such Offer were disclosed in the announcements of the Company dated 6 May 2013 and 31 July 2013.

In such an unstable and challenging environment, the Company will continue to focus on our existing investment portfolio management and continue to cautiously take defensive measures to manage the portfolio of the investments of the Group in accordance with the Company's investment objective and policy with a view of improving its business performance.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2013, the Group's current ratio was 0.19, based on the current assets of HK\$5,649,135 and current liabilities of HK\$29,941,552. The Group's gearing ratio was not applicable.

As at 30 June 2013, the Group had cash and cash equivalents of HK\$6,647 and net financial asset investments of HK\$5,259,436.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2013, the Group employed a total of 4 employees (2012: 4) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

STAFF COST

The Group's total staff costs for the period under review amounted to HK\$1,040,700 (2012: HK\$1,039,450).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee of the Company has reviewed the interim report for the period ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

CORPORATE GOVERNANCE CODE

The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the 6 months ended 30 June 2013, the Company has complied with the code provisions under the CG Code, save and except for the following:

Code A.4.1 which provides that non-executive directors should be appointed for a specific term and subject to re-election.

The Company's independent non-executive Directors do not have a specific term of appointment. However, they are subject to retirement by rotation once every three years pursuant to the Company's Articles of Association.

Code A.6.7 which provides for independent non-executive directors and other non-executive directors to, inter alia, attend general meetings.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim report is published on HKExnews at www.hkexnews.hk and on the website of the Company at www.hklistedco.com/356.asp. The 2013 interim report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

By order of the Board
Tung Tat Wah
Chairman

Hong Kong, 22 August 2013

As at the date of this announcement, the Board is comprised of Mr. Tung Tat Wah and Mr. Michael Wu Chun Wah as executive Directors; Mr. Allan Kwok Ming Fai, Mr. Robert Siu Siu Ling, and Mr. Stephen Lee Ming Ching, as independent non-executive Directors.