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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 2014

INTERIM RESULTS AND CONDENSED ACCOUNTS

The Board of Directors (the “Board”) of Incutech Investments Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 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 2014

	<i>Note</i>	Six months ended 30 June 2014 (Unaudited) HK\$	Six months ended 30 June 2013 (Unaudited) HK\$
Turnover	3	–	–
Unrealised (loss)/gain on listed securities		(22,844)	55,228
Investment management fee		(300,000)	(300,000)
Operating expenses		(2,661,704)	(1,881,786)
Finance costs	5	(374,081)	(342,358)
Loss before taxation	6	(3,358,629)	(2,468,916)
Taxation	7	–	–
Loss for the period attributable to equity holder of the Company		(3,358,629)	(2,468,916)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period attributable to equity holders of the Company		<u>(3,358,629)</u>	<u>(2,468,916)</u>
Loss per share	8	<u>(0.23 cents)</u>	<u>(3.43 cents)</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	30 June 2014 (Unaudited) HK\$	31 December 2013 (Audited) HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	—	1
CURRENT ASSETS		
Financial assets at fair value through profit or loss	5,315,364	5,338,208
Prepayments and other receivables	665,026	119,435
Bank balances and cash	108,592,930	6,282
	114,573,320	5,463,925
CURRENT LIABILITIES		
Short term loans	—	9,380,184
Other payables and accruals	6,384,032	15,219,433
Due to a director	—	9,316,392
	6,384,032	33,916,009
NET CURRENT ASSETS/(LIABILITIES)	108,189,288	(28,452,084)
NET ASSETS/(LIABILITIES)	108,189,288	(28,452,083)
CAPITAL AND RESERVES		
Share capital	14,720,000	720,000
Reserves	93,469,288	(29,172,083)
SHAREHOLDERS' FUNDS	108,189,288	(28,452,083)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are mandatorily effective for the current interim period.

Amendments to HKFRS 9, Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Hedge Accounting and amendments to HKFRS9, HKFRS7 and HKAS 39 Investment entities
HKFRS 9	Financial Instruments
Amendments to HKAS 32,	Offsetting financial assets and financial liabilities
Amendments to HKAS 36,	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39,	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

3. 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.

4. 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 2014 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment result	<u>(22,844)</u>	<u>–</u>	(22,844)
Unallocated expenses			<u>(3,335,785)</u>
Loss for the period			<u><u>(3,358,629)</u></u>

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>

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 2014 (Unaudited) HK\$	31 December 2013 (Audited) HK\$
Listed securities	5,315,364	5,338,208
Unlisted securities	<u>–</u>	<u>–</u>
Total segment assets	5,315,364	5,338,208
Unallocated assets	109,373,956	125,718
	<u>114,689,320</u>	<u>5,463,926</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.

5. FINANCE COSTS

	Six months ended 30 June 2014 (Unaudited) HK\$	Six months ended 30 June 2013 (Unaudited) HK\$
Interest on unsecured short term loans	<u>374,081</u>	<u>342,358</u>

6. LOSS BEFORE TAXATION

	Six months ended 30 June 2014 (Unaudited) HK\$	Six months ended 30 June 2013 (Unaudited) HK\$
Loss before taxation is stated after charging the following:		
Depreciation	1	36,292
Rental charges under operating leases in respect of rented premises	211,722	205,155
Staff costs, including directors' emoluments	<u>1,044,750</u>	<u>1,040,700</u>

7. 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 2014 and 2013.

8. LOSS PER SHARE

The calculation of the loss per share for the six months ended 30 June 2014 is based on the Group's loss attributable to the equity holders of HK\$3,358,629 and the weighted average number of 1,472,000,000 ordinary shares in issue during the period. Loss per share for the six months ended 30 June 2013 is based on the Group's loss attributable to equity holders of HK\$2,468,916 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.

REVIEW OF RESULTS

For the six months ended 30 June 2014, the Group recorded a net loss attributable to shareholders of the Company amounted to HK\$3,358,629 (2013: HK\$2,468,916) and loss per share of HK0.23 cents (2013: HK3.43 cents).

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30 June 2014 (2013: Nil).

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group was still preparing and applying for the resumption of trading of share (the “Resumption”) on The Stock Exchange of Hong Kong Limited (“HKEX”) and under the process of preparing for the completion of the transactions contemplated under the sale and purchase agreement dated 30 April 2013 (as supplemented) (the “Sale and Purchase Agreement”) and entered into between Biggish Management Limited as vendor, and Sharp Years limited and Hugo Lucky Limited as purchasers (collectively, the “Offerors”) for 15,000,000 issued shares in the capital of the Company, representing approximately 20.83% of the then issued share capital during the period under review, and the completion of the transactions contemplated under the subscription agreement dated 30 April 2013 (as supplemented) (the “Subscription Agreement”) and entered into between the Company as issuer and the Offerors as subscribers for an aggregate of 1,400,000,000 new shares in the capital of the Company. The completion of the above transaction took place on 30 June 2014 and the Offerors acquired an aggregate of approximately 96.13% of the issued share capital of the Company as at 30 June 2014.

Business Review

The Group reported a net loss from operation of HK\$3,358,629 as at 30 June 2014 as compared with a loss from operation of HK\$2,468,916 in 2013, and an increase in loss from operation of approximately 36% when compared to the corresponding period in 2013. It was mainly due to an increase in corporate, administrative and printing expenses since the Company was processing a series of transactions under the revised resumption proposal. 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 2014, the Group held listed securities investments at market value of HK\$5,315,364 (2013: HK\$5,259,436).

On 25 March 2014, the Stock Exchange informed the Company that it has decided to allow the Company to resume trading in the Shares, subject to completion of the Subscription, the Offer, the Open Offer, and all other transactions contemplated in the Revised Resumption Proposal.

For the events subsequent to the period under review, reference is also made to (i) the joint announcement made by the Company and the Offerors dated 6 May 2013 in relation to the entering into of the conditional Sales and Purchase Agreement and the Subscription Agreement and transactions contemplated thereunder, which would result in the possible Offer to be made by the Offerors; (ii) the announcement of the Company dated 11 July 2013, 31 July 2013, and 27 March 2014 in relation to the status of Resumption; and (iii) the joint announcement made by the Company and the Offerors dated 28 May 2014 in relation to, among others, the Supplemental Subscription Agreement, the proposed Open Offer, ratification of previous continuing connected transaction, approval of new continuing connected transaction and change in board lot size.

On 30 June 2014, Completion of the Sale and Purchase Agreement and Subscription Agreement took place and the number of issued shares of the Company increased to 1,472,000,000 shares.

Following the completion of Sales and Purchase Agreement and Subscription Agreement, the Offerors and parties acting in concert with them hold 1,415,000,000 shares, representing approximately 96.13% of the entire issued share capital of the Company. In accordance with Rule 26.1 of the Hong Kong Code on Takeover and Mergers, the Offerors made the mandatory unconditional cash offer, which was completed on 28 July 2014.

Following the completion of mandatory unconditional cash offer, the Company carried out the open offer. Based on the 57,000,000 Shares held by public Shareholders after the close of the mandatory unconditional cash offer and the sale of existing Shares by the Offerors, 427,500,000 open offer shares will be offered to the qualifying shareholders on the basis of fifteen (15) open offer shares for every two (2) shares held on the record date in relation to the open offer.

The open offer is expected to be completed on 29 August 2014.

Outlook – Restoration of public float

Immediately upon completion of the open offer, assuming all qualifying shareholders take up their respective entitlement under the open offer, there will be 484,500,000 shares held by the public shareholders, representing approximately 25.51% of the issued share capital of the Company.

The expected date of the resumption and first day of dealing in the Open Offer Shares will be on 10 September 2014 subject to approved by the HKEX.

Upon Resumption, the Company will follow its investment objectives, policies and restrictions to seek new investments apart from maintaining the existing investment portfolio and 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 order to maximize the return to shareholders.

FINANCIAL REVIEW

Financial Resources, Liquidity and Capital Structure

As at 30 June 2014, shareholders' funds of the Company amounted to HK\$108.2 million, representing an increase of HK\$136.64 million from 31 December 2013. During the period, the Company allotted and issued 1,400,000,000 shares at the subscription price of HK\$0.1 per share to the Offerors pursuant to the terms and conditions of the Subscription Agreement.

The Group being maintained a strong cash position and holds short-term bank deposits, bank balances and cash amounting to HK\$108.59 million as at 30 June 2014 (31 December 2013: HK\$6,300).

The Group's total borrowings comprising other payables and accruals, amounted to HK\$6.38 million as at 30 June 2014 (31 December 2013: HK\$33.92 million comprise short term loans, other payables and accruals and due to a director). Pursuant to the circular of the Company dated 9 June 2014, the Company will use approximately of HK\$39.9 million and had used portion for settlement of the liabilities of the Group. Hence, the total borrowings of the Group decreased approximately of 27.54 million during the period ended 30 June 2014.

The Group's gearing ratio had not been presented as there was no net debt as at 30 June 2014. As at 31 December 2013, the Group's gearing ratio was also not applicable due to the Group was in a negative equity position.

The Group's net financial asset investments of approximately HK\$5.32 million as at 30 June 2014 (31 December 2013: HK\$5.34 million).

OTHER INFORMATION

Employment and Remuneration Policies

As at 30 June 2014, the Group employed a total of 4 employees (2013: 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. The Company has not adopted any share option scheme during the period under review.

Staff Cost

The Group's total staff costs for the period under review amounted to HK\$1,044,750 (2013: HK\$1,040,700).

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.

Corporate Governance

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 2014, 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.

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 results for the period ended 30 June 2014.

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.

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 2014 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
Leung King Yue, Alex
Chairman

Hong Kong, 28 August 2014

As at the date of this announcement, the Board comprises Mr. Leung King Yue, Alex, Mr. Leong Chi Wai and Mr. Lewis Chan as executive Directors; Ms. Chan Pui Kwan and Mr. Ma Chun Fai as non-executive Directors; Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma as independent non-executive Directors.