

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2011

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 2011. 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 2011

		Six months ended 30 June 2011 (Unaudited) HK\$	Six months ended 30 June 2010 (Unaudited) HK\$
	<i>Note</i>		
Turnover	2	—	—
Unrealised loss on listed securities		(470,088)	(712,368)
Investment management fee		(300,000)	(300,000)
Operating expenses		(1,821,058)	(1,658,943)
Finance costs	4	(287,172)	(263,203)
Loss before taxation	5	(2,878,318)	(2,934,514)
Taxation	6	—	—
Loss for the period attributable to equity holder of the Company		(2,878,318)	(2,934,514)
Other comprehensive income for the period		—	—
Total comprehensive loss for the period attributable to equity holders of the Company		(2,878,318)	(2,934,514)
Loss per share	7	(4.00 cents)	(4.08 cents)
Interim dividend		Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 30 JUNE 2011*

	30 June 2011 (Unaudited) HK\$	31 December 2010 (Audited) HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	<u>1</u>	<u>1</u>
CURRENT ASSETS		
Investments held for trading	7,129,596	7,599,684
Prepayments and other receivables	164,432	149,578
Bank balances and cash	<u>58,926</u>	<u>199,970</u>
	<u>7,352,954</u>	<u>7,949,232</u>
CURRENT LIABILITIES		
Short term loans	7,720,892	7,433,719
Other payables and accruals	8,278,128	7,245,261
Due to a director	6,115,467	5,153,467
Tax payable	<u>1,005,082</u>	<u>1,005,082</u>
	<u>23,119,569</u>	<u>20,837,529</u>
NET CURRENT LIABILITIES	<u>(15,766,615)</u>	<u>(12,888,297)</u>
NET LIABILITIES	<u>(15,766,614)</u>	<u>(12,888,296)</u>
CAPITAL AND RESERVES		
Share capital	720,000	720,000
Reserves	<u>(16,486,614)</u>	<u>(13,608,296)</u>
SHAREHOLDERS' FUNDS	<u>(15,766,614)</u>	<u>(12,888,296)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2011 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 interim 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\$2,878,318 for the six months ended 30 June 2011 and the Group’s net current liabilities and net liabilities as at 30 June 2011 amounted to HK\$15,766,615 and HK\$15,766,614 respectively. The Directors have been taking steps to improve the liquidity of the Group. These steps include (i) extending the Group’s short term loans upon maturity; (ii) securing the financial support from the substantial shareholder; (iii) negotiating with the suppliers to reschedule the payments of the Group’s expenditures; and (iv) exploring the possibility to conduct fund raising activities. Provided that these measures are successful and 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 interim financial statements have been prepared on a going concern basis.

The interim 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 2010. They have been prepared on the historical cost basis, except that available-for-sale investments and investments held for trading are stated at fair values.

The accounting policies and methods of computation applied in preparation of the interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2010. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), 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 of Hong Kong Limited (“Stock Exchange”) and unlisted investments.

3. SEGMENT INFORMATION

The Group determines its operation 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 2011 (Unaudited)

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
Segment results	<u>(470,088)</u>	—	(470,088)
Unallocated expenses			<u>(2,408,230)</u>
Loss for the period			<u>(2,878,318)</u>

Six months ended 30 June 2010 (Unaudited)

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
Segment results	<u>(712,368)</u>	—	(712,368)
Unallocated expenses			<u>(2,222,146)</u>
Loss for the period			<u>(2,934,514)</u>

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

Segment assets

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

	30 June 2011 (Unaudited) HK\$	31 December 2010 (Audited) HK\$
Listed securities	7,129,596	7,599,684
Unlisted securities	—	—
Total segment assets	<u>7,129,596</u>	<u>7,599,684</u>
Unallocated assets	<u>223,359</u>	<u>349,549</u>
	<u>7,352,955</u>	<u>7,949,233</u>

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than loans receivable, 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 2011 (Unaudited) HK\$	Six months ended 30 June 2010 (Unaudited) HK\$
Interest on unsecured short term loans	<u>287,172</u>	<u>263,203</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 June 2011 (Unaudited) HK\$	Six months ended 30 June 2010 (Unaudited) HK\$
Depreciation	—	3,989
Listing fees	72,500	72,500
Rental charges under operating leases in respect of rented premises	276,246	276,471
Staff costs, including directors' emoluments	<u>1,039,200</u>	<u>1,039,200</u>

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 2011 and 2010.

7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30 June 2011 is based on the Group's loss attributable to the equity holders of HK\$2,878,318 and the weighted average number of 72,000,000 ordinary shares in issue during the period. Basic loss per share for the six months ended 30 June 2010 is based on the Group's loss attributable to equity holders of HK\$2,934,514 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 2011 (2010: Nil).

REVIEW OF RESULTS

For the six months ended 30 June 2011, the Group recorded a net loss attributable to shareholders of approximately HK\$2,878,318 (2010: HK\$2,934,514) and loss per share of HK4 cents (2010: HK4.08 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

The global economy development faced an uncertain environment in the first half of 2011. The recovery of United States economy was slow, while in China, Brazil and other emerging markets were forging ahead in a relatively more rapid pace. According to China's National Bureau of Statistics, China's GDP reached RMB20.4 trillion in the first half of 2011, representing a year-on-year growth of 9.6%. Total retail sales of consumer goods increased by 16.8% year-on-year to approximately RMB8.6 trillion in the first half of the 2011. This increase is attributable to the continuous economic growth and increased income per capita, which has improved the citizen's purchasing power and propelled development of the retail industry. Economic growth and urbanization fueled by consumption demand, and drove forth China's consumer market.

BUSINESS REVIEW AND PROSPECTS

The Group reported a net loss from operation of HK\$2,878,318 as at 30 June 2011 as compared with a loss from operation of HK\$ 2,934,514 in 2010. During the period under review, the Company had not made any new investment. The Group's portfolio of investment comprises mainly securities listed in Hong Kong. As at 30 June 2011, the Group held listed securities investments at market value of approximately HK\$7,129,596. (2010: HK\$6,921,480).

Looking into the second half of 2011, we believe that global uncertainties will remain as it will take time and efforts for the United States and certain European countries to deleverage their respective economies and the China central banks will continue to control prices using monetary measures. We are positive on the Hong Kong market in the second half of 2011 because of the falling of unemployment rates and strong retail sales.

In such a volatile environment, the investment policies and investment portfolio of the Company in Hong Kong will continue to be managed in a conservative and prudent attitude, with a special emphasis on risk management. The Group will also actively explore the suitable secured investment opportunities with reasonable return in order to maximize the shareholders' value.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2011, the Group's current ratio was 0.32, based on the current assets of HK\$7,352,954 and current liabilities of HK\$23,119,569. The Group's gearing ratio was not applicable.

As at 30 June 2011, the Group had cash and cash equivalents of HK\$58,926 and net financial asset investments of approximately HK\$7,129,596.

Capital Structure

There has been no change to the capital structure of the Company since 1 January 2011.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the period ended 30 June 2011.

Capital commitment and contingent liabilities

As at 30 June 2011, no material capital commitment and contingent liabilities were noted by the directors of the Company.

Share Options

The Company does not have a share option scheme.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2011, the Group employed a total of 4 employees (2010: 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\$1,039,200 (2010: HK\$1,039,200).

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.

INVESTMENT MANAGEMENT AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS

The Company's investment portfolio is managed by Hua Yu Investments Management Limited (the "Investment Manager"), in accordance with the terms and conditions of an investment management agreement (the "Investment Management Agreement") entered into between the Company and the Investment Manager dated 23 February 2009. On 1 March 2011, the Company and the Investment Manager has entered into a new investment management agreement with the same terms and conditions as the Investment Management Agreement.

The Investment Manager is regarded as a connected person of the Company under Rule 21.13 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rule"). Accordingly, the Investment Management Agreement constitutes a continuing connected transaction of the Company.

The Investment Manager is appointed for a term of two years commencing from 1 March 2011. During the six months period ended 30 June 2011, investment management fees of HK\$300,000 were charged by the Investment Manager (2010: HK\$300,000).

The transaction was entered into by the Company in the ordinary and usual course of business in accordance with the terms of the Investment Management Agreement, conducted on normal commercial terms and is subject to reporting and announcement requirements under Charter 14A of the Listing Rules. The transaction had been reviewed by the independent non-executive Directors and obtained approval from the Board.

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 2011.

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices ("Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2011, except the following deviation:

The Code provision A4.1 provides that non-executive directors should be appointed for specific terms, subject to re-election. The Company has deviated from the provision in that all Independent Non-executive Directors are not appointed for specific terms. They are, however, subject to retirement and re-election every three years.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on HKExnews at www.hkexnews.hk and on the website of the Company at www.hklistedco.com/356.asp. The 2011 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, 25 August 2011

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.