



INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

INTERIM RESULTS

The Board of Directors (the “Board”) of Incutech Investments Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2007 with comparative figures for the corresponding period in 2006. These results have not been audited, but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Six months ended 30th June, 2007 (Unaudited) HK\$	Six months ended 30th June, 2006 (Unaudited) HK\$
Turnover	3	989,425	842,736
Unrealized profit on financial assets at fair value through profit or loss		11,779,319	11,373,310
Provision for impairment losses		–	(8,390,002)
Profit/(Loss) on disposal of investments held for trading		1,317,790	(1,265,695)
Investment management fee		(579,856)	(551,643)
Other operating expenses		(357,800)	(371,302)
Operating profit		13,148,878	1,637,404
Finance costs		(1,033,357)	(690,777)
Profit before taxation		12,115,521	946,627
Taxation	4	(1,141,647)	–
Profit attributable to shareholders		10,973,874	946,627
Basic profit per share	5	15.24 cents	1.31 cents
Interim dividend		–	–

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007 and 31st December, 2006

	<i>Note</i>	30th June, 2007 (Unaudited) HK\$	31st December, 2006 (Audited) HK\$
ASSETS AND LIABILITIES			
Non-Current assets			
Available-for-sales investments		42,252,305	27,252,305
Currents assets			
Investments held for trading		26,829,630	28,052,013
Accounts receivable		22,831,633	17,006,987
Prepayment and other receivables		104,871	211,905
Cash and cash equivalent		41,080	28,173,124
		49,807,214	73,444,029
Current liabilities			
Margin accounts payable		–	440,388
Short term loan		4,330,406	24,718,080
Creditors and accruals		839,117	763,391
Taxation		2,146,729	1,005,082
		7,316,252	26,926,941
Net current assets		42,490,962	46,517,088
Total assets less current liabilities		84,743,267	73,769,393
Financed by:			
Share capital		720,000	720,000
Reserves	6	84,023,267	73,049,393
Shareholders' funds		84,743,267	73,769,393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

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

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group, has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2007.

HKAS1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover, revenue and segment information

The Group is principally engaged in investments in listed and unlisted securities issued by companies having operations and activities in Hong Kong. Total revenues recognized during the six months ended 30th June, 2007 are as follows:

	Six months ended 30th June, 2007 (Unaudited) HK\$	Six months ended 30th June, 2006 (Unaudited) HK\$
Turnover		
Dividend Income	–	244,909
Interest Income	989,425	597,827
Total	<u>989,425</u>	<u>842,736</u>

Since the principal activity of the Group is investing in Hong Kong securities with over 90% of its turnover and contribution to results derived from such activity in Hong Kong, no separate disclosure of geographical nor business segment information is presented.

4. Taxation

Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period.

	Six months ended 30th June, 2007 (Unaudited) HK\$	Six months ended 30th June, 2006 (Unaudited) HK\$
Hong Kong profits tax	<u>1,141,647</u>	<u>–</u>

5. Earnings per share

The calculation of the basic earnings per share is based on the Group's profit attributable to the shareholders of HK\$10,973,874 (2006: HK\$946,627) and the weighted average number of 72,000,000 ordinary shares in issue during the period.

No diluted earnings per share are presented since the Company did not issue any dilutive potential ordinary shares during both periods presented.

6. Reserves

	Share Premium HK\$	Retained Earnings HK\$	Total HK\$
At 1st January, 2007	67,320,071	5,729,322	73,049,393
Profit for the period	–	10,973,874	10,973,874
At 30th June, 2007	<u>67,320,071</u>	<u>16,703,196</u>	<u>84,023,267</u>

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30th June, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group reported a net profit of HK\$10,973,874 (2006: HK\$946,627) on turnover of HK\$989,425 (2006: HK\$842,736) during the 6-month period under review. This represented 1,059% and 17.4% increases in profit and turnover as compared to the corresponding period in 2006. The favourable results were mainly attributable to an unrealized profit on investments held for trading for which the value for these investments were marked to the market.

The Group's investment portfolio is comprised of listed securities and private equity investments which provide the Group with certain recurrent dividend and medium to long-term capital appreciation. The results achieved were mainly as a result of an improved investment environment in Hong Kong since the beginning of the year when the stock market has shown a strong upward trend, as reflected in the increase of The Hang Seng Index which recently reached the historical high of over 25,000 points. In addition, Hong Kong has maintained a healthy domestic spending and economic environment for growth.

FINANCIAL REVIEW

Liquidity and Financial resources

As at 30th June, 2007, the Group had no bank overdraft outstanding (2006: Nil).

CAPITAL STRUCTURE

There has been no change in the Group's capital structure since 31st December, 2006.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30th June, 2007, the Group had no material capital commitment and contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

As at 30th June, 2007, the Group held investment in listed securities and unlisted equity of approximately HK\$26.8 million and HK\$42.3 million respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2007, the Group had 3 employees, including the executive directors of the company.

SHARE OPTIONS

The Group does not adopt any share option scheme.

PROSPECTS

The Group will continue to identify potential investment opportunity and to manage the existing investment portfolio cautiously so as to maintain good capital appreciation and growth in profit for the Group.

With the booming in the economy of the greater China region in the first half of 2007, the management is optimistic that the economic prospect of Hong Kong and China will remain positive in the near future. The recent announcement of the QDII will further enhance the capital market in Hong Kong as more direct investments are expected to come from China to Hong Kong. Furthermore, Hong Kong capital market has become a platform for China enterprises to raise capital. This role is expected to continue in the foreseeable future. However, the impacts on the global economy, as caused by the subprime mortgage issue in the US are still uncertain. Management will closely monitor its investment portfolio to ensure that the risk is under manageable level and at the same time to maximize the Group's returns.

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 SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company's shares during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a good corporate governance. During the period under review, it has taken appropriate steps to ensure compliance with the code provisions of the Code on Corporate Governance Practice (Code) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Company has complied with code provisions as set out in the Code throughout the six months ended 30th June, 2007, with deviation from code provision A.4.1 of the Code in respect of the service term and rotation of directors.

None of the existing independent non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under paragraph(1) of article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has discussed and reviewed the Company's corporate governance practices with the management and is satisfied with the Company's internal controls and financial reporting matters, which have been implemented properly. In addition, there revealed no significant areas of improvement which are required to be brought to the attention of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30th June, 2007 before recommending them to the Board for approval.

The Committee comprises three independent non-executive directors, namely Mr. Kong Tze Wing, Mr. Siu Siu Ling, Robert and Mr. Kwok Ming Fai.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE’S WEBSITE

All the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited website in due course.

By order of the Board
Choi Wai Yin
Executive Director

Hong Kong, 20th September, 2007

As at the date of this announcement, the Board consists of Mr. Choi Wai Yin, Mr. Lee Kar Wai and Mr. Wong Wing Hong Benny as executive directors, and Mr. Kong Tze Wing, Mr. Siu Siu Ling Robert and Mr. Kwok Ming Fai as independent non-executive directors.