

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)

HISTORICAL CONTINUING CONNECTED TRANSACTION

On 1 March 2011, the Company entered into the Management Agreement with Hua Yu in respect of the continual engagement of Hua Yu as the investment manager of the Company to provide investment services to the Company for a term of 2 years commencing on 1 March 2011.

As Hua Yu is a connected person (as defined under Rule 21.13 of the Listing Rules) of the Company, the entering into by the Company of the Management Agreement with Hua Yu constitutes a continuing connected transaction (“Historical Continuing Connected Transaction”) for the Company which is subject to reporting, announcement, annual review and independent shareholders’ approval requirements under Rule 14A.52 of the Listing Rules.

However, the Company failed to report, announce and obtain independent shareholders’ approval in relation to the Historical Continuing Connected Transaction in time, and thus is in breach of the Listing Rules.

HISTORICAL CONTINUING CONNECTED TRANSACTION

Management Agreement

Date: 1 March 2011

Parties:

- (1) The Company; and
- (2) Hua Yu

Principal Terms of the Management Agreement

Pursuant to the Management Agreement, Hua Yu was continued to be engaged as the investment manager of the Company to provide investment management services for a term of two years commencing on 1 March 2011.

In connection with the Management Agreement, Hua Yu will on a non-exclusive basis:

- (a) identify and carry out analysis or investigation of investment opportunities; and
- (b) advise acquisitions and realizations of investments and submit relevant proposals to the Board for approval.

In consideration of the services to be provided by Hua Yu under the Management Agreement, the Company shall pay Hua Yu an annual management fee of HK\$600,000, payable quarterly in advance in the amount of HK\$150,000 per quarter.

The investment management fee under the Management Agreement is reached after arm's length negotiations between the Company and Hua Yu and is determined with reference to the then prevailing market rates charged by investment managers of other investment companies listed on the main board of the Stock Exchange and also with reference to the responsibilities and duties of Hua Yu as investment manager of the Company under the Management Agreement.

Hua Yu shall not be liable for any loss or damage that the Group may suffer through the act, omission, default or negligence of any broker banker or other persons appointed by Hua Yu on behalf of the Company pursuant to the Management Agreement.

Reasons for and benefits of the Management Agreement

The Company considers that Hua Yu has extensive investment experience in Hong Kong and the PRC and is capable to provide professional investment services to the Company. The Management Agreement is entered into by the Company in the ordinary and usual course of its business. Given that the Management Agreement is on the same terms and no less favourable to the Group than those offered to the Company, the Directors are of the view that it is in the interest of the Group to continue to enter into the Management Agreement with Hua Yu.

The Directors (including the independent non-executive Directors) consider that the Management Agreement has been entered on normal commercial terms and is in the ordinary and usual course of business of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Management Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company has no intention to change the investment objectives and policies of the Company after entering into the Management Agreement.

Information on Hua Yu

Hua Yu was incorporated in Hong Kong in 1998 and is a deemed licensed corporation under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities. Hua Yu is principally engaged in the business of investment management and provision of corporate advisory services.

The responsible officers (as defined by the SFO) of Hua Yu are (Mr. LAU Lap Kwan), (Mr. LEONG Chi Wai) and (Mr. WANG Yinan).

Implication under and Breach of the Listing Rules

Hua Yu is an investment manager of the Company and thus a connected person of the Company under Rule 21.13 of the Listing Rules. The total management fee payable by the Company to Hua Yu under the Management Agreement was fixed at HK\$600,000 per annum which had exceeded 25% of the then relevant percentage ratios (other than profits ratio) on an annual basis, and thus the entering into by the Company of the Management Agreement with Hua Yu constituted a continuing connected transaction of the Company under Rule 14A of the Listing Rules which is subject to reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.52.

However, the Company failed to report, announce and obtain independent shareholders' approval in relation to the Historical Continuing Connected Transaction in time, and thus is in breach of the Listing Rules.

The Directors explained that the non-compliance of the Listing Rules was due to the fact that the Company considered that the assets ratio and the revenue ratio were not applicable for the purpose of the size tests of the Historical Continuing Connected Transaction at the time of the entering of the Transaction and thus regarded the Historical Continuing Connected Transaction as a de minimis transaction under Rule 14A.33(3) of the Listing Rules which was exempted from reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules. Therefore the Company's breach of the Listing Rules was inadvertently made.

REMEDIAL ACTIONS

In order to avoid the re-occurrence of similar transaction in future, the Board undertakes to strengthen its internal control and to adopt a more stringent approach in interpretation of the Listing Rules by consulting relevant professionals as well as making prior enquiry to the Stock Exchange in case of doubt. Also, the Company will identify appropriate training opportunity on relevant Listing Rules for its board members and senior staff in pursuit of higher standard of compliance to Listing Rules.

INFORMATION ON THE GROUP

The Company is an investment holding company and is principally engaged in investments in securities listed on the Stock Exchange and unlisted investments with a potential for earnings growth and capital appreciation.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

| | |
|------------------------|--|
| “associates” | has the meaning ascribed to this term in the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Incutech Investments Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange |
| “connected person” | has the same meaning ascribed to it under the Listing Rules |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hua Yu” | Hua Yu Investment Management Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Management Agreement” | the investment management agreement dated 1 March 2011 entered into between the Company and Hau Yu in relation to the renewal of Hua Yu as investment manager of the Company |

| | |
|------------------|--|
| “PRC” | People’s Republic of China |
| “SFO” | the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transaction” | the transaction contemplated under the Management Agreement |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 4 September 2012

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. Kwok Ming Fai, Mr. Siu Siu Ling, Robert and Mr. Lee Ming Ching, Stephen as independent non-executive Directors.