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INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

ANNOUNCEMENT OF 2012 FINAL RESULTS

The board of directors (the “Board”) of Incutech Investments Limited (the “Company”) hereby presents the consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Turnover	4	190,960	132,120
Gain on disposal of a subsidiary	4	–	1,017,152
Unrealised gain/(loss) on listed securities		450,308	(1,492,884)
Realised loss on disposal of listed securities		(11,500)	–
Investment management fee		(600,000)	(600,000)
Other operating expenses		(3,309,271)	(3,433,522)
Operating loss		(3,279,503)	(4,377,134)
Finance costs	6	(648,245)	(594,030)
Loss before taxation	7	(3,927,748)	(4,971,164)
Taxation	8	–	–
Loss for the year attributable to equity holders of the Company	9	(3,927,748)	(4,971,164)
Other comprehensive income		–	–
Total comprehensive loss for the year attributable to equity holders of the Company		(3,927,748)	(4,971,164)
Loss per share	10	(HK\$0.05)	(HK\$0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	2012 HK\$	2011 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	<u>72,585</u>	<u>145,170</u>
CURRENT ASSETS		
Investments held for trading	5,204,208	6,106,800
Prepayments and other receivables	116,060	254,155
Cash and bank balances	<u>249,955</u>	<u>24,276</u>
	<u>5,570,223</u>	<u>6,385,231</u>
CURRENT LIABILITIES		
Short term loans	8,674,116	8,025,871
Other payables and accruals	11,304,049	9,416,631
Due to a director	<u>7,451,851</u>	<u>6,947,359</u>
	<u>27,430,016</u>	<u>24,389,861</u>
NET CURRENT LIABILITIES	<u>(21,859,793)</u>	<u>(18,004,630)</u>
NET LIABILITIES	<u>(21,787,208)</u>	<u>(17,859,460)</u>
CAPITAL AND RESERVES		
Share capital	720,000	720,000
Reserves	<u>(22,507,208)</u>	<u>(18,579,460)</u>
SHAREHOLDERS' FUNDS	<u>(21,787,208)</u>	<u>(17,859,460)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Incutech Investments Limited (the “Company”) was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended for trading since 13 June 2008.

The principal activities of the Company and its subsidiaries during the year are investments in securities listed on the Stock Exchange and unlisted securities with a potential for earning growth and capital appreciation.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term include all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, except that investments held for trading are stated at fair value.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

In preparing the 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\$3,927,748 for the year ended 31 December 2012 and the Group’s net current liabilities and net liabilities as at 31 December 2012 amounted to HK\$21,859,793 and HK\$21,787,208 respectively. A resumption proposal was approved by the Board of Directors on 21 March 2011 to improve the financial position of the Group but such proposal has yet to be implemented. 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 consolidated financial statements.

Provided that the aforesaid 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 consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle ²
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ³
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 19 (Revised 2011)	Employee Benefits ²
HKAS 27 (Revised 2011)	Separate Financial Statements ²
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Directors are currently assessing the financial impact of these revisions to the Group's financial position and performance.

4. TURNOVER AND REVENUES

Total revenues recognised during the year are as follows:

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Turnover:		
Dividend income from listed securities	<u>190,960</u>	<u>132,120</u>
Other revenues:		
Gain on disposal of a subsidiary	<u>–</u>	<u>1,017,152</u>
Total revenues	<u>190,960</u>	<u>1,149,272</u>

5. 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 Stock Exchange
Unlisted securities	– Investments in unlisted securities

Information regarding the above segments is reported below.

Segment revenues and results

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

Year ended 31 December 2012

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
Segment result	<u>629,768</u>	<u>–</u>	629,768
Unallocated expenses			<u>(4,557,516)</u>
Loss for the year			<u>(3,927,748)</u>

Year ended 31 December 2011

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment result	<u>(1,360,764)</u>	<u>–</u>	(1,360,764)
Unallocated expenses			<u>(3,610,400)</u>
Loss for the year			<u>(4,971,164)</u>

Segment result of listed securities represents dividend income from listed securities, realised 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:

	2012 HK\$	2011 HK\$
Listed securities	5,204,208	6,106,800
Unlisted securities	<u>–</u>	<u>–</u>
Total segment assets	5,204,208	6,106,800
Unallocated assets	438,600	281,431
	<u>5,642,808</u>	<u>6,388,231</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.

6. FINANCE COSTS

	2012 HK\$	2011 HK\$
Interest on unsecured short term loans	<u>648,245</u>	<u>594,030</u>

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following:

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Auditor's remuneration	146,000	156,600
Depreciation	72,585	–
Realised loss on disposal of listed securities	11,500	–
Rental charges under operating leases in respect of rented premises	402,736	542,230
Staff costs including directors' emoluments:		
Salaries and other benefits	2,058,000	2,058,000
Contributions to retirement benefits scheme	22,150	20,400
Gain on disposal of a subsidiary	–	(1,017,152)
	<u> </u>	<u> </u>

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for both years.

Taxation for the year can be reconciled to the loss before taxation as follows:

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation	<u>(3,927,748)</u>	<u>(4,971,164)</u>
Taxation at Hong Kong Profits Tax rate of 16.5%	(648,078)	(820,242)
Tax effect of income not subject to taxation	(105,809)	(189,630)
Tax effect on non-deductible expenses	7,663	443,187
Tax effect of tax losses not recognised	735,436	593,599
Others	<u>10,788</u>	<u>(26,914)</u>
Taxation for the year	<u> </u>	<u> </u>

At 31 December 2012, the Group has estimated unused tax losses of HK\$18,470,016 (2011: HK\$15,074,708) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of taxable income in future. The losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the end of the reporting period.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss contributable to equity holders of the Company includes a loss of HK\$2,835,782 (2011: HK\$11,184,961) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of the loss per share is based on the Group's loss attributable to equity holders of HK\$3,927,748 (2011: HK\$4,971,164) and the weighted average number of 72,000,000 (2011: 72,000,000) ordinary shares in issue during the year.

As the Company has not issued any warrants and options during the year, the calculation of diluted earnings per share is the same as the basic earnings per share.

EXTRACT OF THE DRAFT INDEPENDENT AUDITOR'S REPORT

The following is an extract of the draft independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2012.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to note 1(b) to the consolidated financial statements. The Group incurred a loss of HK\$3,927,748 for the year ended 31 December 2012 and the Group's net current liabilities and net liabilities as at 31 December 2012 amounted to HK\$21,859,793 and HK\$21,787,208 respectively. This condition indicates the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 1(b) to the consolidated financial statements, the directors of the Company have taken measures to improve the liquidity of the Group, which include extending short term loans upon maturity, implementing cost controls over operating expenses, negotiating with the suppliers to reschedule the payments and exploring options for fundraising. In addition, a substantial shareholder and a director of the Company have agreed to provide continuing financial support to the Group so as to enable the Group to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis on the assumption that the aforesaid measures are successful and the continuing financial support are given by the substantial shareholder and the director of the Company. Our opinion is not qualified in this matter.

DIVIDENDS

The Board has resolved not to pay a final dividend for the year ended 31 December 2012 (2011: HK\$Nil).

REVIEW OF RESULTS

For the year ended 31 December 2012, the Group recorded a net loss of HK\$3,927,748 (2011: HK\$4,971,164) and loss per share of HK\$0.05 (2011: HK\$0.07). The decrease in net loss as compared to last year was mainly attributable to decrease in unrealised loss on listed securities held for trading. During the year, the Group received HK\$190,960 in dividend income (2011: HK\$132,120) from listed securities held for trading.

MANAGEMENT DISCUSSION AND ANALYSIS

The year of 2012 was full of challenge. The global economy was confronted by the abrupt deterioration of euro debt situation in mid-2012, recession of the eurozone economy, slowdown of the US economy and uncertainty over the US fiscal cliff. China's economic expansion slowed to 7.8% year-on-year in 2012. The growth rate was down from 9.3% in 2011 and 10.4% in 2010. Toward the end of 2012, the global equity markets advanced and boosted by easing policy implemented by the European Central Bank and Fed's third Quantitative Easing with an extended low interest rate environment until mid-2015.

For the year of 2012, Hong Kong economy grew by a mere 1.4%, down from the growth of 4.9% in 2011. In the 4th quarter of 2012, the economic growth picked up prominently to 2.5% year-on-year because of the improvement in external trade upon the faster growth in the China's economy and stabilisation of the euro debt crisis. Toward the year end of 2012, the US fiscal cliff was averted but issues of automatic spending cuts and debt ceiling still have to be resolved.

BUSINESS REVIEW AND PROSPECTS

The Company is an investment company and the Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Group is principally engaged in the investments in the listed securities for the short term and in the unlisted equities with a potential for earnings growth and capital appreciation. As at 31 December 2012, the Group has approximately HK\$5.2 million in listed securities held for trading.

The Group reported a net loss from operation of HK\$3,927,748 on turnover of HK\$190,960 as compared with a loss from operation of HK\$4,971,164 on turnover of HK\$132,120 in 2011. Due to improvement in market sentiment, the Company recorded unrealised gain on listed securities of HK\$450,308 (2011: unrealised loss of HK\$1,492,884) and received cash dividend income of HK\$190,960 (2011: HK\$132,120).

Looking forward, the global economy is expected to improve in 2013 compared to last year. The mild restoration of market confidence, together with the expectation of further monetary policies from major central banks, constitutes a slow-growing trend to global economy. Hong Kong market is expected to benefit from improving Chinese economy and continuous liquidity inflows from global easing efforts in 2013, but the global economic outlook remains challenging because of the uncertainty over the European debt crisis and slow economic growth of the European markets.

Apart from trading securities and existing investments, the management will also keep seeking more investment opportunities with potential of asset appreciation as well as with sustainable income stream across various sectors to enhance returns to the Group and shareholders within the acceptable risk profile.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2012, the Group's current ratio was 0.20, based on the current assets of HK\$5,570,223 and current liabilities of HK\$27,430,016. No gearing ratio was available as the Group was in a negative equity position.

Capital structure

There has been no change to the capital structure of the Company during the year ended 31 December 2012.

Capital commitment and contingent liabilities

As at 31 December 2012, no material capital commitment and contingent liabilities were noted by the directors of the Company.

Share options

The Company does not have any share option scheme.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2012, the Group employed a total of 4 employees (2011: 4) including the executive directors. 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 year under review amounted to HK\$2,080,150 (2011: HK\$2,078,400).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2012, there were no charges on the Group's assets.

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.

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 final results for the year ended 31 December 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles set out in the Code on Corporate Governance Practices (the "**Former CG Code**") contained in Appendix 14 of the Listing Rules, which was revised and renamed as the Corporate Governance Code (the "**New CG Code**") with effect from 1 April 2012 except the following deviation:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company has not fixed the term of appointment for non-executive directors, which constitutes a deviation from code provision A.4.1. However, all non-executive directors of the Company are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting those in the code provision.

The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirements of the Listing Rules.

SCOPE OF WORK OF AUDITOR ON PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, W. H. Tang & Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by W. H. Tang & Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by W. H. Tang & Partners CPA Limited on the preliminary announcement.

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 for Securities Transactions by Directors of Listed Issuers (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.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2012 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company (<http://www.hklistedco.com/hklco.asp?PD=Home&SC=0356&L=E>) and the Stock Exchange (www.hkex.com.hk) in due course.

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

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises 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.