

INTERIM RESULTS AND CONDENSED ACCOUNTS

The Board of Directors of Incutech Investments Limited (the "Company") is pleased to present the interim report and condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2004. The consolidated results, consolidated cash flow statement, and consolidated statement of changes in equity for the period ended 30th June, 2004 and the consolidated balance sheet as at 30th June, 2004 of the Group, all of which are unaudited and condensed, are set out on pages 6 to 14 of the interim report, along with selected explanatory notes.

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30th June, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2004 saw a continuous recovery of the whole market environment following a rebound of the economy during the second half of 2003. The securities market remained relatively stable since end of 2003, which was mainly due to growing global economy and robust economic development in the Mainland China. The Gross National Product of China of last year grew at a dramatic rate of 9.1%, which benefited the re-export of Hong Kong.

Following the implementation of Individual Visit Scheme and Closer Economic Partnership Arrangement, the travel and retail sectors boomed and the employed population reached the historical peak of nearly 3.3 million. The Gross Domestic Product of Hong Kong in the first half increased by 9.5% in real terms over a year earlier, illustrating a solid and broadbased upturn of the economy.

With this positive business and investment atmosphere, the Group's investment in the private sectors managed to sustain their respective values with upsurge potential. There has been certain provision for diminution in value in its listed investment portfolio in the first half of 2004. However, it is anticipated that the listed companies would be delivering encouraging financial results taking into account the improved global economy, and thus there should be a gradual pick up of the value of our listed investment portfolio. With respect to unlisted investments, the Group managed to earn certain recurrent dividend income during the period and will continue to structure a portfolio that will benefit from medium to long-term capital appreciation.