

INTERIM RESULTS AND CONDENSED ACCOUNTS

The Board of Directors (the "Board") 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, 2005. The consolidated results, consolidated cash flow statement, and consolidated statement of changes in equity for the period ended 30th June, 2005 and the consolidated balance sheet as at 30th June, 2005 of the Group, all of which are unaudited and condensed, are set out on pages 8 to 16 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, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six-month period ended 30th June, 2005, the Group reported a net loss of approximately HK\$9,419,000 on turnover of HK\$398,664, as compared to the net loss of approximately HK\$7,635,000 on turnover of HK\$1,506,957 for the corresponding period in 2004. The loss was mainly attributed to the losses arising from unrealised loss on marketable securities of approximately HK\$15,184,000 after off-setting a profit of approximately HK\$7,336,000 generating from disposal of investments held for trading.

Operating expenses had been well contained while finance cost increased slightly as a result of increases of interest rate.

The outlook of Hong Kong remains optimistic for 2005. With this positive business and investment atmosphere, the Group's investments in listed and unlisted securities will provide the Group with certain recurrent dividend and medium to long-term capital appreciation.

As at 30th June, 2005, the Group recorded net assets of HK\$75,848,616 (as at 31st December, 2004: HK\$85,268,420). Total net asset per share was HK\$1.05 (as at 31st December, 2004: HK\$1.18).

FINANCIAL REVIEW

Liquidity and Financial resources

As at 30th June, 2005, the Group had bank overdraft of HK\$35,565 (2004: HK\$23,591). As at 30th June, 2005, part of listed equity securities of the Group had been pledged to secure margin facilities.

Capital structure

There has been no change in the Group's capital structure since 31st December, 2004.

Capital commitment and contingent liabilities

As at 30th June, 2005, the Group had no material capital commitment and contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

During the period ended 30th June, 2005, the Group held investment in listed shares and unlisted securities of approximately HK\$30.8 million and HK\$59.4 million respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2005, 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 Hong Kong economy has exhibited a solid, broad-based upturn. In the first half of 2005, real GDP rose by 6.5%, following a growth of 8.1% in 2004. During the period, private consumption and fixed investment increased by 3.5% and 2% respectively in real terms. Externally, both exports of goods and services showed distinct increases of 10.1% and 8.3% in real terms, respectively. The continued buoyancy of merchandise-exports was benefited by an improved competitiveness from the earlier weakness of the US dollar. The Government forecast of GDP growth is maintained at 4.5% to 5.5% for 2005.

Domestically, consumer spending has posted solid growth amid stronger consumer sentiment and improving employment prospects. Retail sales value grew by 10.8% in 2004 and another 7.9% in the first half of 2005. The recent appreciation of renminbi is expected to lift local prices, but the overall inflationary pressure is expected to remain contained. The Government forecast of CPI change is kept unchanged at a growth of 1.5% for 2005.

While remaining optimistic towards the recent market conditions, the Directors would exercise caution when making future investments in companies having activities in the region with good appreciation potential in order to maximize the reward to our shareholders.

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.