

A hand is shown in the lower right corner, juggling three coins. The coins are in motion, creating a blurred trail as they move upwards. The background is a solid, vibrant red color. The lighting is dramatic, highlighting the texture of the hand and the metallic sheen of the coins.

INCUTECH

INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 356

INTERIM REPORT 2012

INTERIM REPORT AND CONDENSED ACCOUNTS

The Board of Directors (the "Board") of Incutech Investments Limited (the "Company") hereby presents the interim report and condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012. The interim report had been reviewed by the audit committee of the Company and approved by the Board.

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30 June 2012 (2011: Nil).

REVIEW OF REPORT

For the six months ended 30 June 2012, the Group recorded a net loss attributable to shareholders of approximately HK\$3,486,178 (2011: HK\$2,878,318) and loss per share of HK4.84 cents (2011: HK4 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2012, the global economic environment remained unstable and challenging and the pace of the United States' economic recovery was lower than expected due to new quantitative easing measures. European Sovereign debt crisis continued spread among European Union member countries even though the European Central Bank provided low-interest loans to Euro-zone banks.

The Gross Domestic Product (GDP) in the first half of 2012 was RMB22,709.8 billion, representing an increase of 7.8% compared with the corresponding period of the previous year. The economy of China was affected and the GDP fell below 8%. During the period, the Consumer Price Index increased by 3.3% year-on-year, down by 2.1ppt a year the growth rate of the corresponding period last year. The PRC's Producer Price Index decreased by 0.6 ppt. year-on-year, significantly easing the inflation pressure.

In the first quarter of the 2012, Hang Seng Index recorded a gain of 11.5%. However, with continued deterioration of the European Sovereign debt crisis, as well as a slowdown in the PRC's economy, the Hong Kong stock market has inevitably influenced by these external factors. For the first half of 2012, the Hang Seng Index rose 5.46%.

BUSINESS REVIEW AND PROSPECTS

The Group reported a net loss from operation of HK\$3,486,178 as at 30 June 2012 as compared with a loss from operation of HK\$2,878,318 in 2011. During the period under review, the Company had not made any new investment. The Group's portfolio investment comprised mainly securities listed in Hong Kong. As at 30 June 2012, the Group held listed securities investments at market value of approximately HK\$4,470,196 (2011: HK\$7,129,596).

Looking into the second half of 2012, we believe that the Europe's debt crisis is still one of the major obstacles for the global economy and there remain uncertainties whether the economic growth in the United States will continue. The PRC's economy is expected to continue to grow steadily, despite the global economic uncertainties.

In such an unstable and challenging environment, the Company will remain focused on investment in securities listed in Hong Kong and continue to cautiously take defensive measures to manage the portfolio of investments of the Group in accordance with the Company's investment objective and policy with a view of improving its business performance.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2012, the Group's current ratio was 0.18, based on the current assets of HK\$4,600,740 and current liabilities of HK\$26,055,256. The Group's gearing ratio was not applicable.

As at 30 June 2012, the Group had cash and cash equivalents of HK\$4,930 and net financial asset investments of approximately HK\$4,470,196.

Capital structure

There has been no change to the capital structure of the Company since 1 January 2012.

Material acquisitions and disposals of subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the period ended 30 June 2012.

Capital commitment and contingent liabilities

As at 30 June 2012, no material capital commitment and contingent liabilities were noted by the directors of the Company.

Share options

The Company does not have a share option scheme.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2012, the Group employed a total of 4 employees (2011: 4) including the executive directors of the Company. 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 period under review amounted to HK\$1,039,450 (2011: HK\$1,039,200).

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 SECURITIES

During the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352

of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

Long position in shares of the Company

Name of Director	Type of interests	Interest in Shares	Approximate percentage of total issued ordinary shares	Interest in underlying shares	Approximate percentage of total issued ordinary shares
Tung Tat Wah (Note)	Corporate	15,000,000 (Note)	20.83%	15,000,000 (Note)	20.83%
Michael Wu Chun Wah (Note)	Corporate	15,000,000 (Note)	20.83%	15,000,000 (Note)	20.83%

Notes:

As at 30 June 2012, Mr. Michael Wu Chun Wah, through his 40% equity interest in Biggish Management Limited, held 15,000,000 shares of the Company, representing approximately 20.83% of the entire issued share capital of the Company. The remaining 60% equity interest in Biggish Management Limited, the substantial shareholder of the Company, is held by Mr. Tung Tat Wah.

Save as disclosed above, none of the Directors, chief executives of their associates had any interests and short positions in any shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2012, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the required to be kept under section 336 of the SFO.

Long positions in Shares

Name of shareholder	Type of interests	Interest in Shares	Approximate percentage of total issued ordinary shares	Interest in underlying shares	Approximate percentage of total issued ordinary shares
Biggish Management Limited (Note)	Beneficial Owner	15,000,000	20.83%	15,000,000	20.83%

Note: These interests has been disclosed in the above section headed "Directors' Interests in Securities".

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the period end or at any time during the period.

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 interim report for the period ended 30 June 2012.

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. 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.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions under the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules (the “CG Code”) throughout the six months ended 30 June 2012, except for the deviation from code provision A.4.1. Under code provision A.4.1, Non-executive Directors should be appointed for a specific term and be subject to re-election. 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. 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 CG Code.

PUBLICATION OF INTERIM REPORT

This interim report is published on HKExnews at www.hkexnews.hk and on the website of the Company at www.hklistedco.com/356.asp. The 2012 interim report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

By order of the Board

Tung Tat Wah

Chairman

Hong Kong, 24 August 2012

As at the date of this report, the Board is comprised 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Note	Six months ended 30 June 2012 (Unaudited) HK\$	Six months ended 30 June 2011 (Unaudited) HK\$
Turnover	2	–	–
Realised loss on disposals of listed securities		(32,500)	–
Unrealised loss on listed securities		(1,108,104)	(470,088)
Investment management fee		(300,000)	(300,000)
Operating expenses		(1,732,902)	(1,821,058)
Finance costs	4	(312,672)	(287,172)
Loss before taxation	5	(3,486,178)	(2,878,318)
Taxation	6	–	–
Loss for the period attributable to equity holder of the Company		(3,486,178)	(2,878,318)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period attributable to equity holders of the Company		(3,486,178)	(2,878,318)
Loss per share	7	(4.84 cents)	(4.00 cents)
Interim dividend	8	Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	30 June 2012 (Unaudited) HK\$	31 December 2011 (Audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		108,878	145,170
CURRENT ASSETS			
Investments held for trading	9	4,470,196	6,106,800
Prepayments and other receivables		125,614	254,155
Bank balances and cash		4,930	24,276
		4,600,740	6,385,231
CURRENT LIABILITIES			
Short term loans	10	8,338,542	8,025,871
Other payables and accruals	11	10,383,193	9,416,631
Due to a director	12	7,333,521	6,947,359
		26,055,256	24,389,861
NET CURRENT LIABILITIES		(21,454,516)	(18,004,630)
NET LIABILITIES		(21,345,638)	(17,859,460)
CAPITAL AND RESERVES			
Share capital	13	720,000	720,000
Reserves		(22,065,638)	(18,579,460)
SHAREHOLDERS' FUNDS		(21,345,638)	(17,859,460)

The condensed consolidated financial statements on pages 7 to 18 were approved by the Board of Directors on 24 August 2012.

Tung Tat Wah
Director

Michael Wu Chun Wah
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012



	For the six months ended 30 June 2011 (Unaudited)			
	Share capital	Share premium	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2011	720,000	67,320,071	(80,928,367)	(12,888,296)
Total comprehensive loss attributable to equity holders of the Company	-	-	(2,878,318)	(2,878,318)
At 30 June 2011	720,000	67,320,071	(83,806,685)	(15,766,614)

	For the six months ended 30 June 2012 (Unaudited)			
	Share capital	Share premium	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2012	720,000	67,320,071	(85,899,531)	(17,859,460)
Total comprehensive loss attributable to equity holders of the Company	-	-	(3,486,178)	(3,486,178)
At 30 June 2012	720,000	67,320,071	(89,385,709)	(21,345,638)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June 2012 (Unaudited) HK\$	Six months ended 30 June 2011 (Unaudited) HK\$
Net cash used in operating activities	(19,346)	(141,044)
Net decrease in cash and cash equivalents	(19,346)	(141,044)
Cash and cash equivalents at the beginning of the period	24,276	199,970
Cash and cash equivalents at the end of the period	4,930	58,926
Analysis of cash and cash equivalents		
Bank balances and cash	4,930	58,926

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012



1. Basis of Preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the condensed 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\$3,486,178 for the six months ended 30 June 2012 and the Group’s net current liabilities and net liabilities as at 30 June 2012 amounted to HK\$21,454,516 and HK\$21,345,638 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 condensed 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 condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2011. They have been prepared on the historical cost basis, except that investments held for trading are stated at fair value.

The accounting policies and methods of computation applied in preparation of the condensed consolidated financial statements are consistent with those applied in preparing the Group's financial statements for the year ended 31 December 2011. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period, did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

2. Turnover and Revenue

The principal activities of the Group are investments in securities listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and unlisted securities with a potential growth and capital appreciation.



3. 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 the Stock Exchange
Unlisted securities	–	Investments in unlisted securities

Segment revenues and results

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

Six months ended 30 June 2012 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment result	(1,140,604)	–	(1,140,604)
Unallocated expenses			(2,345,574)
Loss for the period			(3,486,178)

Six months ended 30 June 2011 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment result	(470,088)	–	(470,088)
Unallocated expenses			(2,408,230)
Loss for the period			(2,878,318)

Segment result of listed securities represents dividend income from listed securities, realised gain/(loss) on disposals of listed securities and unrealised surplus/(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:

	30 June 2012 (Unaudited) HK\$	31 December 2011 (Audited) HK\$
Listed securities	4,470,196	6,106,800
Unlisted securities	–	–
Total segment assets	4,470,196	6,106,800
Unallocated assets	239,422	281,431
	4,709,618	6,388,231

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.



4. Finance Costs

	Six months ended 30 June 2012 (Unaudited) HK\$	Six months ended 30 June 2011 (Unaudited) HK\$
Interest on unsecured short term loans	312,672	287,172

5. Loss Before Taxation

	Six months ended 30 June 2012 (Unaudited) HK\$	Six months ended 30 June 2011 (Unaudited) HK\$
Loss before taxation is stated after charging the following:		
Depreciation	36,292	–
Rental charges under operating leases in respect of rented premises	203,880	276,246
Staff costs, including directors' emoluments	1,039,450	1,039,200

6. Taxation

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits for the six months ended 30 June 2012 and 2011.

7. Loss Per Share

The calculation of the loss per share for the six months ended 30 June 2012 is based on the Group's loss attributable to the equity holders of HK\$3,486,178 and the weighted average number of 72,000,000 ordinary shares in issue during the period. Loss per share for the six months ended 30 June 2011 is based on the Group's loss attributable to equity holders of HK\$2,878,318 and the weighted average number of 72,000,000 ordinary shares in issue during the prior period.

No diluted loss per share is presented since the Group did not issue any dilutive potential ordinary shares during both periods presented.

8. Dividend

The Directors do not recommend the payment of any interim dividend for both periods.

9. Investments Held for Trading

	30 June 2012 (Unaudited) HK\$	31 December 2011 (Audited) HK\$
Equity securities listed in Hong Kong, at fair values	4,470,196	6,106,800



10. Short Term Loans

The short term loans are unsecured and repayable on demand. Interest is charged at a range from 2% to 9.25% (2011: 2% to 9.25%) per annum.

11. Other Payables and Accruals

Included in the other payables and accruals are the amount due to directors arising from unsettled directors' fees amounting to HK\$6,013,575 (2011: HK\$5,338,575), and the amount due to investment manager for unsettled investment management fee amounting to HK\$1,900,000 (2011: HK\$1,650,000).

12. Due to a Director

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

13. Share Capital

	30 June 2012 (Unaudited) HK\$	31 December 2011 (Audited) HK\$
Authorised:		
500,000,000 ordinary shares of HK\$0.01 each	5,000,000	5,000,000
Issued and fully paid:		
72,000,000 ordinary shares of HK\$0.01 each	720,000	720,000

14. Commitments under Operating Leases

At 30 June 2012, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2012 (Unaudited) HK\$	31 December 2011 (Audited) HK\$
Within one year	352,728	352,728
In the second to fifth year inclusive	146,970	323,334
	499,698	676,062

The above lease agreement was made between the Group and the landlord for a term of two years and rentals are fixed for two years. The lease payments were guaranteed by the Company.

15. Related Party Transactions

Compensation of key management personnel of the Group

	Six months ended 30 June 2012 (Unaudited) HK\$	Six months ended 30 June 2011 (Unaudited) HK\$
Short term benefits	600,000	600,000
Post employment benefits	–	–
	600,000	600,000