



INCUTECH INVESTMENTS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 356)

ANNOUNCEMENT OF 2007 FINAL RESULTS

The board of directors (the “Board”) of Incutech Investments Limited (the “Company”) hereby present the consolidated results of the Company and its subsidiaries (the Group”) for the financial year ended 31 December 2007.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Turnover	3	1,957,505	4,983,964
Gain on disposals of investments held for trading		1,317,789	4,188,310
Fair value (loss)/gain on investments held for trading		(5,933,281)	12,301,207
Gain on disposal of a subsidiary		–	4,627,844
Allowance for impairment			
– Available-for-sale investments		(42,252,303)	(12,019,697)
– Loans receivable		(23,574,731)	–
Investment management fee		(1,053,990)	(1,081,787)
Other operating expenses		(1,196,578)	(1,300,961)
Operating (loss)/profit		(70,735,589)	11,698,880
Finance costs	4	(1,292,073)	(3,218,932)
(Loss)/profit before income tax	5	(72,027,662)	8,479,948
Income tax	6	–	(1,005,082)
(Loss)/profit attributable to shareholders		(72,027,662)	7,474,866
(Loss)/earnings per share	8	(HK dollar 1.00)	HK10.38 cents

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	<i>Note</i>	2007 HK\$	2006 <i>HK\$</i>
NON-CURRENT ASSETS			
Available-for-sale investments		<u>2</u>	<u>27,252,305</u>
CURRENT ASSETS			
Investments held for trading		9,117,030	28,052,013
Loans receivable		2	17,006,987
Prepayments and other receivables		270,404	211,905
Cash and cash equivalents		11,516	28,173,124
		<u>9,398,952</u>	<u>73,444,029</u>
CURRENT LIABILITIES			
Margin accounts payable		870	440,388
Short term loans		4,399,041	24,718,080
Other payables and accruals		2,252,230	763,391
Tax payable		1,005,082	1,005,082
		<u>7,657,223</u>	<u>26,926,941</u>
NET CURRENT ASSETS		<u>1,741,729</u>	<u>46,517,088</u>
NET ASSETS		<u>1,741,731</u>	<u>73,769,393</u>
CAPITAL AND RESERVES			
Share capital		720,000	720,000
Reserves		1,021,731	73,049,393
SHAREHOLDERS' FUNDS		<u>1,741,731</u>	<u>73,769,393</u>
NET ASSET VALUE PER SHARE	9	<u>HK\$ 0.02</u>	<u>HK\$1.02</u>

NOTES TO THE ACCOUNTS

1. BACKGROUND INFORMATION

Incutech Investments Limited (the “Company”) was incorporated in the Cayman Islands. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “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”). They have been prepared under the historical cost convention, except that available-for-sale investments and investments held for trading are stated at fair value.

The preparation of 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 affects both current and future periods.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new or revised HKFRSs did not result in significant changes to the Group’s accounting policies applied in these accounts for the year presented.

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group anticipate that the adoption of these new standards, amendments and interpretations will have no significant impact on the Group's operating results and financial position.

HKFSS 1 (Revised)	<i>Note a</i>	Presentation of Financial Statements
HKFRS 23 (Revised)	<i>Note a</i>	Borrowing costs
HKFRS 8	<i>Note a</i>	Operating segments
HK(IFRIC) – Int 11	<i>Note b</i>	Group and treasury share transactions
HK(IFRIC) – Int 12	<i>Note c</i>	Service concession arrangements
HK(IFRIC) – Int 13	<i>Note d</i>	Customer Loyalty Programmes
HK(IFRIC) – Int 14	<i>Note c</i>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Internation

Note a: effective for annual periods beginning on or after 1 January 2009

Note b: effective for annual periods beginning on or after 1 March 2007

Note c: effective for annual periods beginning on or after 1 January 2008

Note d: effective for annual periods beginning on or after 1 July 2008

3. TURNOVER, REVENUES AND SEGMENT INFORMATION

Total revenues recognised during the year are as follows:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Turnover:		
Interest income		
– commercial paper	1,565,646	4,176,089
– short term loans	181,778	144,881
Dividend income	210,081	662,994
	<u>1,957,505</u>	<u>4,983,964</u>
Other revenues:		
Gain on disposals of investments held for trading	<u>1,317,789</u>	<u>4,188,310</u>
Total revenues	<u><u>3,275,294</u></u>	<u><u>9,172,274</u></u>

Since the principal activity of the Group is investing in Hong Kong securities with over 90% of its turnover and contribution to results derived from such activity in Hong Kong, no separate disclosure of geographical nor business segment information is presented.

4. FINANCE COSTS

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Interest on commercial paper	–	2,035,730
Interest on short term margin loans	145,030	152,443
Interest on short term loans	1,147,043	1,030,759
	<u>1,292,073</u>	<u>3,218,932</u>

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is stated after charging the following:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Auditors' remuneration	160,000	187,000
Depreciation of fixed assets	–	2,839
Listing fees	145,000	145,000
Loss on disposal of fixed assets	–	3,862
Rental charges under operating leases of land and buildings	117,563	104,389
Share registration fees	105,412	163,318
Staff costs (including directors' remuneration)	353,820	300,000
	<u>1,239,605</u>	<u>1,006,408</u>

6. INCOME TAX

Hong Kong profits tax is provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

The amount of income tax charged to the consolidated income statement represents:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong – Current year	<u>–</u>	<u>1,005,082</u>

Income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the taxation rate is as follows:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
(Loss)/profit before income tax	<u>(72,027,662)</u>	<u>8,479,948</u>
Notional tax at the domestic tax rate of 17.5% (2006: 17.5%)	(12,604,840)	1,483,991
Tax effect of income not subject to taxation	(36,764)	(2,931,862)
Tax effect of non-deductible expenses	11,520,815	4,476,455
Tax effect of tax losses not recognised	1,120,789	403,610
Tax effect of temporary differences not recognised	–	(326)
Tax effect of prior year's tax losses utilised this year	–	<u>(2,426,786)</u>
Income Tax expense	<u>–</u>	<u>1,005,082</u>

Deferred tax has not been provided because the Group had no significant temporary differences at the balance sheet date.

7. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of HK\$2,238,587 (2006: loss of HK\$13,813,898) which has been dealt with in the financial statements of the Company.

8. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the loss attributable to shareholders of HK\$72,027,662 (2006: gain of HK\$7,474,866). The basic earnings per share is based on the weighted average number of 72,000,000 (2006: 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.

9. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2007 of HK\$1,741,731 (2006: HK\$73,796,393) and 72,000,000 (2006: 72,000,000) ordinary shares in issue as at year end.

DIVIDENDS

The Board has resolved not to pay a final dividend for the year ended 31 December 2007 (2006: HK\$Nil)

REVIEW OF RESULTS

For the year ended 31 December 2007, the Group recorded a net loss of HK\$72,027,662 and loss per share of HK\$1.00.

MANAGEMENT DISCUSSION AND ANALYSIS

2007 is a year full of opportunities and challenges. The Hang Seng Index hit a record high in October 2007 following the announcement of news of “Hong Kong stocks through train” to mainland Chinese investors. However, the Hong Kong stock market went down dramatically by the following few months after the outbreak of collateralized debt obligation crisis in United States. High market volatility and substantial amount of provisions made by various large international financial institutions severely attacked the confidence of investors. However, the investment sentiment has not been improved although the Federal Reserve of United States has implemented various specific measures including sharp reduction of federal fund rates and expansion of securities lending facilities in order to bolster market liquidity.

On the other hand, crude oil prices exceeded United States Dollar 100 per barrel Gold prices hit the record high. Most of the precious metal prices as well as other commodities rose up significantly caused the threat of inflation on global basis.

Due to high economic growth as witnessed by high growth rate of 11.4% of China gross domestic product in 2007 as announced by the China National Bureau of Statistics, consumer prices in China rose at their fastest pace in a decade last year with consumer price index increasing 4.8%. China is obviously suffering a high inflation rate and the PRC government implemented a series of macro-economic austerity measures to tighten the money supply and depress the rocketed prices of consumer products. People’s Bank of China has increased the interest rates and the deposit reserve requirement ratio of commercial banks.

Hong Kong is situated between China and United States, two different economies hence is in a dilemma position. Because of the United States Dollar pegged rate system, the interest rates of Hong Kong also dropped significantly albeit facing inflation pressure. However, the gradual appreciation of Renminbi further brought up the consumer prices in Hong Kong. All in all, the outlook of Hong Kong is ambiguous in spite of prosperous economic growth experienced in 2007.

BUSINESS REVIEW

During the year under review, the Group reported a net loss from operation of HK\$72,027,662 on turnover of HK\$1,957,505 in 2007 as compared with a profit from operation of HK\$11,698,880 on turnover of HK\$4,983,964 in 2006. The reason of significant loss incurred for the year was due to the recognition of impairment loss of approximately HK\$65,827,034 as expenses which were arising from available-for-sale investments and loans receivable during the year.

The Group's investment portfolio comprised of unlisted investment and listed securities investment. The Group held minority stakes of unlisted companies which are severely attacked by the poor retail market sentiment and incurred a significant losses for the period under review. Taking a prudent approach, the Group decided to make a full impairment on all the unlisted investment. The portfolio of listed securities investments was affected by the poor market sentiment and the market value of approximately HK\$9,117,030 was recorded as at 31 December 2007.

Whilst the outlook for 2008 is clustered with various uncertainties and opportunities, the Group will adopt a conservative investment strategy. Perceiving the global trend of inflation and low interest rate environment, resources and commodities related investments should remain optimistic and promising. The Group will closely monitor its investment portfolio and actively explore the suitable secured investment opportunities with reasonable return in order to maximize the shareholders' value.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2007, the Group's current ratio was 1.23, based on the current assets of HK\$9,398,952 and current liabilities of HK\$7,657,223. As at 31 December 2007, part of listed equity securities of the Group had been pledged to secure margin facilities.

Gearing Ratio

As at 31 December 2007, the amount of borrowings was approximately HK\$4.4 million (2006: HK\$25 million), being equal to approximately 253% (2006: 34%) of the net asset of approximately HK\$1.7 million (2006: HK\$74 million).

As at 31 December 2007, the Group was in a net cash position and has sufficient funding to pay off all the outstanding liabilities, and meet its working capital requirement.

Capital Structure

There has been no change to the capital structure of the Company since 1 January 2007.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the year ended 31 December 2007.

Capital commitment and contingent liabilities

As at 31 December 2007, 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 31 December 2007, the Group employed a total of 3 employees (2006: 3) 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 year under review amounted to HK\$353,820 (2006: HK\$300,000).

DETAILS OF CHARGES ON GROUP ASSETS

The Group's other investments in listed securities are pledged against credit facilities provided by brokerage companies.

PLEDGE OF ASSETS

The margin accounts payable as at 31 December 2007 were secured by the Group's investments held for trading of HK\$9,117,030 (2006: HK\$28,052,013).

EXTRACT OF THE DRAFT INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2007

“BASIS FOR DISCLAIMER OF OPINION

Scope limitation – Available-For-Sale Investments

We have not been provided with sufficient information, explanations and documentations as we consider necessary in order to carry out all the relevant verification works on available-for-sale investments as referred in note 14 to the financial statements. Furthermore, as detailed in the note to the consolidated financial statements, an impairment assessment has been performed by the Company's directors to determine the recoverable amounts of available-for-sale investments. Based on their assessment, an impairment loss of approximately HK\$42,252,303 has been made and charged to the consolidated income statement for the year ended 31 December 2007. In the absence of the sufficient evidence available to us, we were unable to carry out adequate audit procedures to satisfy ourselves that this impairment loss and other disclosures in the consolidated balance sheet, the consolidated income statement, the consolidated cash

flow statement and the notes thereon relating to the available-for-sale investments are fairly stated.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Groups' loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has reviewed the annual results for the year ended 31 December 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

The Company has complied with the Code throughout the financial year ended 31 December 2007, with deviation from code provision A.4.1 of the Code only in respect of the service term of the directors.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. 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 Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the year.

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 2007 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company (www.capitalfp.com.hk/eng/index.jsp?co=356) and the Stock Exchange (www.hkex.com.hk) in due course.

By Order of the Board
Incutech Investments Limited
Michael Wu Chun Wah
Executive Director

Hong Kong, 29 April 2008

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. Kong Tze Wing, Mr. Siu Siu Ling, Robert and Mr. Kwok Ming Fai as independent non-executive directors.