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ICube Technology Holdings Limited

中國微電子科技集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The Board of Directors (the “Board”) of ICube Technology Holdings Limited (the “Company”) or (“ICube”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013 (the “Period”) together with comparative figures for the corresponding previous period as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Notes		
REVENUE	2		
Electronic products		6,019	9,347
Treasury investments		556	(3,265)
		<u>6,575</u>	<u>6,082</u>
Cost of electronic products sold		(5,847)	(9,235)
Brokerage and commission expenses		(28)	(82)
		<u>(5,875)</u>	<u>(9,317)</u>
		700	(3,235)
Other income and gains	3	1,273	817
Selling and distribution costs		(147)	(129)
Administrative expenses		(21,526)	(17,661)
Research costs		(6,589)	(5,065)
Other operating expenses		(230)	(945)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		20,916	(17,245)
Derivative component of convertible bonds		32,172	12,430
Finance costs	5	<u>(8,475)</u>	<u>(10,963)</u>

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

		For the six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Profit/(loss) before tax	4	18,094	(41,996)
Income tax expense	6	—	—
PROFIT/(LOSS) FOR THE PERIOD		<u>18,094</u>	<u>(41,996)</u>
Attributable to:			
Owners of the parent		23,823	(37,188)
Non-controlling interests		(5,729)	(4,808)
		<u>18,094</u>	<u>(41,996)</u>
DIVIDEND	7	—	—
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		(Restated)
Basic		<u>HK3.11 cents</u>	<u>HK(1.83) cents</u>
Diluted		<u>HK2.49 cents</u>	<u>HK(1.83) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD	<u>18,094</u>	<u>(41,996)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Change in fair value	1,214	1,736
Income tax effect	<u>(201)</u>	<u>(287)</u>
	1,013	1,449
Exchange differences on translation of foreign operations	<u>(5)</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>1,008</u>	<u>1,451</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>19,102</u>	<u>(40,545)</u>
Attributable to:		
Owners of the parent	24,810	(35,739)
Non-controlling interests	<u>(5,708)</u>	<u>(4,806)</u>
	<u>19,102</u>	<u>(40,545)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,321	1,604
Available-for-sale equity investments	9	13,813	12,599
Total non-current assets		15,134	14,203
CURRENT ASSETS			
Equity investments at fair value through profit or loss	10	114,927	92,045
Inventories	11	468	478
Trade receivables	12	1,730	737
Prepayments, deposits and other receivables		8,003	1,823
Derivative component of convertible bonds	14	36,705	4,533
Restricted bank balances		1,111	1,953
Cash and bank balances		130,594	30,747
Total current assets		293,538	132,316
CURRENT LIABILITIES			
Trade payables	13	574	72
Tax payable		12	12
Other payables and accruals		12,104	13,205
Finance lease payables		12	85
Total current liabilities		12,702	13,374
NET CURRENT ASSETS		280,836	118,942
TOTAL ASSETS LESS CURRENT LIABILITIES		295,970	133,145
NON-CURRENT LIABILITIES			
Convertible bonds	14	69,382	65,379
Bonds	14	74,968	70,515
Deferred tax liabilities		783	582
Total non-current liabilities		145,133	136,476
NET ASSETS/(LIABILITIES)		150,837	(3,331)
EQUITY/(DEFICIENCY IN ASSETS)			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital	15	20,337	6,779
Reserves		161,954	16,641
		182,291	23,420
Non-controlling interests		(31,454)	(26,751)
Total equity/(deficiency in assets)		150,837	(3,331)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee (the "Audit Committee").

The unaudited interim condensed consolidated financial statements 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 and Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2013 except for the adoption of the new standards and interpretations as noted below.

1.1 Changes In Accounting Policies and Disclosures

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Fair Value Measurement</i>
HKFRS 13	<i>Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 1 Amendments	<i>Employee Benefits</i>
HKAS 19 (2011)	<i>Separate Financial Statements</i>
HKAS 27 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 28 (2011)	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
HK(IFRIC)-Int 20 <i>Annual Improvements to HKFRSs 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below, the adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial information.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains or losses on defined benefit plans and revaluation of land and buildings). The Group's presentation of other comprehensive income in the unaudited interim condensed consolidated financial information has been modified accordingly.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. Some of the disclosures are specifically required for financial instruments in the unaudited interim condensed consolidated financial information. The Group has provided those disclosures in note 16.

The amendment to HKAS 34 included in *Annual improvements to HKFRSs 2009-2011 Cycle* clarifies the requirements in HKAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in HKFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. Total segment assets and total segment liabilities were reported to the chief operating decision maker. As a result of this amendment, the Group now also includes disclosure of total segment assets and total segment liabilities.

2. Segment information

For the management purpose, the Group is currently organized into three operating divisions-electronic products, treasury investment and corporate & others. An analysis of the Group's revenue, results and certain assets and liabilities by business segment for the Period and the corresponding previous period is as follows:—

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Revenue from external customers	6,019	9,347	–	–	–	–	6,019	9,347
Gains/(losses) from treasury investment	–	–	556	(3,265)	–	–	556	(3,265)
Total	6,019	9,347	556	(3,265)	–	–	6,575	6,082
Segment results	(1,831)	(2,004)	21,371	(20,653)	(25,126)	(20,848)	(5,586)	(43,505)
<i>Reconciliation</i>								
Interest income and unallocated gains							7	64
Fair value gains on derivative component of convertible bonds							32,172	12,430
Unallocated expenses							(24)	(22)
Finance costs							(8,475)	(10,963)
Profit/(loss) before tax							18,094	(41,996)
Income tax expense							–	–
Profit/(loss) for the period							18,094	(41,996)

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Assets and liabilities								
Segment assets	2,782	1,861	130,867	104,713	6,758	3,697	140,407	110,271
Unallocated assets							168,265	36,248
Total assets							308,672	146,519
Segment liabilities	7,294	6,782	60	120	5,344	6,407	12,698	13,309
Unallocated liabilities							145,137	136,541
Total liabilities							157,835	149,850

3. Other income and gains

	For the six months ended 30 September	
	2013 (Unaudited) <i>HK\$'000</i>	2012 (Unaudited) <i>HK\$'000</i>
Bank interest income	7	5
Government grants	875	–
Others	391	812
	1,273	817

4. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging:-

	For the six months ended 30 September	
	2013 (Unaudited) <i>HK\$'000</i>	2012 (Unaudited) <i>HK\$'000</i>
Cost of inventories sold	5,847	9,235
Depreciation	310	302

5. Finance costs

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on bank overdrafts wholly repayable within five years	17	1
Interest on finance leases	2	6
Imputed interest on convertible bonds	4,003	10,956
Imputed interest on bonds	4,453	—
	<hr/>	<hr/>
	8,475	10,963
	<hr/> <hr/>	<hr/> <hr/>

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period (2012: Nil).

No provision for Mainland China corporate income tax has been made as no assessable profits has been generated by the subsidiaries operating in the Mainland China during the Period (2012: Nil).

7. Dividend

The Board has resolved not to pay any interim dividend for the Period (2012: Nil).

8. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amount is based on the profit attributable to owners of the parent for the Period of HK\$23,823,000 (period ended 30 September 2012: loss of HK\$37,188,000) and the weighted average number of ordinary shares of 766,819,181 (2012: 2,033,737,827 (as restated)) in issue during the Period, adjusted to reflect the share consolidation in March 2013 and the rights issue (note 15) during the Period.

The calculation of diluted earnings per share amount for the Period is based on the profit for the period attributable to owners of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic earnings per share are based on:

	30 September 2013 (Unaudited) HK\$'000
<u>Earnings</u>	
Profit attributable to owners of the parent	23,823
Interest on convertible bonds	4,003
	<hr/>
	27,826
	<hr/> <hr/>
	Number of shares At 30 September 2013 (Unaudited)
<u>Shares</u>	
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	766,819,181
Effect of dilution – weighted average number of ordinary share:	
Share options*	–
Convertible bonds	351,370,339
	<hr/>
	1,118,189,520
	<hr/> <hr/>

* Because the diluted earnings per share amount is increased when taking into account of share options. The share options had an anti-dilutive effect on the basic earnings per share for the Period and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts are based on the profit attributable to owners of the parent of HK\$27,826,000 and the weighted average number of ordinary shares of 1,118,189,520 in issue during the Period.

No adjustment has been made to basic loss per share amounts for the period ended 30 September 2012, as the share options and the convertible bonds outstanding during the period ended 30 September 2012 had an anti-dilutive effect on the basic loss per share amounts presented.

9. Available-for-sale equity investments

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Listed equity investments, at fair value:		
Hong Kong	610	620
Elsewhere	13,203	11,979
	<u>13,813</u>	<u>12,599</u>

10. Equity investments at fair value through profit or loss

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	<u>114,927</u>	<u>92,045</u>

11. Inventories

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Raw materials	341	227
Work in progress	16	1
Finished goods	111	250
	<u>468</u>	<u>478</u>

12. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate their fair values.

Ageing analysis:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Within 1 month	1,722	731
1 to 2 months	4	–
Over 3 months	4	6
	<hr/> 1,730 <hr/>	<hr/> 737 <hr/>

13. Trade payables

Ageing analysis:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Within 1 month	526	48
Over 3 months	48	24
	<hr/> 574 <hr/>	<hr/> 72 <hr/>

The carrying amounts of trade payables approximate their fair values.

14. CONVERTIBLE BONDS, BONDS AND DERIVATIVES

On 1 December 2010, the Company issued a three-year zero-coupon convertible bonds with the face value of HK\$200,000,000 to unrelated third parties (the “2010 Convertible Bonds”). The 2010 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company at anytime following the date of issue of the 2010 Convertible Bonds up to the maturity date on 30 November 2013, at a price of HK\$0.125 per share, subject to adjustments.

The Company could redeem, in whole or in part, the outstanding 2010 Convertible Bonds at a 100% of the principal amount by giving the bondholders not less than seven business days’ prior notice. If redeemed in part, the redemption shall be made in amounts of not less than multiples of HK\$500,000. On the maturity date, any 2010 Convertible Bonds not converted or redeemed during the tenure will be redeemed by the Company at 100% of the principal amount.

On 26 March 2013, the Company and the Bondholders agreed to vary certain terms and conditions of 2010 Convertible Bonds (the “2013 Amendment”). The modifications included but not limited to:

- (i) The maturity date of 30 November 2013 was extended to 30 November 2016;
- (ii) The principal amount of the 2010 Convertible Bonds was divided into two portions:
 - an interest-bearing portion with principal value of HK\$100 million which is interest-bearing at 2.5% p.a. payable on maturity (the “2013 Bonds”); and
 - a non-interest-bearing portion with a principal amount of HK\$100 million redeemable on maturity with conversion rights attached (the “2013 Convertible Bonds”). The convertible portion was convertible in the multiple of HK\$250,000 at any time during the conversion period;
- (iii) a conversion price for 2013 Convertible Bonds was adjusted from HK\$0.125 per share to HK\$0.33 per share, subject to adjustments; and
- (iv) a conversion option was granted to the Company to which the Company has the rights to request conversion of all outstanding 2013 Convertible Bonds into ordinary shares of the Company on the maturity date.

There was no conversion or redemption of the 2013 Convertible Bonds during the period ended 30 September 2013.

On 19 September 2013, the conversion price of the 2013 Convertible Bonds was adjusted from HK\$0.33 per share to HK\$0.2846 per share upon completion of rights issue.

An analysis of the movements of the liability component and the derivative component of 2013 Convertible Bonds and Bonds during the period ended 30 September 2013 is as follows:

	Convertible Bonds – Liability component <i>HK\$'000</i>	Convertible Bonds – Derivative component <i>HK\$'000</i>	Bonds – Liability component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	65,379	(4,533)	70,515	131,361
Interest expenses	4,003	–	4,453	8,456
Fair value change	–	(32,172)	–	(32,172)
	<u>69,382</u>	<u>(36,705)</u>	<u>74,968</u>	<u>107,645</u>
As 30 September 2013	<u><u>69,382</u></u>	<u><u>(36,705)</u></u>	<u><u>74,968</u></u>	<u><u>107,645</u></u>

15. Share capital

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u><u>600,000</u></u>	<u><u>600,000</u></u>
Issued and fully paid		
– 2,033,737,827 (31 March 2013: 677,912,609) ordinary shares of HK\$0.01 each	<u><u>20,337</u></u>	<u><u>6,779</u></u>

Movement of the Company's issue share capital were as follows:

	Number of share in issue	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	677,912,609	6,779	745,229	752,008
Rights issue	<u>1,355,825,218</u>	<u>13,558</u>	<u>116,994</u>	<u>130,552</u>
As 30 September 2013	<u><u>2,033,737,827</u></u>	<u><u>20,337</u></u>	<u><u>862,223</u></u>	<u><u>882,560</u></u>

In September 2013, the Company issued and allotted 1,355,825,218 ordinary shares of HK\$0.01 each to the qualifying shareholders pursuant to the rights issue on the basis of two rights shares for every share held by members on the register as at 27 August 2013 at a subscription price of HK\$0.1 per share for a total consideration, before expenses, of HK\$135,583,000.

16. Related party transactions

In addition to the transactions and balances detailed elsewhere in this results announcement, the Group had the following material transactions with related parties during the Period.

Compensation of key management personnel of the Group:

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,620	1,620
Equity-settled share option expense	667	485
Pension scheme contribution	81	81
	<u>2,368</u>	<u>2,186</u>

17. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorized for issue by the Board on 28 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group for the Period recorded revenue of HK\$6.6 million, representing a slight increase of HK\$0.5 million or 8.1% as compared to the corresponding period of last year. The profit for the Period was HK\$18.1 million, compared to the loss of HK\$42.0 million for the corresponding period of last year. Basic earnings per share attributable to ordinary equity holders of the parent for the Period was HK3.11 cents (2012: Loss per share of HK1.83 cents (Restated)). The Group's profit for the Period was primarily attributable to the unrealized gains on the listed securities of HK\$20.9 million in the treasury investment segment and fair value gains on the derivative component of convertible bonds of HK\$32.2 million.

The Group has continued to place strong research and development efforts on its System-on-chip (SoC) technology. The core architecture in development is a Multi-thread Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is a new core architecture for computation performance based on multi-processing and parallel computing. ICube's MVP is an independently developed "China Core" featuring the versatility of a unified processor, combining the capabilities of central processing unit (CPU) and graphics processing unit (GPU) in one solution for Mainland China's vast consumer electronics market. The Group's development of this new processing architecture has revolutionized mobile computing by unrolling its Harmony Unified Processor Technology, which contains an independently Instruction-Set-Architecture with optimized compiler, the MVP parallel computing core and dynamic load balancing with Agile Switching of simultaneously-multi-threading (SMT) threads.

During the Period, the Group continued to put its efforts on the escalation and modification of MVP based SoC products and introducing its technology into the product applications in the market. With a view to bring in and popularize the finger multi-touch functionality in the electrical and home appliance market, the Group has commenced cooperation with a reputable electrical and home appliance leader to jointly develop smart touch control screen used in a range of electrical and home appliance products. In addition, the Group also continued receiving funding from reputable government organization to launch its Unified Processor Unit (UPU) technology on its self-developed SoC.

Amid the adverse economic conditions and poor customer sentiments in European and United States markets, the sales demand for electronic products in export markets remained very sluggish. Due to the keen price competition in the local consumer electronic market, the local sales orders for the electronic accessories were slow. During the Period, the sales revenue from the electronic products segment decreased by HK\$3.3 million or 35.6% to HK\$6.0 million, compared to the corresponding period of last year. The operating loss for this segment for the Period was HK\$1.8 million (2012: loss of HK\$2.0 million).

The Group continued to utilize its available funds in treasury investment. During the Period, the local stock market was volatile and became stabilized as a result of the continued quantitative easing monetary policies and fiscal measures taken by the US Federal Reserve and European Central Bank. The treasury investment segment recorded unrealized gains on the listed securities of HK\$20.9 million for the Period.

Prospects

For the year ahead, the Group will put a deal of efforts and sufficient resources in the development of the finger multi-touch functionality used in the realm of household electronics appliances with the leading home appliances manufacturer. This multi-touch functionality which has become an indispensable feature in smartphones and tablets has yet to become widely available in the electronics appliances market because of cost issues. Recognizing this opportunity, the Group looks forward to rolling out this functionality in the household home appliances market with our Harmony Unified Processor technology.

Looking ahead, the lingering European debt crisis and the slow pace of economic growth in the United States remain the key factor dragging on the global economic recovery. The broad macroeconomic challenge persists, the Group will continue to be on the alert and to pursue a prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group's revenue for the Period recorded revenue of HK\$6.6 million, representing a slight increase of HK\$0.5 million or 8.1% as compared to the corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of HK\$6.0 million and dividend income on the listed securities of HK\$0.6 million from the treasury investment segment.

The profit for the Period was HK\$18.1 million. As at 30 September 2013, the Group's net asset value was HK\$150.8 million (31 March 2013: consolidated deficiency in assets of HK\$3.3 million). This was mainly due to the net proceeds from the rights issue of approximately HK\$129.65 million during the Period.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow, cash reserve and banking facilities. The Group's cash and bank balances as at 30 September 2013 amounted to HK\$130.6 million (31 March 2013: HK\$30.7 million).

As at 30 September 2013, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2013: Nil).

As at 30 September 2013, the Group had convertible bonds of HK\$69.4 million (31 March 2013: HK\$65.4 million) and bonds of HK\$75.0 million (31 March 2013: HK\$70.5 million).

As at 30 September 2013, the Group's current ratio was 23.1 times (31 March 2013: 9.9 times) based on current assets of HK\$293.5 million (31 March 2013: HK\$132.3 million) and current liabilities of HK\$12.7 million (31 March 2013: HK\$13.4 million).

As at 30 September 2013, the Group did not have any significant commitments (31 March 2013: Nil). The Group also had no other contingent liabilities.

Capital Structure

As at 30 September 2013, the Group's gearing ratio, being bonds and convertible bonds payable to net worth less bonds and convertible bonds payable, was 48.9% (31 March 2013: 102.5%).

The Group's bank deposits are mainly denominated in Hong Kong dollars. Most of the Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the exchange risks the Group is exposed to are minimal.

On 25 June 2013, the Company entered an agreement with an underwriter for raising approximately HK\$135.58 million before expenses by issuing 1,355,825,218 new shares to the qualifying shareholders by way of the rights issue at subscription price of HK\$0.10 per right share on the basis of two right shares for every share in issue on the record date. The net proceeds of approximately HK\$129.65 million will be used as to 50% on the research and development on the Group's MVP based SoC products and 50% for the general working capital of the Group including 10% on the development of electronic products segment. Details of the above were disclosed in the Company's circular dated 29 July 2013 and prospectus dated 28 August 2013 respectively. Up to 30 September 2013, the use of net proceeds of approximately HK\$12 million were utilized on research and development of MVP, electronic product segment and general working capital.

Significant Investments

As at 30 September 2013, the Group maintained a portfolio of equity investments (including available-for-sale equity investments and equity investments at fair value through profit or loss) with total carrying amount of HK\$128.7 million. The related dividend income for the Period was HK\$0.6 million.

Details of Charges on Assets

As at 30 September 2013, the Company had no charges on assets (31 March 2013: Nil).

Material Acquisitions and Disposals

During the Period, the Company had no material acquisitions or disposals of subsidiaries or associates.

Employment, Training and Development

As at 30 September 2013, the Group had a total of 99 employees of which 31 were based in Hong Kong and 68 were based in Mainland China. The Group is committed to staff training and development and structured training programs for all employees.

Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to employees according to individual performance and industry practice.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholder's benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2013.

The Company has complied with the code provisions set out in Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules throughout the Period except for deviations from code provisions A.2.1 and A.6.7 of the CG Code described below:

Code provision A.2.1: Mr. Wong Howard currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Group.

Code provision A.6.7: One of the independent non-executive directors was unable to attend the special general meeting of the Company held on 15 August 2013 due to his business engagement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, namely, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David, all of whom are independent non-executive directors of the Company.

On behalf of the Board
ICube Technology Holdings Limited
Wong Howard
Chairman

Hong Kong, 28 November 2013

As at the date of this announcement, the Board comprises 2 executive directors, namely, Mr. Wong Howard and Mr. Wong Yat Fai; and 3 independent non-executive directors, namely, Mr. Tung Tat Chiu, Michael, Mr. Li Chi Ming and Mr. Wan Ngar Yin, David.

* for identification purposes only