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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)**

### **PROPOSED VARIATION OF THE TERMS AND CONDITIONS OF CONVERTIBLE BONDS ISSUED BY THE COMPANY**

#### **SUMMARY**

On 8 February 2013 (after trading hours), the Company and the Bondholders entered into the Deed of Variations pursuant to which the Company and the Bondholders conditionally agree to vary certain terms and conditions of the Convertible Bonds by (i) extending the maturity date of the Convertible Bonds, (ii) making certain portion of the Convertible Bonds interest bearing, (iii) imposing restriction on the conversion rights attached to the Convertible Bonds, (iv) lowering the conversion price of the Convertible Bonds and (v) giving the Company a right to require mandatory conversion upon maturity of the Convertible Bonds subject to and upon the terms and conditions stipulated in the Deed of Variations.

As at the date of this announcement, none of the Convertible Bonds has been redeemed nor converted, in whole or in part.

The Company will convene the Special General Meeting for the purposes of seeking approval of the Shareholders of, among others, the Deed of Variations and the transactions contemplated thereunder.

A circular containing, among others, further information on the Deed of Variations and the transactions contemplated thereunder and a notice of the Special General Meeting is expected to be despatched to the Shareholders on or about 6 March 2013.

## INTRODUCTION

Reference is made to the announcements dated 8 October 2010 and 1 December 2010 and the circular dated 21 October 2010 of the Company in relation to the placing and issue of the Convertible Bonds.

As announced, the placing of the Convertible Bonds in the principal amount of HK\$200,000,000 was completed and the Convertible Bonds were issued by the Company on 1 December 2010. The Convertible Bonds, which are non-interest bearing, have a maturity period of three years from the date of its issue and are convertible into Shares at the initial conversion price of HK\$0.125 per Share (subject to adjustment).

As at the date of this announcement, none of the Convertible Bonds has been redeemed nor converted, in whole or in part.

## DEED OF VARIATIONS

On 8 February 2013 (after trading hours), the Company and the Bondholders entered into the Deed of Variations pursuant to which the Company and the Bondholders conditionally agree to vary certain terms and conditions of the Convertible Bonds by (i) extending the maturity date of the Convertible Bonds, (ii) making certain portion of the Convertible Bonds interest bearing, (iii) imposing restriction on the conversion rights attached to the Convertible Bonds, (iv) lowering the conversion price of the Convertible Bonds and (v) giving the Company a right to require mandatory conversion upon maturity of the Convertible Bonds subject to and upon the terms and conditions stipulated in the Deed of Variations.

Set out below is a table summarizing the principal variations to the Instrument and the Bond Conditions proposed to be effected by the Deed of Variations.

	<b>Existing terms</b>	<b>Proposed Amendments</b>
Maturity date	30 November 2013	30 November 2016
Interest	The principal amount of each Convertible Bond in the denomination of HK\$500,000 is non-interest bearing	The principal amount of each Convertible Bond in the denomination of HK\$500,000 will be notionally divided into two portions:  (1) interest bearing portion:  in the principal amount of HK\$250,000, which is interest bearing at the fixed rate of 2.5% per annum, to accrue from the Effective Date and is payable upon maturity; and

## Existing terms

## Proposed Amendments

		(2) convertible portion:  in the principal amount of HK\$250,000, which is non-interest bearing
Conversion rights	<p>The Convertible Bonds may be convertible in whole or in part at any time following the date of its issue and up to the maturity date</p> <p>Any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000.</p>	<p>No conversion rights are attached to the interest bearing portion of each Convertible Bond.</p> <p>Conversion rights are attached to the convertible portion of each Convertible Bond in the principal amount of HK\$250,000 (“<b>Conversion Limit</b>”) from the Effective Date and up to (but not including) the maturity date. At each conversion, a Convertible Bond must be fully converted up to its Conversion Limit.</p>
Conversion price	HK\$0.125 per Original Conversion Share (subject to standard adjustments)	HK\$0.33 per Conversion Share, assuming and after the Capital Reorganisation has become effective (subject to standard adjustments)
Mandatory conversion at the Company’s option	Nil	Unless an event of default has occurred, the Company may on the maturity date require conversion of all the outstanding Convertible Bonds into Conversion Shares up to the Conversion Limit in respect of each Convertible Bond.

Save for the above variations, there is no other material changes to the terms and conditions of the Convertible Bonds proposed to be effected by the Deed of Variations.

### New Conversion Price

The New Conversion Price of HK\$0.33 represents:

- (i) a premium of 17.86% to the theoretical closing price of HK\$0.28 per Reorganised Share on the Last Trading Day (based on the closing price of HK\$0.056 per existing Share as quoted on the Stock Exchange on the Last Trading Day and assuming the Capital Reorganisation has taken effect);

- (ii) a premium of approximately 12.24% to the theoretical average closing price of HK\$0.294 per Reorganised Share for the five consecutive trading days up to and including the Last Trading Day (based on the average closing price of HK\$0.0588 per existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and assuming the Capital Reorganisation has taken effect);
- (iii) a premium of approximately 6.45% to the theoretical average closing price of HK\$0.31 per Reorganised Share for the ten consecutive trading days up to and including the Last Trading Day (based on the average closing price of HK\$0.062 per existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and assuming the Capital Reorganisation has taken effect); and
- (iv) a premium of approximately 3,486.96% to the audited consolidated net asset value per Reorganised Share of approximately HK\$0.0092 (theoretical value) as at 31 March 2012 (based on the audited consolidated net asset value per Share of approximately HK\$0.00184 as at 31 March 2012 and assuming the Capital Reorganisation has taken effect).

The New Conversion Price was determined after arm's length negotiations between the Company and the Bondholders, having regard to the financial/net deficit position and the performance of the Group, the market conditions and the trading price of the Shares which the Company considers that a lower conversion price is appropriate to encourage continued investment in and support to the Company by the investors.

### **Conversion Shares**

As at the date of this announcement, the issued share capital of the Company consists of 3,389,563,047 Shares. Assuming that the Capital Reorganisation has become effective, the issued share capital of the Company will consist of 677,912,609 Reorganised Shares.

Full exercise of the conversion rights attached to the convertible portion of the Convertible Bonds in the aggregate principal amount of HK\$100,000,000 at the New Conversion Price (that is HK\$0.33 per Reorganised Share) would result in the allotment and issue of an aggregate of 303,030,303 new Reorganised Shares (that is, the maximum number of Conversion Shares). The issued share capital of the Company as enlarged by the Conversion Shares will consist of 980,942,912 Reorganised Shares.

The Conversion Shares represent approximately 44.70% of the issued share capital of the Company and approximately 30.89% of the issued share capital of the Company as enlarged by the Conversion Shares (assuming that the Capital Reorganisation has become effective).

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no changes in the issued share capital of the Company from the date of this announcement prior to the completion of the Capital Reorganisation and the conversion in full of the convertible portion of the Convertible Bonds, the effects on the shareholding structure of the Company upon completion of the Capital Reorganisation and the issue of the Conversion Shares will be as follows:

Shareholders	(1) As at the date of this announcement		(2) Immediately upon conversion in full of the Convertible Bonds at the Original Conversion Price		(3) Immediately after the Capital Reorganisation having come into effect but before conversion in full of the Convertible Bonds at the New Conversion Price		(4) After the Capital Reorganisation having come into effect and immediately upon conversion in full of the convertible portion of the Convertible Bonds at the New Conversion Price	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Allied Way International Limited (Note 3)	680,000,000	20.06	680,000,000	13.63	136,000,000	20.06	136,000,000	13.86
Mr Wong Howard (Note 3)	21,299,000	0.63	21,299,000	0.42	4,259,800	0.63	4,259,800	0.43
Mr Wong Yat Fai (Note 4)	21,299,000	0.63	21,299,000	0.42	4,259,800	0.63	4,259,800	0.43
Bondholders (Note 5)	–	–	1,600,000,000	32.07	–	–	303,030,303	30.89
(Other) public Shareholders	2,666,965,047	78.68	2,666,965,047	53.46	533,393,009	78.68	533,393,009	54.39
Total:	<u>3,389,563,047</u>	<u>100%</u>	<u>4,989,563,047</u>	<u>100%</u>	<u>677,912,609</u>	<u>100%</u>	<u>980,942,912</u>	<u>100%</u>

### Notes:

1. Full exercise of the conversion rights attached to the Convertible Bonds at the Original Conversion Price (that is, HK\$0.125) per Share would result in the allotment and issue of an aggregate of 1,600,000,000 new Shares.
2. Full exercise of the conversion rights attached to the convertible portion of the Convertible Bonds in the aggregate principal amount of HK\$100,000,000 at the New Conversion Price (that is HK\$0.33 per Reorganised Share) after the Capital Reorganisation has become effective would result in the allotment and issue of an aggregate of 303,030,303 new Reorganised Shares.
3. Allied Way International Limited is a company incorporated in Hong Kong, the entire issued capital of which is owned as to 50% by Mr. Wong Howard and 50% by his spouse, Ms. Rebacca Cheung. Mr. Wong Howard is an executive Director.
4. Mr. Wong Yat Fai is an executive Director.

5. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Bondholders is beneficially interested in or none of the ultimate beneficial owners of the Convertible Bonds (not less than six in number) will become a substantial shareholder of the Company upon the exercise in full of the conversion rights attached to the Convertible Bonds held by it/him/her.
6. The above table is for illustration purpose only.

## **CONDITIONS PRECEDENT TO THE DEED OF VARIATIONS**

The Deed of Variations is conditional upon fulfilment of the following Conditions:

- (1) the Capital Reorganisation having come into effect upon fulfilment of the conditions to which the Capital Reorganisation is subject, as stated in the Company's announcement dated 4 February 2013;
- (2) the passing of ordinary resolutions by the Shareholders at the Special General Meeting approving (a) the Deed of Variations and the transactions contemplated thereunder; (ii) the Proposed Amendments; and (iii) upon the exercise of the conversion rights attaching to the Convertible Bonds, the allotment and issue of the Reorganised Shares in accordance with the Varied Bond Conditions;
- (3) the Listing Committee having granted or having agreed to grant the listing of, and permission to deal in, the Reorganised Shares falling to be allotted and issued upon an exercise of the conversion rights attaching to the Convertible Bonds in accordance with the Varied Bond Conditions; and
- (4) the Company having obtained from the Stock Exchange and other relevant authorities all requisite approval or consent to the Proposed Amendments and the consummation of the transactions as contemplated by the Deed of Variations.

None of the Conditions may be unilaterally waived by any of the parties to the Deed of Variations.

If the Conditions are not fulfilled by the Longstop Date, the Deed of Variations will lapse and be of no further effect and none of the parties to the Deed of Variations will have any claim against or liability to the other parties in respect of the Deed of Variations save for any antecedent breaches of the Deed of Variations.

The Proposed Amendments are to become effective on the Effective Date.

## **REASONS FOR ENTERING INTO THE DEED OF VARIATIONS**

The weak economic recovery and intensifying stress in the global financial markets have caused the Group's business to lack its buoyancy. The financial performance of the Group and the trading price of the Shares had been adversely affected over the years. The Directors consider it vital to maintain financial stability and enhance the financial strength of the Group. Given the global economic condition and the financial position and losses of the Group, the raising of bank loans or other external financing would be expected to be relatively less certain or more time consuming. The Directors believe that the Proposed Amendments contained in the Deed of Variations (including but not limited to the extension of the maturity date and the lowering of the conversion price of the Convertible Bonds) is a pragmatic

approach to maintain or improve the Company's financial stability and flexibility and make the Convertible Bonds more appealing for the Bondholders so as to elicit their continued support towards the Group. With a more stabilized or enhanced financial position, the Group could be placed in a better position to raise additional funds or capitalize on growth opportunities as and when they arise.

Based on the above, the Directors are of the views that the terms of the Deed of Variations, which were determined after arm's length negotiations between the Company and the Bondholders, are fair and reasonable and the entering into of the Deed of Variations is in the overall interests of the Company and its shareholders as a whole.

## **APPLICATION FOR LISTING**

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the convertible portion of the Convertible Bonds pursuant to the Varied Bond Conditions.

## **MANDATE FOR THE ISSUE OF THE CONVERSION SHARES**

The Company will seek the grant of a specific mandate from the Shareholders at the Special General Meeting to cater for the allotment and issue of the Conversion Shares upon conversion of the convertible portion of the Convertible Bonds pursuant to the Varied Bond Conditions.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not undertaken any fund raising activities within the 12 months immediately prior to the date of this announcement other than the following:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Amount utilized as at the date of this announcement and actual use of net proceeds</b>
13 April 2012	Placing of 564,920,000 new Shares at HK\$0.09 per Share	Approximately HK\$49,823,000	To fund the research and development of information technology and as general working capital	Approximately HK\$40,000,000 was utilized as to fund the research and development of information technology and as general working capital and HK\$9,823,000 remained unused (and are expected to be used as originally planned)

## **INFORMATION ON THE COMPANY AND THE BONDHOLDERS**

The Company is an investment holding company. The principal activities of the Group consisted of the trading and distribution of electronic products and other merchandise, securities investment and trading, and the research and development of information technology.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Convertible Bonds are registered in the name of, and held by the respective Bondholders, as nominee for several beneficial owners of the Convertible Bonds (who are professional, institutional and/or private investors and are Independent Third Parties).

## **SPECIAL GENERAL MEETING**

The Company will convene the Special General Meeting for the purposes of seeking approval of the Shareholders of the Deed of Variations and the transactions contemplated thereunder (including the Proposed Amendments and the allotment and issue of the Reorganised Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the Varied Bond Conditions).

To the best of the Directors' knowledge, no Shareholders have material interest in the Deed of Variations and the transactions contemplated thereunder and no Shareholders are required to abstain from voting in respect of the proposed resolution(s) to approve the Deed of Variations and the transactions contemplated thereunder at the Special General Meeting.

A circular containing, among others, further information on the above and a notice of the Special General Meeting is expected to be despatched to the Shareholders on or about 6 March 2013.



## DEFINITIONS

Unless the context otherwise requires, the following expressions used in this announcement have the following meanings:

“Board”	the board of Directors
“Bond Conditions”	the terms and conditions of the Convertible Bonds as currently in force
“Bondholder(s)”	holder(s) of the Convertible Bonds (namely, Chung Nam Securities Limited, Haitong International Securities Nominees Limited and Get Nice Securities Limited, which are holding the Convertible Bonds as nominee for several beneficial owners)
“Capital Reduction”	the proposed cancellation of HK\$0.04 paid-up capital for each issued Consolidated Share, details of which are given in the Company’s announcement dated 4 February 2013
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company consisting of the Share Consolidation and the Capital Reduction, details of which are given in the Company’s announcement dated 4 February 2013
“Conditions”	the conditions precedent as contained in the Deed of Variations, the fulfilment of which is mandatory for the Proposed Amendments to take effect
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately following and arising from the Share Consolidation
“Conversion Shares”	new Reorganised Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the convertible portion of the Convertible Bonds or the mandatory conversion right exercisable at the option of the Company
“Convertible Bonds”	the three-year zero coupon convertible bonds (in the denomination of HK\$500,000 each in registered form) in the aggregate principal amount of HK\$200 million constituted by the Instrument and issued by the Company on 1 December 2010 pursuant to the Placing Agreement

“Company”	ICube Technology Holdings Limited (formerly known as GR Vietnam Holdings Limited), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Deed of Variations”	the conditional deed of variations dated 8 February 2013 entered into by the Company and the Bondholders in relation to the Proposed Amendments
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Conditions having been satisfied and amendments to the Bond Conditions pursuant to the Deed of Variations having come into effect and as notified by the Company to the Bondholders in writing in accordance with the Deed of Variations
“Group”	the Company and its subsidiaries from time to time
“Independent Third Party”	a party who is independent of, and is/are not connected with, the Company, its subsidiaries and their respective connected persons
“Instrument”	the deed poll dated 1 December 2010 executed by the Company constituting the Convertible Bonds
“Last Trading Day”	8 February 2013, being the date of execution of the Deed of Variations
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	8 May 2013 (or such other date as the parties to the Deed of Variations may agree in writing)
“New Conversion Price”	HK\$0.33 per Reorganised Share
“Original Conversion Price”	the initial conversion price of Convertible Bonds of HK\$0.125 per Share
“Original Conversion Shares”	new Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (before the variations effected by the Deed of Variations have become effective)
“Placing Agreement”	the placing agreement dated 8 October 2010 entered into between the Company and Taifook Securities Company Limited (now known as Haitong International Securities Company Limited) in respect of the placing of the Convertible Bonds

“Proposed Amendments”	the amendments conditionally agreed by the Company and the Bondholders to be made to the Instrument and the Bond Conditions pursuant to the Deed of Variations
“Reorganised Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company to be created upon the Capital Reorganisation becoming effective
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company before the implementation of the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every (5) Shares into one (1) Consolidated Share, details of which are given in the Company’s announcement dated 4 February 2013
“Shareholder(s)”	holder(s) of Shares or Consolidated Shares (as the case may be)
“Special General Meeting”	the special general meeting of the Company to be convened and held by the Company for the purpose of considering and, if thought fit, approving the Deed of Variations and the transactions contemplated thereunder, the Proposed Amendments and the allotment and issue of the Reorganised Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the Varied Bond Conditions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Varied Bond Conditions”	the Bond Conditions, as varied by the Proposed Amendments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**ICube Technology Holdings Limited**  
**Wong Howard**  
*Chairman*

Hong Kong, 8 February 2013

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

*\* For identification purposes only*