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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)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS AND SUBSCRIPTION OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted the recent increase in the trading price and trading volume of the Shares. Having made such enquiry with respect to the Company as is reasonable in the circumstances, save as disclosed in this announcement, the Directors confirm that they are not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

SUBSCRIPTION OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 30 July 2014 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Convertible Notes of the aggregate principal amount of HK\$133.2 million due in 2018 from the Issue Date convertible into Conversion Shares at the initial Conversion Price of HK\$0.15 per Conversion Share (subject to adjustments). Further details on the principal terms of the Convertible Notes are included in this announcement.

Assuming the Convertible Notes having been fully subscribed and the exercise in full of the conversion rights attaching to the Convertible Notes at the initial Conversion Price of HK\$0.15 per Conversion Share, a total of 888,000,000 Conversion Shares will be issued, representing approximately 36.39% of the existing issued share capital of the Company and approximately 26.68% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The gross proceeds to be raised from the issue of the Convertible Notes to the Subscriber are estimated to be HK\$133.2 million. The estimated net proceeds from such issue will be approximated HK\$126 million, which is intended to be utilized principally for the proposed acquisition of a controlling stake in a listed company in Hong Kong which is in financial difficulties (the “**Proposed Investment**”). That listed company operates in the telecommunication industry. As of the date of this announcement, there is no formal agreement entered into by the Company in relation to the Proposed Investment.

The Subscriber of the Convertible Notes, Mr. Fu Rulin (符如林), is the chairman and majority shareholder of 中國金海集團有限公司 (“金海集團”). 金海集團 is engaged in, amongst other things, the provision of third party payment services, provision of financial services and the operation of internet e-commerce platforms for certain commodities and natural resources. One of the subsidiaries of 金海集團, namely, 集付通支付有限公司 is licensed by the People’s Bank of China to operate third party payment systems in the PRC. It is engaged in prepaid card issuance and acceptance business in Guangxi Province as well as operates a nationwide internet payment business in the PRC.

Through bringing together the Proposed Investment and the introduction of the Subscriber as a strategic investor and business partner of the Company, the Company would be able to (through the Target Group) expand its business downstream into the telecommunications and third party payment businesses. The Company would also be able to create synergies through utilizing its own proprietary System-on-Chip (SoC) technology for incorporation into prepaid cards as well as mobile handsets and tablets to equip them with payment functions. The Company could benefit significantly therefrom as a result of the penetration of its SoC technology into the third-party payment market in the PRC.

The Conversion Shares will be issued under the Specific Mandate. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the grant of the Specific Mandate.

A circular containing, among other things, further details of the Subscription Agreement, the Convertible Notes, the Specific Mandate and the notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Furthermore, the Proposed Investment may or may not materialize. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This section of the announcement is made at the request of the Stock Exchange.

The Board has noted the recent increase in the trading price and trading volume of the Shares. Having made such enquiry with respect to the Company as is reasonable in the circumstances, save as disclosed in this announcement, the Directors confirm that they are not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

SUBSCRIPTION OF CONVERTIBLE NOTES

On 30 July 2014 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Convertible Notes of the aggregate principal amount of HK\$133,200,000 due in 2018 from the Issue Date, convertible into Conversion Shares at the initial Conversion Price of HK\$0.15 per Conversion Share (subject to adjustments).

THE SUBSCRIPTION AGREEMENT

Date: 30 July 2014 (after trading hours)

Issuer: the Company

Subscriber: Mr. Fu who is an Independent Third Party. For detailed description of the Subscriber, please refer to the section headed "Reasons for and benefits of the issue of the Convertible Notes and use of proceeds" as below.

Consideration

The aggregate consideration for the Subscription of the Convertible Notes is the aggregate principal amount of HK\$133,200,000 and shall be payable by the Subscriber to the Company on the Completion Date.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Issuer of the Convertible The Company

Notes:

Aggregate principal amount:	HK\$133,200,000
Issue price:	100% of the face value of the Convertible Notes
Form of the Convertible Notes and denomination:	In registered form and in denomination of HK\$200,000 each or integral multiples thereof
Coupon Rate:	5% per annum, payable quarterly on the last day of every period of three calendar months from the Issue Date
Maturity Date:	the day last preceding the fourth anniversary of the Issue Date of each of the Convertible Notes or if that is not a Business Day, the first Business Day thereafter
Conversion Shares:	Upon full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.15, an aggregate of 888,000,000 Conversion Shares will be allotted and issued pursuant to the Convertible Notes Instrument. Such number of Conversion Shares represents approximately 36.39% of the total issued share capital of the Company as at the date of this announcement and approximately 26.68% of the issued share capital of the Company as enlarged by the issue of the 888,000,000 Conversion Shares (assuming no other new Shares will be issued)
Conversion Restrictions:	<p>(a) No conversion rights shall be exercised if as a result of such exercise, the Company will be in breach of the minimum public floating requirements under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules; and</p> <p>(b) If any exercise of conversion rights would result in an obligation under the Takeovers Code to make a general offer, the Convertible Noteholders will be required to comply with such obligations.</p>
Conversion Price:	Initially at HK\$0.15 per Conversion Share (subject to adjustments in certain events, including (but not limited to) share consolidation, share subdivision, capitalization issues, capital distribution, rights issue, open offer and issues of other securities by the Company)

**Ranking of Conversion
Shares:**

The Conversion Shares shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of conversion

Conversion period:

The period commencing from the Issue Date up to the Maturity Date of each of the Convertible Notes

Redemption:

Redemption at Maturity

The Company shall redeem all outstanding principal amount of the Convertible Notes at 100% of the face value of the Convertible Notes on Maturity Date.

Early redemption by the Company

The Company may by 14 day's notice in writing at any time after two years from the Issue Date up to (but excluding) the Maturity Date redeem all or part of the Convertible Notes at 100% of the face value of the Convertible Notes.

Redemption on Default

If any of the events of default set out in the Convertible Notes Instrument occurs, Convertible Noteholders holding 51% or more of the outstanding Convertible Notes may by notice in writing to the Company declare that the redemption on default shall apply and each Convertible Noteholder may, at its option, give a redemption notice in respect of all the Convertible Notes held by it to the Company whereupon the outstanding principal amount of such Convertible Notes shall become immediately due and payable at a redemption price equivalent to 100% of the principal amount of such Convertible Notes plus any outstanding accrued interest. Such events of default include (but are not limited to) (i) default of the Company to repay the principal amount or the accrued interest of the Convertible Notes, (ii) inability of the Company or its material subsidiary to pay its debts; (iii) material default of covenants or breach of warranties and undertakings under the Convertible Notes Instrument; and (iv) winding-up, dissolution or insolvency of the Company or its material subsidiaries; etc.

Listing: No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Transferability: Subject to the terms and conditions of the Convertible Notes Instrument, the Convertible Notes may be transferred to any person.

No transfer of the Convertible Notes shall be effected and no allotment or issue of any Conversion Shares by the Company shall be made if such transfer of the Convertible Notes or allotment or issue of Conversion Shares will be in breach of the Listing Rules or any applicable law or regulations.

The initial Conversion Price of HK\$0.15 per Conversion Share represents:

- (i) a discount of approximately 38.78% to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 23.08% to the average closing price of HK\$0.195 per Share for the five consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber. The net price of the Conversion Shares to be issued upon execution of the conversion rights attached to the Convertible Notes is approximately HK\$0.1419 per Conversion Share.

Conditions Precedent

Completion of the Subscription of the Convertible Notes under the Subscription Agreement shall be conditional upon:–

- (i) the approval by the Stock Exchange of the issue of the Convertible Notes;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the relevant Conversion Shares in respect of the Convertible Notes to be issued;
- (iii) the passing of resolution(s) by the Shareholders at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares under the Specific Mandate; and

(iv) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and any of the transaction contemplated thereunder.

If the conditions above are not fulfilled on or prior to the Long Stop Date, the Subscription Agreement shall terminate. On such termination of the Subscription Agreement, none of the parties to the Subscription Agreement shall have no further claim against each other under the Subscription Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion of the Subscription Agreement shall take place on the third Business Day following the date on which the conditions of the Subscription Agreement are fulfilled or on such other date as the parties to the Subscription Agreement may agree from time to time.

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Furthermore, the Proposed Investment may or may not materialize. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR AND BENEFITS OF THE ISSUE OF CONVERTIBLE NOTES AND USE OF PROCEEDS

The Group is principally engaged in the trading and distribution of electronic products and other merchandise, securities investment and trading, and the research and development of integrated circuit technology.

The gross proceeds to be raised from the issue of the Convertible Notes to the Subscriber are estimated to be HK\$133.2 million. The estimated net proceeds from such issue will be approximated HK\$126 million, which is intended to be utilized principally for the proposed acquisition of a controlling stake in a listed company in Hong Kong which is in financial difficulties (the “**Proposed Investment**”).

The Proposed Investment represents a potential investment opportunity in a listed group in Hong Kong (which together with its subsidiaries, the “Target Group”). The Target Group operates in the telecommunications industry. The Company understands that the Target Group is in financial difficulties and provisional liquidators have been appointed. The net proceeds of the Subscription are intended to be utilized to provide fresh capital to the Target Group so as to pay off creditors, revive its existing business and/or to develop new businesses such as third party payment services as further described below.

As at the date of this announcement, there is no formal agreement entered into by the Company in relation to the Proposed Investment. In the event that the Proposed Investment does not materialize, the Company will designate such funds for other future investment opportunities.

The Subscriber of the Convertible Notes, Mr. Fu Rulin (符如林), is the chairman and majority shareholder of 中國金海集團有限公司 (“金海集團”). 金海集團 is engaged in, amongst other things, the provision of third party payment services, provision of financial services and the operation of internet e-commerce platforms for certain commodities and natural resources. One of the subsidiaries of 金海集團, namely, 集付通支付有限公司 is licensed by the People’s Bank of China to operate third party payment systems in the PRC. It is engaged in prepaid card issuance and acceptance business in Guangxi Province as well as operates a nationwide internet payment business in the PRC.

Through bringing together the Proposed Investment and the introduction of the Subscriber as a strategic investor and business partner of the Company, the Company would be able to (through the Target Group) expand its business downstream into the telecommunications and third party payment businesses. The Company would also be able to create synergies through utilizing its own proprietary SoC technology for incorporation into prepaid cards as well as mobile handsets and tablets to equip them with payment functions. The Company could benefit significantly therefrom as a result of the penetration of its SoC technology into the third-party payment market in the PRC.

Assuming the full conversion of the Conversion Shares by the Subscriber, the Subscriber will become a substantial Shareholder holding approximately 26.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Terms of the Subscription Agreement were determined after arm’s length negotiations between the Company and the Subscriber. The Directors consider that the Subscription Agreement and the terms of the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company's equity fund raising activities over the past 12-month period immediately preceding the date of this announcement are set out below:–

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
8 July 2014	Placing of 406,747,565 new Shares at a price of HK\$0.125 per placing share under the general mandate	HK\$49 million	For general working capital of the Group	Not yet utilized

Save for the fund raising activities disclosed above, the Company had not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table demonstrates the shareholding structure of the Company (a) as at the date of this announcement, and (b) assuming (i) full exercise of the conversion rights attached to the Convertible Notes at the initial Conversion Price of HK\$0.15 per Conversion Share, and (ii) no further issue of new Shares, for illustration purposes:

Name of Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Notes	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Allied Way International Limited (Note 1)	408,000,000	16.72%	408,000,000	12.26%
Mr. Wong Howard (Note 1)	12,779,400	0.52%	12,779,400	0.38%
Mr. Wong Yat Fai (Note 2)	12,779,400	0.52%	12,779,400	0.38%
Convertible Noteholders-	–	0.00%	888,000,000	26.68%
Public shareholders:				
Other public shareholders	<u>2,006,926,592</u>	<u>82.24%</u>	<u>2,006,926,592</u>	<u>60.30%</u>
	<u><u>2,440,485,392</u></u>	<u><u>100.00%</u></u>	<u><u>3,328,485,392</u></u>	<u><u>100.00%</u></u>

Notes:

1. 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. Cheung Mei Yee, Rebacca. Mr. Wong Howard is an executive Director of the Company.
2. Mr. Wong Yat Fai is an executive Director of the Company.

GENERAL

The Conversion Shares will be issued under the Specific Mandate. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the grant of the Specific Mandate.

A circular containing, among other things, further details of the Subscription Agreement, the Convertible Notes, the Specific Mandate and the notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Furthermore, the Proposed Investment may or may not materialize. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“associate(s)”	has the meaning ascribed thereto it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“Company”	ICube Technology Holdings Limited (stock code: 139), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion of the Subscription”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement

“Completion Date”	the third Business Day after the date on which all of the conditions of the Subscription shall have been satisfied by the parties to the Subscription Agreement (or such other date as the parties thereto may agree from time to time)
“Conversion Price”	HK\$0.15 per Conversion Share, subject to adjustments
“Convertible Notes”	the series of unsecured redeemable convertible notes of the principal amount of HK\$133.2 million to be issued by the Company constituted by the Convertible Notes Instrument
“Convertible Noteholder(s)”	holder(s) of the Convertible Note(s)
“Convertible Notes Instrument”	the instrument constituting the Convertible Notes
“Conversion Share(s)”	the Share(s) to be issued by the Company upon conversion of the Convertible Notes
“Directors”	directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Independent Third Party (Parties)”	third party (parties) independent of the Company and its connected persons
“Issue Date”	the date of issue of each of the Convertible Notes
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2014 or such later date as may be agreed between the the Company and the Subscriber
“Maturity Date”	the day last preceding the fourth anniversary of the Issue Date or, if that is not a Business Day, the first Business Day thereafter
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares;
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if think fit, pass resolution(s) by the Shareholders to approve the Subscription Agreement, the issue of Convertible Notes and the Specific Mandate and the transactions contemplated thereunder
“Specific Mandate”	the specific mandate to be sought at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)” or “Mr. Fu”	the sole subscriber of the Convertible Notes, Mr. Fu Rulin (符如林)
“Subscription”	the subscription of the Convertible Notes by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 July 2014 entered into between the Company and the Subscriber in relation to the Subscription
“subsidiaries”	has the meaning given to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“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, 30 July 2014

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. Kwok Chi Kwong.