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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

The Board of Directors (the "Board") of ICube Technology Holdings Limited (formerly known as GR Vietnam Holdings Limited) (the "Company") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 (the "Year") together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

		For the year ended 31 March	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
Revenue	*2, 3*		
Electronic products		**38,511**	16,401
Treasury investments		**(18,137)**	17,815
		20,374	34,216
Cost of electronic products sold		**(38,901)**	(16,096)
Brokerage and commission expenses		**(385)**	(616)
		(39,286)	(16,712)
		(18,912)	17,504

	Notes	For the year ended 31 March 2011 HK$'000	2010 HK$'000
Other income and gains	3	**555**	155
Selling and distribution costs		**(332)**	(135)
Administrative expenses		**(30,888)**	(33,242)
Research costs		**(9,306)**	(1,617)
Other operating expenses		**(427)**	(55)
Fair value gains/(losses) net:			
Equity investments at fair value through profit or loss		**(12,328)**	(14,386)
Conversion option derivatives		**(472)**	(491)
Derivative component of convertible bonds		**13,680**	–
Finance costs	4	**(18,542)**	(17,670)
LOSS BEFORE TAX	5	**(76,972)**	(49,937)
Income tax expense	6	**–**	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(76,972)**	(49,937)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	**(3,515)**	(8,029)
Gain on disposal of a subsidiary		**26,691**	–
		23,176	(8,029)
LOSS FOR THE YEAR		**(53,796)**	(57,966)
Attributable to:			
Owners of the parent		**(46,416)**	(57,966)
Non-controlling interests		**(7,380)**	–
		(53,796)	(57,966)
DIVIDEND	8	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For loss for the year		**HK(1.64) cents**	HK(2.05) cents
– For loss from continuing operations		**HK(2.46) cents**	HK(1.77) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March 2011 HK$'000	2010 HK$'000
LOSS FOR THE YEAR	**(53,796)**	(57,966)
OTHER COMPREHENSIVE INCOME		
Available-for-sale equity investments:		
Changes in fair value	**1,917**	3,503
Income tax effect	**(316)**	(578)
	1,601	2,925
Exchange differences on translation of foreign operations	**1,246**	(689)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,847**	2,236
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(50,949)**	(55,730)
Attributable to:		
Owners of the parent	**(43,712)**	(55,730)
Non-controlling interests	**(7,237)**	–
	(50,949)	(55,730)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2011

	Notes	As at 31 March 2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,639**	2,844
Prepaid land lease payment		**–**	–
Convertible notes-loan portion		**–**	50,913
Available-for-sale equity investments		**18,812**	16,895
Total non-current assets		**20,451**	70,652
CURRENT ASSETS			
Convertible notes-loan portion		**70,365**	–
Convertible notes-conversion option derivatives		**390**	–
Equity investments at fair value through profit or loss	*10*	**159,757**	147,526
Inventories	*11*	**1,288**	1,064
Trade receivables	*12*	**2,210**	1,407
Prepayments, deposits and other receivables		**14,943**	4,412
Pledged time deposits		**7,335**	7,330
Cash and cash equivalents		**43,372**	134,111
Total current assets		**299,660**	295,850
CURRENT LIABILITIES			
Trade payables	*13*	**1,305**	993
Tax payable		**12**	11
Other payables and accruals		**8,543**	8,255
Finance lease payables		**130**	–
Derivative component of convertible bonds		**45,540**	–
Convertible bonds		**–**	187,991
Total current liabilities		**55,530**	197,250
NET CURRENT ASSETS		**244,130**	98,600
TOTAL ASSETS LESS CURRENT LIABILITIES		**264,581**	169,252
NON-CURRENT LIABILITIES			
Finance lease payables		**225**	–
Convertible bonds		**142,595**	–
Deferred tax liabilities		**894**	578
Total non-current liabilities		**143,714**	578
Net assets		**120,867**	168,674
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*14*	**28,247**	28,247
Equity component of convertible bonds		**47,257**	47,257
Reserves		**52,600**	93,170
		128,104	168,674
Non-controlling interests		**(7,237)**	–
Total equity		**120,867**	168,674

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 April 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior 1 April 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 April 2010 has not been restated.

Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKFRS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvement to HKFRSs (May 2009)	Amendments to a number of HKFRSs*
HK Interpretation 4 Amendment	Amendment to HK interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

* *Improvements to HKFRSs* (May 2009) contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

2. Operating segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the operating segments are as follows:

(a) the electronic products segment trades electronic products;

(b) the treasury investments segment comprises securities investment and trading; and

(c) the corporate and others segment comprises corporate income and expense items and development of information technology in Mainland China.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs relating to the Group's treasury function, head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, derivative component of convertible bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments.

The following tables present revenue from continuing operations, loss and certain asset, liability and capital expenditure information for the Group's business segments for the years ended 31 March 2011 and 2010.

Group

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**38,511**	16,401	**–**	–	**–**	–	**38,511**	16,401
Gains/(losses) from treasury investments	**–**	–	**(18,137)**	17,815	**–**	–	**(18,137)**	17,815
Total	**38,511**	16,401	**(18,137)**	17,815	**–**	–	**20,374**	34,216
Segment results	**(4,819)**	(2,491)	**(30,802)**	(6,923)	**(22,717)**	(22,757)	**(58,338)**	(32,171)
Reconciliation								
Interest income and unallocated gains							**19**	11
Unallocated expenses							**(111)**	(107)
Finance costs							**(18,542)**	(17,670)
Loss before tax from continuing operations							**(76,972)**	(49,937)
Tax							**–**	–
Loss for the year							**(76,972)**	(49,937)
Assets and liabilities								
Segment assets	**4,781**	2,268	**262,145**	215,362	**1,560**	6,574	**268,486**	224,204
Reconciliation								
Unallocated assets							**51,625**	142,298
Total assets							**320,111**	366,502
Segment liabilities	**7,673**	6,726	**120**	120	**2,360**	2,363	**10,153**	9,209
Reconciliation								
Unallocated liabilities							**189,091**	188,619
Total liabilities							**199,244**	197,828
Other segment information:								
Depreciation	**17**	10	**–**	–	**717**	871	**734**	881
Capital expenditure	**665**	27	**–**	–	**2,343**	1,786	**3,008**	1,813
Equity-settled share option arrangements	**–**	–	**–**	–	**3,142**	9,868	**3,142**	9,868
Fair value losses on equity investments at fair value through profit or loss	**–**	–	**12,328**	14,386	**–**	–	**12,328**	14,386
Impairment of items of property plant and equipment	**335**	–	**–**	–	**–**	–	**335**	–
Write-down of inventories to net realisable value	**221**	–	**–**	–	**–**	–	**221**	–

Geographical information

The following table presents revenue from continuing operations and certain asset and capital expenditure information for the Group's geographical information for the years ended 31 March 2011 and 2010.

	People Republic of China (including Hong Kong)		**Europe and Southeast Asia**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Electronic products	**38,511**	15,865	**–**	536	**38,511**	16,401
Treasury investments	**(18,137)**	17,815	**–**	–	**(18,137)**	17,815
	20,374	33,680	**–**	536	**20,374**	34,216
Other segment information:						
Segment assets	**320,111**	366,502	**–**	–	**320,111**	366,502
Capital expenditure	**1,643**	730	**1,365**	1,083	**3,008**	1,813

3. Revenue, other income and gains

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**38,511**	16,401
Losses on disposal of equity investments at fair value through profit or loss	**(25,921)**	(6,429)
Dividend income from listed equity investments	**1,425**	18,752
Interest income from convertible notes	**6,359**	5,492
	20,374	34,216
Other income and gains		
Bank interest income	**19**	11
Others	**536**	144
	555	155

4. Finance costs

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank overdrafts and other loan wholly repayable within five years	**707**	2
Interest on finance leases	**11**	–
Imputed interest on convertible bonds	**17,824**	17,668
	18,542	17,670

5. Loss before Tax

The Group's loss before tax from continuing operations is arrived at after charging:

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**38,901**	16,096
Depreciation	**734**	881
Impairment of items of property, plant and equipment	**335**	–
Write off of items of property, plant and equipment	**106**	–
Write-down of inventories to net realisable value	**221**	–

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 Year (2010: Nil). No provision for Mainland China corporate income tax has been made as the Group did not generate any assessable profits in Mainland China during the Year (2010: Nil).

7. Discontinued operation

On 10 August 2010, the Company announced the decision of its board of directors to dispose of the entire interest in GR Vietnam International Limited ("GR Vietnam International"), an indirectly wholly-owned subsidiary of the Company. GR Vietnam International engaged in the convenience stores business in Vietnam. The Group has decided to cease its convenience stores business because it plans to focus its resources on other investment opportunities. The disposal of GR Vietnam International was completed on 12 October 2010.

The results of GR Vietnam International for the period up to date of disposal are presented below:

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Revenue	**5,836**	5,479
Cost of goods sold	**(4,447)**	(4,179)
Gross profit	**1,389**	1,300
Other income	**630**	913
Selling and distribution costs	**(1,804)**	(2,209)
Administrative expenses	**(3,730)**	(8,019)
Other operating expenses	**–**	(14)
Loss before tax from the discontinued operation	**(3,515)**	(8,029)
Income tax expense	**–**	–
Loss for the year from the discontinued operation	**(3,515)**	(8,029)
Gain on disposal of a subsidiary	**26,691**	–
	23,176	(8,029)
Earnings/(loss) per share:		
Basic and diluted, from the discontinued operation	**HK0.82 cents**	HK(0.28) cents

The calculations of basic and diluted earnings/(loss) per share from the discontinued operation are based on:

	For the year ended 31 March	
	2011	2010
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	**HK$23,176,000**	HK$(8,029,000)
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**2,824,643,047**	2,824,643,047

No adjustment has been made to the basic earnings/(loss) per share amounts from the discontinued operation for the years ended 31 March 2011 and 2010 in respect of a dilution because the exercise prices of the Company's share options were higher than the average market prices of the shares for both years.

8. Dividend

The Board has resolved not to pay any final dividend for the Year (2010: Nil). In addition, no interim dividend was paid for the Year (2010: Nil).

9. Loss per share attributable to ordinary equity holders of the parent

The calculation of the basic loss per share amounts is based on the loss for the Year attributable to ordinary equity holders of the parent of HK$46,416,000 (2010: HK$57,966,000) and the weighted average number of 2,824,643,047 (2010: 2,824,643,047) ordinary shares in issue during the Year.

The calculation of the basic loss per share amounts from continuing operations is based on the loss for the Year attributable to ordinary equity holders of the parent from continuing operations of HK$69,592,000 (2010: HK$49,937,000) and the weighted average number of 2,824,643,047 (2010: 2,824,643,047) ordinary shares in issue during the Year.

No adjustment has been made to the basic loss per share amounts for the year and the basic loss per share from continuing operations presented for the years ended 31 March 2011 and 2010 in respect of a dilution as the share options and the convertible bonds outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

10. Equity investments at fair value through profit or loss

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at fair value	**159,757**	147,526

11. Inventories

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Raw materials	**485**	200
Work in progress	**578**	–
Finished goods	**225**	864
	1,288	1,064

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 to 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. There is a significant concentration of credit risk as over 97% (2010: 97%) of the balances represented receivables from two major customers within the electronic products segment. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Within 1 month	**1,937**	1,389
1 to 2 months	**235**	18
2 to 3 months	**6**	–
Over 3 months	**32**	–
	2,210	1,407

13. Trade payables

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Within 1 to 2 months	**651**	943
Over 3 months	**654**	50
	1,305	993

14. Share capital

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Authorised		
– 60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid		
– 2,824,643,047 ordinary shares of HK$0.01 each	**28,247**	28,247

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the Year was HK$20.4 million, representing a decrease of HK$13.8 million or 40.5% compared with last year. The net loss for the Year was HK$53.8 million, compared to the loss of HK$58.0 million last year. Loss per share attributable to ordinary equity holders of the parent for the Year was HK1.64 cents (2010: HK2.05 cents). The Group's net loss for the Year was primarily attributable to realized loss of HK$25.9 million and unrealized loss of HK$12.3 million on equity investments in the treasury investments segment.

According to the China Semiconductor Industry Association (CSIA) 2009 report, Mainland China's semiconductor consumption reached RMB567.6 billion in 2009, accounting for more than 30% of worldwide semiconductor consumption. Mainland China has now become a key player in the global semiconductor market and its consumption of semiconductors has exceeded the markets in Japan, North America and Europe. With both global economic recovery and strong domestic economic growth, Mainland China's semiconductor consumption is expected to continue to grow. To capture increasing business opportunities from the growing semiconductor market and benefits from the government policy of encouraging the development of new and high-end technology in Mainland China, the Group has been dedicating its efforts and resources to developing its own proprietary core architecture for a high computation performance processor.

The core architecture in development is a Multi-Threaded Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is new core architecture for high computation performance based on multi-processing and parallel computing. The new Company name, ICube Technology Holdings Limited ("ICube"), reflects the Group's new business direction and its recent progress in research and development efforts, pioneering a new level of technological development in China's semiconductor design space with its own developed core processing architecture. ICube's MVP is an independently developed "China Core" featuring the versatility of a unified processor, combining the capabilities of a central processing unit (CPU) and graphics processing unit (GPU) in one solution for 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 independent 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 Year, the Group reached a significant milestone in taping out its first MVP based product, ICube's IC1, and successfully implemented its Harmony Unified Processor Technology through field programmable gate arrays. The ICube's IC1 contains two MVP cores that provide high computing power while maintaining a substantial price/performance advantage in the industry for mobile computing and mobile communication devices. When IC1 is brought to the market place, the Board believes that it will be the first system-on-chip (SoC) design based on MVP that combines CPU and GPU into one truly integrated core and also the first chip in Mainland China with multi-core processors based on parallel computing with advanced SMT design technique. Ultimately, this technological development allows the Group's MVP based products to deliver the best cost-efficient and power-efficient processor performance to the mass mobile computer consumers.

The Group's electronic products business continued to face intense market competition in terms of rising raw material costs, shortage of labour and downward price pressures. During the Year, the Group made efforts to secure new sales orders for the assembly of traditional electronics products and thus the sales revenue from the electronic products segment increased by HK$22.1 million or 134.8% to HK$38.5 million. Due to the production mold costs and set-up overheads for the launch of the new products, the operating loss for this segment for the Year increased to HK$4.8 million.

The Group continued to utilize its available funds in treasury investments. During the Year, the local stock market became volatile due to the European debt crisis and the earthquake and radiation leak in Japan. The treasury investments segment for the Year recorded an unrealized loss of HK$12.3 million and realized loss of HK$25.9 million on equity investments.

In view of the economic uncertainties and the Vietnam government's conservative view on foreign participation in the retail business, the Group has disposed of its convenience stores business in Vietnam (the "Vietnam Disposal") for a consideration of HK$33.2 million. The details of the above transaction were disclosed in the Company's announcement dated 10 August 2010. This transaction was completed on 12 October 2010. The gain from the disposal of the discontinued operation was approximately HK$26.7 million. The Board believes that the disposal will enable the Group to avoid any further losses that will possibly be incurred in the convenience stores business and to redeploy its resources for other investment opportunities.

Prospects

China's semiconductor consumption has grown many times faster than the worldwide market primarily as a result of two driving factors, namely the continuing transfer of worldwide electronic equipment production to China and the above-average semiconductor content of that equipment. The worldwide technology trend towards mobility is also contributing to China's increasing share of worldwide electronic systems production. The strong growth opportunity in China's production and consumption of electronic products provides an optimistic growth opportunity for semiconductors positioned to meet domestic demand for communication and computing devices. For the year to come, with the roll-out of its first MVP based product, IC1 and its Harmony Unified Processor Technology, the Group looks forward to contributing to and growing with the market opportunities that are introduced by China's vast electronics market, especially the mobile computing and communications devices segment.

Looking ahead, as the repercussions of the cyclical volatility in global financial markets and economic uncertainties remain, 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 Year was HK$20.4 million, representing a decrease of HK$13.8 million or 40.5% compared with last year. The Group's revenue principally comprised the sales of electronic products of HK$38.5 million and the net loss on treasury investments of HK$18.1 million. During the Year, the revenue from electronic products increased by HK$22.1 million or 134.8% to HK$38.5 million.

The total comprehensive loss attributable to owners of the parent for the Year was HK$50.9 million compared to the total comprehensive loss of HK$55.7 million last year. As at 31 March 2011, the Group's consolidated net asset value was HK$120.9 million (31 March 2010: HK$168.7 million).

Research costs for the Year came to HK$9.3 million, compared to HK$1.6 million last year. The research costs were utilized primarily in the research and development of the Group's MVP based product, IC1. Administrative expenses amounted to HK$30.9 million, representing a decrease of HK$2.4 million or 7.1% compared with last year.

The loss for the Year was HK$53.8 million, compared to the loss of HK$58.0 million last year. As at 31 March 2011, the Group's net asset value decreased by HK$47.8 million or 28.3% to HK$120.9 million. This was mainly due to the loss attributable to owners of the parent of HK$46.4 million.

Liquidity and Financial Resources

During the Year, the Group generally financed its operation with internally generated cash flow, cash reserve and banking facilities. The Group's bank and short-term deposits as at 31 March 2011 were HK$50.7 million (at 31 March 2010: HK$141.4 million).

As at 31 March 2011, the Group had no bank overdrafts, short and long term interest-bearing bank borrowings (at 31 March 2010: Nil).

As at 31 March 2011, the Group's current ratio was 5.4 times (at 31 March 2010: 1.5 times) based on current assets of HK$299.7 million (at 31 March 2010: HK$295.9 million) and current liabilities of HK$55.5 million (at 31 March 2010: HK$197.3 million). As at 31 March 2011, current liabilities decreased by HK$141.7 million or 71.8% to HK$55.5 million due to the redemption of convertible bonds of HK$200 million on the maturity day during the Year.

As at 31 March 2011, the Group did not have any significant commitment (2010: HK$15.3 million). The Group also had no other contingent liabilities or material commitments.

Capital Structure

As at 31 March 2011, the Group's gearing ratio, being convertible notes payable to net worth and the convertible bonds payable was 60.9% (31 March 2010: 52.7%).

The Group's bank deposits and borrowings 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 8 October 2010, the Company entered into a placing agreement with a placing agent for the placing of three year zero-coupon Convertible Bonds, on the best efforts basis, with a principal amount of HK$200 million at the conversion price of HK$0.125 per share. The 1,600,000,000 conversion shares represented approximately 36.16% of the then issued share capital of the Company as enlarged by the conversion shares. The net proceeds from the placing of approximately HK$195.5 million are to be utilized for the redemption of the 2007 Convertible Bonds issued by the Company on 16 November 2007 or repayment of any short term financing. The details of the above transaction were disclosed in the Company's announcement dated 8 October 2010.

Significant Investments

As at 31 March 2011, the Group had convertible notes issued by two companies listed on The Stock Exchange of Hong Kong Limited with fair value amount of the conversion option derivatives of HK$0.4 million and the carrying amount of the loan portion of HK$70.4 million. The fair value of the loan portion approximated to its fair value. The interest income for the Year was HK$6.4 million.

As at 31 March 2011, 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$178.6 million. The related dividend income for the Year was HK$1.4 million.

Details of Charges on Assets

As at 31 March 2011, a fixed deposit of HK$7.3 million (2010: HK$7.3 million) was pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals

During the Year, save for the Vietnam Disposal, the Company had no material acquisition and disposal of subsidiaries and associate.

Employment, Training and Development

As at 31 March 2011, the Group had a total of 118 employees, of which 27 were based in Hong Kong and 91 based in Mainland China. The Group is committed to staff training and development and structured training programmes for all employees.

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

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effecting accountability to maximize shareholder's benefit. In the opinion of the Board, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the Year except that there is no separation of the roles of Chairman and Chief Executive Officer as specified in the code provision A.2.1 of the CG Code. 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 Company.

Detailed disclosure of the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the annual report of the Company for the Year.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has met with the external auditors of the Company, Messrs Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group of the year ended 31 March 2011. The Audit Committee has also discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises the three independent non-executive directors of the Company, namely, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS OF THE COMPANY

As at the date hereof, 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.

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

Hong Kong, 22 June 2011

* *for identification purposes only*