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 2012

The Board of Directors (the "Board") of ICube Technology Holdings Limited (the "Company" or "ICube") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 (the "Year") together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2012

		For the year ended 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
REVENUE	*2, 3*		
Electronic products		**23,097**	38,511
Treasury investments		**(33,248)**	(18,137)
		(10,151)	20,374
Cost of electronic products sold		**(23,108)**	(38,901)
Brokerage and commission expenses		**(113)**	(385)
		(23,221)	(39,286)
		(33,372)	(18,912)
Other income and gains	*3*	**880**	555
Selling and distribution costs		**(451)**	(332)
Administrative expenses		**(33,681)**	(30,888)
Research costs		**(7,206)**	(9,306)
Other operating expenses		**(1,269)**	(427)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		**(98,327)**	(12,328)
Conversion option derivatives		**(390)**	(472)
Derivative component of convertible bonds		**25,810**	13,680
Finance costs	*4*	**(19,480)**	(18,542)
LOSS BEFORE TAX	*5*	**(167,486)**	(76,972)

CONSOLIDATED INCOME STATEMENT (continued)

For the year ended 31 March 2012

	Notes	For the year ended 31 March 2012 HK$'000	2011 HK$'000
Income tax expense	6	–	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(167,486)**	(76,972)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	–	(3,515)
Gain on disposal of a subsidiary		–	26,691
		–	23,176
LOSS FOR THE YEAR		**(167,486)**	(53,796)
Attributable to:			
Owners of the parent		**(156,601)**	(46,416)
Non-controlling interests		**(10,885)**	(7,380)
		(167,486)	(53,796)
DIVIDEND	8	–	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For loss for the year		**HK(5.49) cents**	HK(1.64) cents
– For loss from continuing operations		**HK(5.49) cents**	HK(2.46) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March 2012 HK$'000	2011 HK$'000
LOSS FOR THE YEAR	**(167,486)**	(53,796)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale equity investments:		
Changes in fair value	**(3,508)**	1,917
Income tax effect	**579**	(316)
	(2,929)	1,601
Exchange differences on translation of foreign operations	**124**	1,246
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(2,805)**	2,847
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(170,291)**	(50,949)
Attributable to:		
Owners of the parent	**(159,532)**	(43,712)
Non-controlling interests	**(10,759)**	(7,237)
	(170,291)	(50,949)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

		As at 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,053**	1,639
Prepaid land lease payment		**–**	–
Available-for-sale equity investments		**15,304**	18,812
Total non-current assets		**17,357**	20,451
CURRENT ASSETS			
Convertible notes – loan portion		**–**	70,365
Convertible notes – conversion option derivatives		**–**	390
Note receivables		**15,383**	–
Equity investments at fair value through profit or loss	*10*	**106,874**	159,757
Inventories	*11*	**1,174**	1,288
Trade receivables	*12*	**3,350**	2,210
Prepayments, deposits and other receivables		**3,476**	14,943
Pledged time deposits		**–**	7,335
Cash and cash equivalents		**49,989**	43,372
Total current assets		**180,246**	299,660
CURRENT LIABILITIES			
Trade payables	*13*	**368**	1,305
Tax payable		**12**	12
Other payables and accruals		**8,859**	8,543
Finance lease payables		**140**	130
Derivative component of convertible bonds		**19,730**	45,540
Total current liabilities		**29,109**	55,530
NET CURRENT ASSETS		**151,137**	244,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2012

	Notes	As at 31 March 2012 HK$'000	2011 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**168,494**	264,581
NON-CURRENT LIABILITIES			
Finance lease payables		**85**	225
Convertible bonds		**161,848**	142,595
Deferred tax liabilities		**315**	894
Total non-current liabilities		**162,248**	143,714
Net assets		**6,246**	120,867
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*14*	**33,896**	28,247
Reserves		**(10,560)**	99,857
		23,336	128,104
Non-controlling interests		**(17,090)**	(7,237)
Total equity		**6,246**	120,867

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

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2012. 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.

Total comprehensive income within a subsidiary is 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.

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 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclousres for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 expenses items and research and development of information technology.

Management monitors the results of the Group's 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, fair value gain on derivative component of convertible bonds, head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged time 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, the 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 2012 and 2011.

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**23,097**	38,511	**–**	–	**–**	–	**23,097**	38,511
Losses from treasury investments	**–**	–	**(33,248)**	(18,137)	**–**	–	**(33,248)**	(18,137)
Total	**23,097**	38,511	**(33,248)**	(18,137)	**–**	–	**(10,151)**	20,374
Segment results	**(3,508)**	(4,819)	**(132,073)**	(30,802)	**(38,126)**	(36,397)	**(173,707)**	(72,018)
Reconciliation:								
Interest income and unallocated gains							**13**	19
Fair value gain on derivative component of convertible bonds							**25,810**	13,680
Unallocated expenses							**(122)**	(111)
Finance costs							**(19,480)**	(18,542)
Loss before tax from continuing operations							**(167,486)**	(76,972)
Income tax expense							**–**	–
Loss for the year							**(167,486)**	(76,972)
Assets and liabilities								
Segment assets	**5,120**	4,781	**139,310**	262,145	**2,275**	1,560	**146,705**	268,486
Reconciliation:								
Unallocated assets							**50,898**	51,625
Total assets							**197,603**	320,111
Segment liabilities	**6,890**	7,673	**120**	120	**2,391**	2,360	**9,401**	10,153
Reconciliation:								
Unallocated liabilities							**181,956**	189,091
Total liabilities							**191,357**	199,244

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Depreciation	**77**	17	**–**	–	**395**	717	**472**	734
Impairment of items of property, plant and equipment	**17**	335	**–**	–	**–**	–	**17**	335
Impairment of other receivables	**–**	–	**–**	–	**906**	–	**906**	–
Write-down of inventories to net realisable value	**60**	221	**–**	–	**–**	–	**60**	221
Fair value losses on equity investments at fair value through profit or loss	**–**	–	**98,327**	12,328	**–**	–	**98,327**	12,328
Fair value loss on conversion option derivatives	**–**	–	**390**	472	**–**	–	**390**	472
Equity-settled share option arrangements	**–**	–	**–**	–	**4,941**	3,142	**4,941**	3,142
Capital expenditure	**22**	665	**–**	–	**907**	2,343	**929**	3,008

Geographical information

The following table presents revenue from continuing operations and non-current assets information for the Group's geographical information for the years ended 31 March 2012 and 2011.

	People's Republic of China (including Hong Kong)		Europe and South Africa		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Electronic products	**21,606**	38,511	**1,491**	–	**23,097**	38,511
Treasury investments	**(33,248)**	(18,137)	**–**	–	**(33,248)**	(18,137)
	(11,642)	20,374	**1,491**	–	**(10,151)**	20,374
Non-current assets	**2,053**	1,639	**–**	–	**2,053**	1,639

The revenue information from continuing operations above is based on the location of the customers and the stock market.

The non-current asset information from continuing operations above is based on the location of assets and excludes financial instruments.

Information about a major customer

Revenue from continuing operations of approximately HK$14,830,000 (2011: HK$20,410,000) was derived from sales by electronic products segment to a single customer.

3. Revenue, other income and gains

	For the year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**23,097**	38,511
Losses on disposal of equity investments at fair value through profit or loss	**(44,077)**	(25,921)
Dividend income from listed equity investments	**1,861**	1,425
Interest income from note receivables and convertible notes	**8,968**	6,359
	(10,151)	20,374
Other income and gains		
Bank interest income	**13**	19
Others	**867**	536
	880	555

4. Finance costs

	For the year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank overdrafts and other loans wholly repayable within five years	**207**	707
Interest on finance leases	**20**	11
Imputed interest on convertible bonds	**19,253**	17,824
	19,480	18,542

5. Loss before tax

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

	For the year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**23,108**	38,901
Depreciation	**472**	734
Research costs	**7,206**	9,306
Impairment of other receivables	**906**	–
Impairment of items of property, plant and equipment	**17**	335
Write-off of items of property, plant and equipment	**–**	106
Loss on disposal of items of property, plant and equipment	**45**	–
Write-down of inventories to net realisable value	**60**	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 (2011: 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 (2011: 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 store business in Vietnam. The Group decided to cease its convenience store 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 from 1 April 2010 up to the date of disposal are presented below:

	For the year ended 31 March 2011 *HK$'000*
Revenue	5,836
Cost of goods sold	(4,447)
Gross profit	1,389
Other income	630
Selling and distribution expenses	(1,804)
Administrative expenses	(3,730)
Other operating expenses	–
Loss before tax from the discontinued operation	(3,515)
Income tax expense	–
Loss for the year from the discontinued operation	(3,515)
Gain on disposal of a subsidiary	26,691
	23,176

The net cash flows incurred by GR Vietnam International are as follows:

	2011 *HK$'000*
Operating activities	(3,214)
Investing activities	(1,528)
Financing activities	3,463
Net cash outflows	(1,279)

Earnings per share:	
Basic and diluted, from the discontinued operation	HK0.82 cents

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

	2011
Profit attributable to ordinary equity holders of the parent from the discontinued operation	HK$23,176,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,824,643,047

No adjustment has been made to the basic earnings per share amount from the discontinued operation for the year ended 31 March 2011 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 during that year.

8. Dividend

The Board has resolved not to pay any final dividend for the Year (2011: Nil). In addition, no interim dividend was paid for the Year (2011: 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$156,601,000 (2011: HK$46,416,000) and the weighted average number of 2,850,882,501 (2011: 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 from continuing operations of HK$156,601,000 (2011: HK$69,592,000) and the weighted average number of 2,850,882,501 (2011: 2,824,643,047) ordinary shares in issue during the Year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2012 and 2011 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	
	2012	2011
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at fair value	**106,874**	159,757

11. Inventories

	As at 31 March	
	2012	2011
	HK$'000	*HK$'000*
Raw materials	**107**	485
Work in progress	**450**	578
Finished goods	**617**	225
	1,174	1,288

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 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 98% (2011: 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	
	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**3,350**	1,937
1 to 2 months	**–**	235
2 to 3 months	**–**	6
Over 3 months	**–**	32
	3,350	2,210

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	
	2012	2011
	HK$'000	*HK$'000*
Within 1 to 2 months	**248**	651
Over 3 months	**120**	654
	368	1,305

14. Share capital

	As at 31 March	
	2012	2011
	HK$'000	*HK$'000*
Authorised		
– 60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid		
– 3,389,563,047 (2011: 2,824,643,047) ordinary shares of HK$0.01 each	**33,896**	28,247

Movements of the Company's issued share capital is as follows:

	Note	**Number of shares in issue**	**Issued share capital**	**Share premium account**	**Total**
			HK$'000	*HK$'000*	*HK$'000*
At 1 April 2010, 31 March 2011, and 1 April 2011		2,824,643,047	28,247	701,055	729,302
Issue of new shares	*(a)*	564,920,000	5,649	45,194	50,843
Share issue expenses	*(a)*	–	–	(1,020)	(1,020)
At 31 March 2012		3,389,563,047	33,896	745,229	779,125

Note:

(a) On 15 March 2012, 564,920,000 shares of HK$0.01 each were issued at a price of HK$0.09 per share and net proceeds of HK$49,823,000 were generated. The proceeds are to be used to fund the research and development of information technology and as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a negative revenue of HK$10.2 million for the Year, compared to the revenue of HK$20.4 million of last year. It was attributable to the realised loss on disposal of listed securities investment of HK$44.1 million for the Year. The net loss for the Year was HK$167.5 million, compared to the loss of HK$53.8 million of last year. Loss per share attributable to ordinary equity holders of the parent for the Year was HK5.49 cents (2011: HK1.64 cents). The Group's net loss for the Year was primarily attributable to realised loss of HK$44.1 million and unrealised loss of HK$98.3 million on the listed securities investment in the treasury investments segment.

According to the China Semiconductor Industry Association (CSIA) 2010 report, Mainland China's semiconductor consumption grew by over 30% in 2010 to reach a new record of USD132 billion, representing more than 40% worldwide semiconductor consumption. Since 2000, Mainland China semiconductor consumption has grown at approximately 25% compounded annual growth rate (CAGR) and continued to outpace all other regions. While it is evident that Mainland China leads a dominant position in the worldwide production of electronics and consumption of semiconductors, the current market trends of mobile internet and open-source development are also having a significant impact in shaping the future direction of the market.

Mobility and the internet are two key factors that have driven the consumption of personal computers and consumer electronics in the past decade. Mobile internet has witnessed the migration from personal computers to handheld computing devices, creating fertile ground for innovation tailored for mobile devices. The emergence of Google's Android platform, a free and open-source mobile operating system lead by Google's Android Open Handset Alliance has also expedited the development of a new generation of mobile computing devices. Analysys International's studies show that Mainland China's smartphone sales share (by operating systems) in Android had doubled from 33.6% (2011Q1) to 68.4% (2011Q4). At the end of 2011Q4, Symbian claimed 18.7% and Apple 5.7% of the domestic market share respectively.

During the Year, the Group continued to place strong research and development efforts on its System-on-chip (SoC) technology. 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. 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 Mainland China's vast consumer electronics market. The Group's development of this new processing architecture has revolutionised mobile computing by unrolling its Harmony Unified Processor Technology, which contains an independent Instruction-Set-Architecture with optimised compiler, the MVP parallel computing core and dynamic load balancing with Agile Switching of simultaneously-multi-threading (SMT) threads.

The Group has achieved a significant milestone in bringing a higher level of technological development to Mainland China's semiconductor design space by developing new core architecture for high computation performance, based on multi-processing and paralleling computing. ICube's MVP is the first Unified Processor Unit (UPU) in the world that integrates CPU and GPU into one parallel computing core. During the Year, the Group also started to place more emphasis on the execution of sales and marketing strategy to introduce products based on the UPU technology to the market, to leverage the advantage of its proprietary intellectual property.

Amid the worsening sovereign debt crisis in Europe and the weakened demand for electronic products in the United States and Europe markets, the Group's electronic products business continued to operate in a difficult market environment. Customers in the export market reduced their inventory and cut the future sales orders. During the Year, the sales orders for the assembly of electronics products was slow down and thus the sales revenue from the electronic products segment decreased by HK$15.4 million or 40.0% to HK$23.1 million. The operating loss for this segment for the Year decreased to HK$3.5 million.

The Group continued to utilise its available funds in treasury investments. During the Year, the United States suffered the loss of its triple A credit rating from an international agency, the worsening European debt crisis further spread and the potential default risk of Greece's debt was accelerating. The local stock market was therefore seriously hit and fluctuated with a high volatility. Under a panic and pessimistic atmosphere, the market sentiments and the investor confidence was heavily undermined and the Hang Seng index for the Year slumped in heavy volume. As a result of the general downturn in the local stock market, the Group's treasury investments segment for the Year recorded an unrealised loss of HK$98.3 million and realised loss of HK$44.1 million on equity investments.

Prospects

The smartphone market in Mainland China is expected to reach 630.5 million units in 2012 and will increase to 1,104.9 million units by 2015. If these estimates are realised, Mainland China will surpass the United States and become the leading country-level market for smartphone shipments in 2012. Worldwide media tablet sales are also expected to reach 118.9 million units in 2012. Mainland China tablet's market is anticipated to grow at CAGR of around 53.81% with the wide acceptance and increased demand from consumers. Tablets personal computers have filled the gap perfectly between a notebook computer and a smartphone. Both the global and Mainland China tablet personal computer market is growing at a much faster pace than originally anticipated. The lower market penetration with increasing consumer acceptance is driving the industry growth exponentially. This attractive growth prospective in Mainland China's production and consumption of electronic products introduces positive growth opportunities for domestic semiconductors that are well positioned to meet the increasing demand for low-cost, low-power and high-performance solutions. The Group looks forward to contributing to and growing with the market opportunities that are supported by Mainland China's vast semiconductor consumption market with products based on the Harmony Unified Processor Technology.

Looking ahead, the spiraling European debt crisis would continue to drag on the global economy and deal a blow to the economic recovery that is steaming slowly. The global economies will remain weak and the local stock market become volatile in response to the uncertainties over the fate of the euro-currency and the huge challenges posed by the high volatile global financial markets. 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 recorded a negative revenue of HK$10.2 million for the Year, comparing to the revenue of HK$20.4 million of last year. The Group's revenue principally comprised the sales of electronic products of HK$23.1 million and the realised loss on disposal of listed securities investments of HK$44.1 million from treasury investments. During the Year, the revenue from electronic products decreased by HK$15.4 million or 40.0% to HK$23.1 million.

The total comprehensive loss attributable to owners of the parent for the Year was HK$159.5 million compared to the total comprehensive loss of HK$43.7 million last year. As at 31 March 2012, the Group's consolidated net asset value was HK$6.2 million (31 March 2011: HK$120.9 million).

Research and development costs for the Year came to HK7.2 million, compared to HK$9.3 million of last year. The research and development costs were utilised primarily in the development of the Group's MVP based product, IC1. Administrative expenses amounted to HK$33.7 million, representing an increase of HK$2.8 million or 9.0% compared with last year.

The loss for the Year was HK$167.5 million, compared to the loss of HK$53.8 million of last year. As at 31 March 2012, the Group's net asset value was HK$6.2 million compared to the net asset value of HK$120.9 million last year. This was mainly due to the loss attributable to shareholders of HK$167.5 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 2012 were HK$50.0 million (31 March 2011: HK$50.7 million).

As at 31 March 2012, the Group had no bank overdrafts, short and long term interest-bearing bank borrowings (31 March 2011: Nil).

As at 31 March 2012, the Group's current ratio was 6.2 times (31 March 2011: 5.4 times) based on current assets of HK$180.2 million (31 March 2011: HK$299.7 million) and current liabilities of HK$29.1 million (31 March 2011: HK$55.5 million).

As at 31 March 2012, the Group did not have any significant commitment (31 March 2011: Nil). The Group also had no other contingent liabilities or material commitments.

Capital Structure

As at 31 March 2012, the Group's gearing ratio, being convertible bonds payable to net worth and the convertible bonds payable was 96.7% (31 March 2011: 60.9%).

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 5 March 2012, the Company placed 564,920,000 new shares at the issued price of HK$0.09 per share, representing approximately 20.00% of its existing issued share capital. The net proceeds from the placing of approximately HK$49.8 million are to be utilised for the funding the research and development on the Group's Multi-thread Virtual Pipeline based System-on-chip product and as general working capital.

Significant Investments

As at 31 March 2012, the Group had note receivables issued by a company listed on The Stock Exchange of Hong Kong Limited with the carrying amount of HK$15.4 million (31 March 2011: Convertible notes with conversion option derivatives of HK$0.4 million and loan portion of HK$70.4 million). The carrying amount of the loan portion is approximated to its fair value. The interest income for the Year was HK$9.0 million.

As at 31 March 2012, 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$122.2 million. The related dividend income for the Year was HK$1.9 million.

Details of Charges on Assets

As at 31 March 2012, the Company had no charges on assets (2011: fixed deposit of HK$7.3 million was pledged to secure banking facilities granted to the Group).

Material Acquisitions and Disposals

During the Year, the Company had no material acquisition and disposal of subsidiaries and associate.

Employment, Training and Development

As at 31 March 2012, the Group had a total of 123 employees, of which 30 were based in Hong Kong and 93 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 15 August 2012 to Friday, 17 August 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Friday, 17 August 2012, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 August 2012.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") (known as "Corporate Governance Code" with effect from 1 April 2012) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 included 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 2012. 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 2012

* *for identification purposes only*