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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **ICube Technology Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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ICube Technology Holdings Limited

中國微電子科技集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

**PROPOSED CAPITAL REORGANISATION
PROPOSED VARIATION OF
THE TERMS AND CONDITIONS OF CONVERTIBLE BONDS
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting to be held at The Boardroom (Basement II), The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 9:30 a.m. on Monday, 25 March 2013 is set out on pages N-1 to N-3 of this circular.

Whether or not you are able to attend the Special General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting thereof should you so wish.

* *For identification purpose only*

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EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION

The expected timetable for the implementation of the Capital Reorganisation and the associated trading arrangements are set out below:

Events	2013 <i>(Notes)</i>
Latest time for lodging forms of proxy for the purpose of the Special General Meeting (not less than 48 hours before the Special General Meeting)	9:30 a.m. on Saturday, 23 March
Date of the Special General Meeting	9:30 a.m. on Monday, 25 March
Announcement of results of the Special General Meeting	Monday, 25 March
Effective date of the Capital Reorganisation	Tuesday, 26 March
Existing counter for trading in the Shares in board lots of 10,000 Shares temporarily closes	9:00 a.m. on Tuesday, 26 March
Temporary counter for trading in the Reorganised Shares in board lots of 2,000 Reorganised Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 26 March
Free exchange of existing share certificates for new share certificates for the Reorganised Shares commences	9:00 a.m. on Tuesday, 26 March
Designated securities house starts to stand in the market to provide matching services for the sale and purchase of odd lots of Reorganised Shares	Friday, 12 April
Existing counter for trading in the Reorganised Shares in board lots of 10,000 Reorganised Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 12 April
Parallel trading in the Reorganised Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Friday, 12 April
Temporary counter for trading in the Reorganised Shares in board lots of 2,000 Reorganised Shares (in the form of existing share certificates) closes	4:00 p.m. on Friday, 3 May
Parallel trading in the Reorganised Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m. on Friday, 3 May

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION

Events

2013

(Notes)

Designated securities house ceases to stand in the market to
provide matching services for the sale and purchase of
odd lots of Reorganised Shares 4:00 p.m. on Friday, 3 May

Free exchange of existing share certificates for
new share certificates for the Reorganised Shares ends 4:00 p.m. on Friday, 10 May

Notes:

- (1) All references to time and dates refer to Hong Kong local time and dates.
- (2) Dates or deadlines specified in this circular for events in the timetable are indicative only and may be extended or varied. Any consequential changes to the anticipated timetable will be announced by the Company as and when appropriate.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Conditions”	the terms and conditions of the Convertible Bonds as currently in force
“Bondholder(s)”	holder(s) of the Convertible Bonds (namely, Chung Nam Securities Limited, Haitong International Securities Nominees Limited and Get Nice Securities Limited, which are holding the Convertible Bonds as nominee for several beneficial owners)
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and administered by HKSCC
“Capital Reduction”	the proposed cancellation of HK\$0.04 paid-up capital for each issued Consolidated Share
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company consisting of the Share Consolidation and the Capital Reduction
“CB Conditions”	the conditions precedent as contained in the Deed of Variations, the fulfilment of which is mandatory for the Proposed Amendments to take effect
“CB Longstop Date”	8 May 2013 (or such other date as the parties to the Deed of Variations may agree in writing)
“Company”	ICube Technology Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company to be created immediately following the Share Consolidation but before the Capital Reduction

DEFINITIONS

“Conversion Shares”	new Reorganised Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the convertible portion of the Convertible Bonds or the mandatory conversion right exercisable at the option of the Company
“Convertible Bonds”	the three-year zero coupon convertible bonds (in the denomination of HK\$500,000 each in registered form) in the aggregate principal amount of HK\$200 million constituted by the Instrument and issued by the Company on 1 December 2010 pursuant to the Placing Agreement
“Deed of Variations”	the conditional deed of variations dated 8 February 2013 entered into by the Company and the Bondholders in relation to the Proposed Amendments
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the CB Conditions having been satisfied and amendments to the Bond Conditions pursuant to the Deed of Variations having come into effect and as notified by the Company to the Bondholders in writing in accordance with the Deed of Variations
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is independent of, and is/are not connected with, the Company, its subsidiaries and their respective connected persons
“Instrument”	the deed poll dated 1 December 2010 executed by the Company constituting the Convertible Bonds
“Latest Practicable Date”	25 February 2013, being the latest practicable day prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Conversion Price”	HK\$0.33 per Reorganised Share
“Original Conversion Price”	the initial conversion price of the Convertible Bonds of HK\$0.125 per Share
“Original Conversion Shares”	new Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (before the variations effected by the Deed of Variations becoming effective)
“Placing Agreement”	the placing agreement dated 8 October 2010 entered into between the Company and Taifook Securities Company Limited (now known as Haitong International Securities Company Limited) in respect of the placing of the Convertible Bonds
“Proposed Amendments”	the amendments conditionally agreed by the Company and the Bondholders to be made to the Instrument and the Bond Conditions pursuant to the Deed of Variations
“Registrar”	Tricor Tengis Limited, the branch share registrar and transfer office of the Company in Hong Kong, whose business address is situate at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Reorganised Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company to be created upon the Capital Reorganisation becoming effective
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company (before the implementation of the Capital Reorganisation)
“Share Consolidation”	the proposed consolidation of every five (5) Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of Shares or Consolidated Shares or Reorganised Shares (as the case may be)
“Share Option Scheme”	the share option scheme of the Company adopted on 27 August 2003

DEFINITIONS

“Special General Meeting”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving (i) the Capital Reorganisation; and (ii) the Deed of Variations and the transactions contemplated thereunder (including the Proposed Amendments and the allotment and issue of the Reorganised Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the Varied Bond Conditions)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Varied Bond Conditions”	the Bond Conditions, as varied by the Proposed Amendments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

Mr Wong Howard

(Chairman and Chief Executive Officer)

Mr Wong Yat Fai

Independent Non-executive Directors:

Mr Tung Tat Chiu, Michael

Mr Li Chi Ming

Mr Wang Ngar Yin, David

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business
in Hong Kong:*

Room 1603-05

Harcourt House

39 Gloucester Road

Wanchai, Hong Kong

1 March 2013

To the Shareholders

Dear Sir or Madam

**PROPOSED CAPITAL REORGANISATION
PROPOSED VARIATION OF
THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 4 and 8 February 2013, the Board respectively announced that the Company proposes to put forward to the Shareholders for approval at the Special General Meeting:

- (a) a proposal to implement the Capital Reorganisation; and
- (b) the proposed variation of certain terms and conditions of the Convertible Bonds pursuant to the Deed of Variations.

The purpose of this circular is to provide you with:

- (i) further details regarding the Capital Reorganisation;

* For identification purpose only

LETTER FROM THE BOARD

- (ii) further details regarding the Deed of Variations and the transactions contemplated thereunder; and
- (iii) the notice of the Special General Meeting at which resolutions will be proposed to approve the Capital Reorganisation and the Deed of Variations and the transactions contemplated thereunder.

CAPITAL REORGANISATION

The Capital Reorganisation involves the Share Consolidation and the Capital Reduction pursuant to which:–

- (i) every five (5) Shares in the issued ordinary share capital of the Company will be consolidated into one (1) Consolidated Share;
- (ii) every issued Consolidated Share will be reduced in nominal amount by cancelling HK\$0.04 of the capital paid up for each issued Consolidated Share so as to form (after the Share Consolidation) one (1) Reorganised Share of HK\$0.01 each; and
- (iii) the credit arising from the Capital Reorganisation will be transferred to the contributed surplus account of the Company.

As at the Latest Practicable Date, there were 3,389,563,047 Shares in issue. On this basis, there will be 677,912,609 Reorganised Shares in issue following the Capital Reorganisation becoming effective (assuming that there were no changes in the issued share capital of the Company from the Latest Practicable Date up to the effective date of the Capital Reorganisation).

As at the Latest Practicable Date, the amount standing to the credit of the contributed surplus account of the Company was approximately HK\$551,173,917. It is anticipated that a credit of approximately HK\$27,116,504 will arise immediately after the Capital Reorganisation has become effective and the total amount standing to the credit of the contributed surplus account of the Company will become HK\$578,290,421.

Set out below is the composition of the authorised share capital of the Company:

	As at the Latest Practicable Date	Immediately after the Capital Reorganisation becoming effective
Issued share capital	HK\$33,895,630.47 comprising 3,389,563,047 issued Shares	HK\$6,779,126.09 comprising 677,912,609 issued Reorganised Shares

LETTER FROM THE BOARD

	As at the Latest Practicable Date	Immediately after the Capital Reorganisation becoming effective
Unissued share capital	HK\$566,104,369.53 comprising 56,610,436,953 unissued Shares	HK\$593,220,873.91 comprising 59,322,087,391 unissued Reorganised Shares

The value of the authorised share capital of the Company immediately before and after the Capital Reorganisation remains unchanged and is HK\$600,000,000.

CONDITIONS OF THE CAPITAL REORGANISATION

The Capital Reorganisation will be conditional upon:

- (i) the passing of a special resolution in relation to the Capital Reorganisation by the Shareholders at the Special General Meeting;
- (ii) compliance by the Company with the requirements applicable to the Capital Reduction pursuant to the Companies Act 1981 of Bermuda; and
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Reorganised Shares.

The Capital Reorganisation will become effective on the Business Day immediately following the fulfilment of the above conditions.

LISTING AND DEALINGS

Application will be made to the Listing Committee granting the listing of, and permission to deal in, the Reorganised Shares.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

STATUS OF THE REORGANISED SHARES

The Reorganised Shares will rank equally in all respects with each other, and the Capital Reorganisation will not result in any change in any relative rights of the Shareholders.

The rights attached to a Reorganised Share will remain unchanged after the Capital Reorganisation becoming effective and there will be no diminution of any liability in respect of payment to any Shareholder of any paid up capital, except no fractional entitlement, if any, as a result of the Capital Reorganisation will be issued to Shareholder(s) but will be aggregated and, if possible, sold and retained for the benefit of the Company.

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BOARD LOT SIZE

Shares are currently traded in board lots of 10,000 Shares. The Reorganised Shares will be traded in board lots of 10,000 Reorganised Shares.

Based on the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of each board lot of 10,000 Reorganised Shares, assuming the Capital Reorganisation had already been effective, would be HK\$2,350.

REASONS FOR THE CAPITAL REORGANISATION

The Capital Reorganisation will increase the nominal value of the Shares. It is expected that the Capital Reorganisation would (i) bring about a corresponding upward adjustment in the trading price of the Reorganised Shares, which would keep it in line with Rule 13.64 of the Listing Rules as the Shares are currently traded at less than HK\$0.10; and (ii) reduce the overall transaction costs in dealing with the Reorganised Shares. Accordingly, the Directors are of the view that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Group or the interests of the Shareholders as a whole.

TRADING AND ASSOCIATED ARRANGEMENTS

CCASS Eligibility

Arrangement will be made to enable the Reorganised Shares to be admitted to CCASS. Subject to the granting of the listing of, and permission to deal in, the Reorganised Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Reorganised Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Reorganised Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in Reorganised Shares and exchange of share certificates

In view of the Reorganised Shares to be created upon the Share Consolidation and the Capital Reduction taking effect, a temporary counter at the Stock Exchange will be arranged to deal in the Reorganised Shares in board lot size of 2,000 Reorganised Shares before the Reorganised Shares are dealt with in the board lot size of 10,000 Reorganised Shares.

LETTER FROM THE BOARD

Shareholders may, during business hours from 9:00 a.m. on Tuesday, 26 March 2013 until 4:00 p.m. on Friday, 10 May 2013 submit their existing certificates (in blue colour) for the Shares to the Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new certificates (in silver grey colour) for the Reorganised Shares at the expenses of the Company. Thereafter, existing certificates for the Reorganised Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the Reorganised Shares or each old share certificates for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, such existing certificates will continue to be good evidence of legal title to the Reorganised Shares but will cease to be valid for trading, dealing and settlement purpose and may be exchanged for new certificates for the Reorganised Shares (fractional entitlements to the Reorganised Shares being ignored) at any time.

It is expected that new certificates for the Reorganised Shares will be available for collection with 10 Business Days after submission of the existing certificates for Shares to the Registrar for exchange. Unless otherwise instructed, new share certificates will be issued in board lot of 10,000 Reorganised Shares each.

Subject to the conditions precedent to the implementation of the Capital Reorganisation being fulfilled, the trading arrangements for dealings in Reorganised Shares are set out below:

- (1) with effect from 9:00 a.m. on Tuesday, 26 March 2013, the existing counter for trading in Shares in board lot size of 10,000 Shares will be closed temporarily. A temporary counter for trading in Reorganised Shares represented by existing share certificates in board lot size of 2,000 Reorganised Shares will be established from the period from 9:00 a.m. on Tuesday, 26 March 2013 to 4:00 p.m. on Friday, 3 May 2013. During the period, certificates for Shares can be traded at this counter only and will be valid for settlement and delivery for trading;
- (2) with effect from 9:00 a.m. on Friday, 12 April 2013, the original counter will be re-opened for trading in Reorganised Shares in board lot size of 10,000 Reorganised Shares. Only certificates for Reorganised Shares can be traded at this counter;
- (3) from 9:00 a.m. on Friday, 12 April 2013 to 4:00 p.m. on Friday, 3 May 2013 inclusive, there will be parallel trading at the counters mentioned in (1) and (2) above; and
- (4) the temporary counter for trading in Reorganised Shares in board lot size of 2,000 will be removed after the close of trading on Friday, 3 May 2013. Thereafter, trading in Reorganised Shares will cease to be marketable and will not be acceptable for dealing purpose. However, such certificates will continue to be good evidence of legal title and may be lodged with the Registrar for exchange for certificate(s) for Reorganised Shares.

LETTER FROM THE BOARD

Matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Reorganised Shares, the Company has appointed Haitong International Securities Company Limited to arrange for, on a “best effort” basis, the sale and purchase of odd lots of Reorganised Shares to those Shareholders who wish to acquire odd lots of Reorganised Shares to make up a full board lot, or to dispose of their holding of odd lots of Reorganised Shares during the period from 9:00 a.m. on Friday, 12 April 2013 to 4:00 p.m. on Friday, 3 May 2013 at the prevailing market prices.

Shareholders who hold odd lots of Reorganised Shares may instruct their stockbrokers to contact Mr Tsui Cheung On (徐祥安) of Haitong International Securities Company Limited at telephone number +(852) 2213 8268 for the purchase or disposal of their odd lot holdings.

Shareholders should note that the matching of the sale and purchase of odd lots of Reorganised Shares is not guaranteed.

The Company will make further announcement(s) to inform Shareholders of the effective date of the Capital Reorganisation, the associated trading arrangements as and when appropriate.

Since the Capital Reorganisation is subject to fulfilment of the conditions disclosed in this circular, the Capital Reorganisation may or may not proceed.

While the Group will not preclude the consideration of any appropriate fund raising opportunities if and when they arise in the future so as to strengthen its capital position and equip itself with better financial flexibility for the development of the business of the Group, the Group did not have any arrangement, intention, understanding or negotiation about any possible fund raising exercises subsequent to the Share Consolidation as at the Latest Practicable Date.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt as to their position, they should consult their professional advisers.

ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE BONDS UPON COMPLETION OF THE CAPITAL REORGANISATION

Pursuant to the applicable rules of the Share Option Scheme and the terms and conditions of the Convertible Bonds, the Capital Reorganisation, if implemented, may cause adjustments to the exercise price/conversion price (as the case may be) and/or the number of the new Reorganised Shares in the Company which may fall to be allotted and issued upon exercise of (as the case may be) the subscription rights attached to the outstanding options granted under the Share Option Scheme or the conversion rights attached to the Convertible Bonds. The Company will make further announcement(s) on the appropriate adjustments and the date such adjustments are to take effect as and when appropriate in accordance with the Listing Rules.

LETTER FROM THE BOARD

DEED OF VARIATIONS

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

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

	Existing terms	Proposed Amendments
Maturity date	30 November 2013	30 November 2016
Interest	The principal amount of each Convertible Bond in the denomination of HK\$500,000 is non-interest bearing	The principal amount of each Convertible Bond in the denomination of HK\$500,000 will be notionally divided into two portions: (1) interest bearing portion: in the principal amount of HK\$250,000, which is interest bearing at the fixed rate of 2.5% per annum, to accrue from the Effective Date and is payable upon maturity; and (2) convertible portion: in the principal amount of HK\$250,000, which is non-interest bearing

LETTER FROM THE BOARD

	Existing terms	Proposed Amendments
Conversion rights	<p>The Convertible Bonds may be convertible in whole or in part at any time following the date of its issue and up to the maturity date.</p> <p>Any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000.</p>	<p>No conversion rights are attached to the interest bearing portion of each Convertible Bond.</p> <p>Conversion rights are attached to the convertible portion of each Convertible Bond in the principal amount of HK\$250,000 (the “Conversion Limit”) from the Effective Date and up to (but not including) the maturity date. At each conversion, a Convertible Bond must be fully converted up to its Conversion Limit.</p>
Conversion price	<p>HK\$0.125 per Original Conversion Share (subject to standard adjustments which are customary for convertible securities of similar nature. The adjustment events include subdivision or consolidation of Shares, bonus issues, capital reduction, rights issue and other events which have diluting effects on the issued share capital of the Company)</p>	<p>HK\$0.33 per Conversion Share, assuming and after the Capital Reorganisation has become effective (subject to standard adjustments which are customary for convertible securities of similar nature. The adjustment events include subdivision or consolidation of Shares, bonus issues, capital reduction, rights issue and other events which have diluting effects on the issued share capital of the Company)</p>
Mandatory conversion at the Company’s option	Nil	Unless an event of default has occurred, the Company may on the maturity date require conversion of all the outstanding Convertible Bonds into Conversion Shares up to the Conversion Limit in respect of each Convertible Bond.

LETTER FROM THE BOARD

The interest rate of 2.5% per annum for the interest bearing portion of the Convertible Bonds was determined by the Company after arm's length negotiation with the Bondholders and had taken into account the following factors:

1. the existing terms of the Convertible Bonds allow them to be fully convertible up to their principal amount. The Deed of Variations has effectively, among others, removed the conversion right attaching to half of the principal amount of the Convertible Bonds and extended the maturity date. Accordingly, the interest rate ought to be fixed in such a way so as to (i) compensate the Bondholders for their agreement to the variations contemplated under the Deed of Variations and (ii) attract the Bondholders to retain their investment in the Company because they may choose to recoup their original investment upon the original maturity date of the Convertible Bonds and put their money in other investments with better returns; and
2. the prevailing bank lending rate in Hong Kong is 5% per annum, which is much higher than the interest rate of 2.5% per annum agreed with the Bondholders under the Deeds of Variation. The successful consummation of the transaction contemplated under the Deeds of Variation can, therefore, minimize the interest expenses of the Group.

Based on the above, the Directors considered that the interest rate of 2.5% per annum is fair and reasonable and in the overall interests of the Company and the Shareholders.

Save for the above variations, there is no other material change to the terms and conditions of the Convertible Bonds proposed to be effected by the Deed of Variations. Other principal terms of the Convertible Bonds which have not been varied or supplemented by the Deed of Variations are summarized below:

Principal amount	:	HK\$200,000,000
Transferability	:	The Convertible Bonds may not be assigned or transferred in whole or in part to any connected persons of the Company nor any third party without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).

The Company will disclose to the Stock Exchange any dealings in the Convertible Bonds by any connected persons immediately upon the Company becoming aware of such dealings. The Convertible Bonds may not be assigned or transferred in whole or in part to any connected persons of the Company unless all the requirements under the Listing Rules have been fully complied with to the satisfaction of the Stock Exchange.

LETTER FROM THE BOARD

- Early redemption : The Company may redeem the whole or part of the Convertible Bonds at any time up to its maturity date.
- Rights for the Bondholders : Each Bondholder will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of its being a Bondholder, and will not have the right to participate in any distributions and/or offers of further securities made by the Company.

Except for removing the conversion right attaching to half of the principal amount of the Convertible Bonds as disclosed above, no control restriction is imposed on the Bondholders upon the exercise of conversion rights attaching to the Convertible Bonds under the terms and conditions of the Convertible Bonds (as varied and supplemented by the Deed of Variations).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the exercise in full of the Convertible Bonds would not result in the aggregate amount of the issued share capital of the Company in the public hands being reduced to less than 25% or give rise to an obligation on any of the beneficial owners of the Bondholders to make a mandatory offer under Rule 26.1 of the Takeovers Code.

New Conversion Price

The New Conversion Price of HK\$0.33 represents:

- (i) a premium of approximately 17.86% to the theoretical closing price of HK\$0.28 per Reorganised Share on the date of execution of the Deed of Variations (based on the closing price of HK\$0.056 per existing Share as quoted on the Stock Exchange on the date of execution of the Deed of Variations and assuming the Capital Reorganisation has taken effect);
- (ii) a premium of 40.43% to the theoretical closing price of HK\$0.235 per Reorganised Share on the Latest Practicable Date (based on the closing price of HK\$0.047 per existing Share as quoted on the Stock Exchange on the Latest Practicable Date and assuming the Capital Reorganisation has taken effect);
- (iii) a premium of approximately 28.91% to the theoretical average closing price of HK\$0.256 per Reorganised Share for the five consecutive trading days up to and including the Latest Practicable Date (based on the average closing price of HK\$0.0512 per existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Latest Practicable Date and assuming the Capital Reorganisation has taken effect);
- (iv) a premium of approximately 22% to the theoretical average closing price of HK\$0.2705 per Reorganised Share for the ten consecutive trading days up to and including the Latest Practicable Date (based on the average closing price of

LETTER FROM THE BOARD

HK\$0.0541 per existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Latest Practicable Date and assuming the Capital Reorganisation has taken effect); and

- (v) a premium of approximately 3,486.96% to the audited consolidated net asset value per Reorganised Share of approximately HK\$0.0092 (theoretical value) as at 31 March 2012 (based on the audited consolidated net asset value per Share of approximately HK\$0.00184 as at 31 March 2012 and assuming the Capital Reorganisation has taken effect).

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

Conversion Shares

As at the Latest Practicable Date, the issued share capital of the Company consisted of 3,389,563,047 Shares. Assuming that the Capital Reorganisation has become effective, the issued share capital of the Company will consist of 677,912,609 Reorganised Shares.

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

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

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

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

Notes:

- Full exercise of the conversion rights attached to the Convertible Bonds at the Original Conversion Price (that is, HK\$0.125) per Share would result in the allotment and issue of an aggregate of 1,600,000,000 new Shares.
- Full exercise of the conversion rights attached to the convertible portion of the Convertible Bonds in the aggregate principal amount of HK\$100,000,000 at the New Conversion Price (that is HK\$0.33 per Reorganised Share) after the Capital Reorganisation has become effective would result in the allotment and issue of an aggregate of 303,030,303 new Reorganised Shares.
- 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.
- Mr Wong Yat Fai is an executive Director.
- To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Bondholders is beneficially interested in or none of the ultimate beneficial owners of the Convertible Bonds (not less than six in number) will become a substantial shareholder of the Company upon the exercise in full of the conversion rights attached to the Convertible Bonds held by it/him/her.
- The above table is for illustration purpose only.

LETTER FROM THE BOARD

CB CONDITIONS PRECEDENT TO THE DEED OF VARIATIONS

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

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

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

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

The Deed of Variations and the Proposed Amendments are to become effective on the Effective Date as notified by the Company to the Bondholders in writing in accordance with the Deed of Variations. Given that the implementation of the Capital Reorganisation is only one of the conditions to be fulfilled before the Deed of Variations and the Proposed Amendments will become effective, it is currently envisaged that the Effective Date will not be simultaneous with but will be shortly after the Capital Reorganisation having become effective.

REASONS FOR ENTERING INTO THE DEED OF VARIATIONS

The weak economic recovery and intensifying stress in the global financial markets have caused the Group's business to lack its buoyancy. The financial performance of the Group and the trading price of the Shares had been adversely affected over the years. The Directors consider it vital to maintain financial stability and enhance the financial strength of the Group. Given the global economic condition and the financial position and losses of the Group, the raising of bank loans or other external financing would be expected to be relatively less certain or more time consuming. The Directors believe that the Proposed

LETTER FROM THE BOARD

Amendments contained in the Deed of Variations (including but not limited to the extension of the maturity date and the lowering of the conversion price of the Convertible Bonds) is a pragmatic approach to maintain or improve the Company's financial stability and flexibility and make the Convertible Bonds more appealing for the Bondholders so as to elicit their continued support towards the Group. With a more stabilized or enhanced financial position, the Group could be placed in a better position to raise additional funds or capitalize on growth opportunities as and when they arise.

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

APPLICATION FOR LISTING OF THE CONVERSION SHARES

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

MANDATE FOR THE ISSUE OF THE CONVERSION SHARES

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

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not undertaken any fund raising activities within the 12 months immediately prior to the Latest Practicable Date other than the following:

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

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY AND THE BONDHOLDERS

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

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

SPECIAL GENERAL MEETING

The Company will convene and hold the Special General Meeting at The Boardroom (Basement II), The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday, 25 March 2013 at 9:30 a.m. to consider and, if thought fit, approve (i) the Capital Reorganisation and (ii) the Deed of Variations and the transactions contemplated thereunder (including the Proposed Amendments and the allotment and issue of the Reorganised Shares pursuant to the Specific Mandate to be sought from the Shareholders upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the Varied Bond Conditions).

To the best of the Directors' knowledge, no Shareholders have material interest in the Capital Reorganisation which is different from the other Shareholders and no Shareholders have material interest in the Deed of Variations and the transactions contemplated thereunder. Accordingly, no Shareholders are required to abstain from voting in respect of the proposed resolutions to approve (i) the Capital Reorganisation; and (ii) the Deed of Variations and the transactions contemplated thereunder at the Special General Meeting.

The voting at the Special General Meeting will be taken by poll. After the conclusion of the Special General Meeting, the results of the poll will be released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.icubetech.com.hk).

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you are able to attend the Special General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar as soon as possible but in any event not later than 48 hours before the time appointed for holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Special General Meeting or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

Having regard to the reasons for and benefit of (i) the Capital Reorganisation and (ii) the entering into of the Deed of Variations and the transactions contemplated thereunder as disclosed in this circular, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Special General Meeting to approve (i) the Capital Reorganisation and (ii) the entering into of the Deed of Variations and the transactions contemplated thereunder.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully
On behalf of the Board
Wong Howard
Chairman

NOTICE OF SPECIAL GENERAL MEETING

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of ICube Technology Holdings Limited (the “**Company**”) will be held at The Boardroom (Basement II), The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong, on Monday, 25 March 2013 at 9:30 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions (each a “**Resolution**”):

SPECIAL RESOLUTION

- (1) “**THAT** subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, ordinary shares of HK\$0.01 each (the “**Reorganised Shares**”) in the capital of the Company to be created upon the Capital Reorganisation (as defined below) becoming effective; and (ii) the compliance by the Company with the requirements applicable to the Capital Reduction (as defined below) pursuant to the Companies Act 1981 of Bermuda; with effect from 9:00 a.m. (Hong Kong time) on the business day immediately following the fulfilment of the above conditions (the “**Effective Date**”):
 - (a) every five (5) existing shares of HK\$0.01 each in the issued share capital of the Company to be consolidated into one (1) share of HK\$0.05 each (the “**Consolidated Share**”) in the capital of the Company (the “**Share Consolidation**”), and any fractional Consolidated Share(s) shall be disregarded and not issued to the shareholders of the Company and that all such fractional entitlements to Consolidated Shares will be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company;
 - (b) the issued share capital of the Company be reduced by canceling paid up capital to the extent of HK\$0.04 on each of the Consolidated Shares in issue on the Effective Date (the “**Capital Reduction**”) so that each issued share in the capital of the Company shall be treated as one (1) fully-paid up ordinary share of HK\$0.01 each in the capital of the Company, and
 - (c) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company where it may be applied by the directors (the “**Directors**”) of the Company in accordance with the bye-laws of the Company,

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

and that the board of directors of the Company be and is hereby authorised generally to do all acts, deeds and things as it may, in its absolute discretion, deem appropriate, desirable and in the best interests of the Company to effect and implement the Share Consolidation and the Capital Reduction (collectively the “**Capital Reorganisation**”).

ORDINARY RESOLUTION

- (2) “**THAT** subject to and conditional upon the Capital Reorganisation referred to in Resolution (1) above becoming effective and the fulfilment of the other conditions set out in the conditional deed of variations dated 8 February 2013 (the “**Deed of Variations**”) entered into between the Company and the Bondholders referred to in the Deed of Variations to vary certain terms and conditions of the three-year zero coupon convertible bonds in the aggregate principal amount of HK\$200,000,000 (the “**Convertible Bonds**”) constituted by the deed poll dated 1 December 2010 and issued by the Company on 1 December 2010 (a copy of the Deed of Variations having been produced to the Meeting and marked “A” and initialed by the chairman of the Meeting for the purpose of identification):
- (a) the Deed of Variations and all transactions contemplated thereunder and all other matters in connection therewith and incidental thereto be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;
 - (b) the directors (each a “**Director**” and collectively the “**Directors**”) of the Company (or a duly authorised committee thereof) be and they are/it is hereby generally and specifically authorised to allot and issue such number of new shares (the “**Conversion Shares**”) of par value of HK\$0.01 each in the capital of the Company to be created upon the Capital Reorganisation becoming effective as may be required upon the exercise of the conversion rights attaching to the convertible portion of the Convertible Bonds; and
 - (c) any one Director be and he is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which, in the opinion of such Director, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the Deed of Variations and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company.”

Yours faithfully
By order of the Board
ICube Technology Holdings Limited
Wong Howard
Chairman

Hong Kong, 1 March 2013

NOTICE OF SPECIAL GENERAL MEETING

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*
Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more separate proxy(ies) to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 1 March 2013.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof). Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Meeting or at any adjourned meeting (as the case may be) should they so wish.
4. Where there are joint registered holders of any share in the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, the joint member whose name stands first on the register of members of the Company in respect of such share, or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holder(s) in respect thereof.
5. The votes at the Meeting will be taken by poll.

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