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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The Board of Directors (the “Board”) of ICube Technology Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011 (the “Period”) together with comparative figures for the corresponding previous period as follows:-

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	2		
Electronic products		10,018	17,448
Treasury investments		9,688	(15,854)
		<u>19,706</u>	<u>1,594</u>
Cost of electronic products sold		(10,269)	(16,962)
Brokerage and commission expenses		(12)	(109)
		<u>(10,281)</u>	<u>(17,071)</u>
		9,425	(15,477)
Other income and gains	3	102	183
Selling and distribution costs		(184)	(100)
Administrative expenses		(15,904)	(17,112)
Research costs		(2,295)	(3,046)
Other operating expenses		(145)	(122)
Fair value losses, net:			
Equity investments at fair value through profit or loss		(118,632)	(4,221)
Finance costs	5	(10,457)	(9,597)

**CONDENSED CONSOLIDATED INCOME STATEMENT (continued)**

		<b>For the six months ended 30 September</b>	
		<b>2011</b>	<b>2010</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss before tax</b>	4	<b>(138,090)</b>	(49,492)
Income tax expense	6	—	—
<b>Loss for the period from continuing operations</b>		<b>(138,090)</b>	(49,492)
<b>DISCONTINUED OPERATION</b>			
<b>Loss for the period from a discontinued operation</b>	7	—	(3,515)
<b>LOSS FOR THE PERIOD</b>		<b>(138,090)</b>	(53,007)
<b>Attributable to:</b>			
Owners of the parent		(135,600)	(53,007)
Non-controlling interests		(2,490)	—
		<b>(138,090)</b>	(53,007)
<b>DIVIDEND</b>	8	—	—
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted			
For loss for the period		<b>HK(4.80) cents</b>	HK(1.88) cents
For loss from continuing operations		<b>HK(4.80) cents</b>	HK(1.75) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(138,090)</u>	<u>(53,007)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale equity investments:		
Changes in fair value	(2,829)	1,029
Income tax effect	467	(170)
	<u>(2,362)</u>	<u>859</u>
Exchange differences on translation of foreign operations	<u>47</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(2,315)</u>	<u>869</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><b>(140,405)</b></u>	<u><b>(52,138)</b></u>
Attributable to:		
Owners of the parent	(137,982)	(52,138)
Non-controlling interests	(2,423)	–
	<u><b>(140,405)</b></u>	<u><b>(52,138)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,997	1,639
Available-for-sale equity investments	10	15,984	18,812
Total non-current assets		17,981	20,451
<b>CURRENT ASSETS</b>			
Convertible notes-loan portion		14,893	70,365
Convertible notes-conversion option derivatives		390	390
Equity investments at fair value through profit or loss	11	137,257	159,757
Inventories	12	1,199	1,288
Trade receivables	13	2,760	2,210
Prepayments, deposits and other receivables		3,599	14,943
Pledged time deposits		7,336	7,335
Cash and cash equivalents		13,425	43,372
Total current assets		180,859	299,660
<b>CURRENT LIABILITIES</b>			
Trade payables	14	1,232	1,305
Tax payable		12	12
Other payables and accruals		14,900	8,543
Finance lease payables		130	130
Derivative component of convertible bonds	15	45,540	45,540
Total current liabilities		61,814	55,530
<b>NET CURRENT ASSETS</b>		<b>119,045</b>	<b>244,130</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>137,026</b>	<b>264,581</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payables		162	225
Convertible bonds	15	152,942	142,595
Deferred tax liabilities		428	894
Total non-current liabilities		153,532	143,714
<b>NET ASSETS/(LIABILITIES)</b>		<b>(16,506)</b>	<b>120,867</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Issued capital	16	28,247	28,247
Equity component of convertible bonds		47,257	47,257
Reserves		(83,256)	52,600
Non-controlling interests		(7,752)	128,104
		(8,754)	(7,237)
Total equity/(deficiency in assets)		(16,506)	120,867

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

These interim condensed consolidated financial statements have not been audited by the Company's Auditors but have been reviewed by the Company's Audit Committee (the "Audit Committee").

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2011 except for the adoption of the new standards and interpretations as noted below.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparatives HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for the annual periods beginning on or after 1 July 2011, whereas amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for the reporting periods beginning on or after 1 January 2011 although there are annual separate transitional provisions for each standard.

The adoption of the above new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

The Group recorded losses of HK\$138.1 million for the Period which comprised an unrealised loss on equity investments of HK\$118.6 million resulting from the recent downturn in the stock market, and had net liabilities of HK\$16.5 million as at 30 September 2011. The fair value of equity investments fluctuates from time to time, depending on the market sentiments, which results in fluctuation in the fair value gain/loss on the portfolio of the equity investments. The net liabilities as at 30 September 2011 included the 2010 Convertible Bonds (as defined in note 15) with a principal amount of HK\$200 million. These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company are of opinion that the Group is able to continue as a going concern and to meet its obligations as and when they fall due, having regard to the following:–

- (1) The main component of total current and non-current liabilities of the Group is the 2010 Convertible Bonds (as defined in note 15) which the Group has not been required to pay until the maturity date on 1 December 2013; and
- (2) The Group had cash and cash equivalents and short term equity investments of HK\$150.7 million and had no bank overdrafts, short or long term interest-bearing bank borrowings.

The directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, it is appropriate that these unaudited interim condensed consolidated financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

## 2. Segment information

For the management purpose, the Group is currently organised in three operating divisions – electronic products, treasury investment and corporate & others. An analysis of the Group's revenue and results by business segments for the Period and the corresponding previous period is as follows:–

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	10,018	17,448	–	–	–	–	10,018	17,448
Gains/(losses) from treasury investment	–	–	9,688	(15,854)	–	–	9,688	(15,854)
Total	<u>10,018</u>	<u>17,448</u>	<u>9,688</u>	<u>(15,854)</u>	<u>–</u>	<u>–</u>	<u>19,706</u>	<u>1,594</u>
<b>Segment results</b>	<u>(1,839)</u>	<u>(2,727)</u>	<u>(109,016)</u>	<u>(25,045)</u>	<u>(16,763)</u>	<u>(12,111)</u>	<u>(127,618)</u>	<u>(39,883)</u>
<i>Reconciliation:</i>								
Interest income and unallocated gains							7	9
Unallocated expenses							(22)	(21)
Finance costs							(10,457)	(9,597)
Loss before tax from continuing operations							(138,090)	(49,492)
Income tax expense							–	–
Loss for the period from continuing operations							<u>(138,090)</u>	<u>(49,492)</u>

### 3. Other income and gains

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Bank interest income	7	9
Others	95	174
	<u>102</u>	<u>183</u>

### 4. Loss before tax

The Group's loss before tax is arrived at after charging:–

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Cost of inventories sold	10,269	16,962
Depreciation	199	108
	<u>10,468</u>	<u>17,070</u>

### 5. Finance costs

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interest on bank overdrafts wholly repayable within five years	99	–
Interest on finance leases	11	–
Inputed interest on convertible bonds	10,347	9,597
	<u>10,457</u>	<u>9,597</u>

## 6. Income tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the Period (2010: Nil).

No provision for Mainland China corporate income tax has been made as no assessable profit has been generated by the subsidiaries operating in the Mainland China during the Period (2010: Nil).

## 7. Discontinued operation

The results of operation of convenience stores for the periods are presented below:

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	–	5,836
Cost of goods sold	–	(4,447)
Gross profit	–	1,389
Other income	–	630
Selling and distribution costs	–	(1,804)
Administrative expenses	–	(3,721)
Other operating expenses	–	(9)
Loss before tax from the discontinued operation	–	(3,515)
Income tax expense	–	–
Loss for the period from the discontinued operation	–	(3,515)

## 8. Dividend

The Board has resolved not to pay any interim dividend for the Period (2010: Nil).



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

The calculation of basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent for the Period of HK\$135,600,000 (2010: HK\$53,007,000) and the weighted average number of 2,824,643,047 (2010: 2,824,643,047) ordinary shares.

The calculation of the basic loss per share amounts from continuing operations is based on the loss for the period attributable to ordinary equity holders of the parent from continuing operations of HK\$135,600,000 (2010: HK\$49,492,000) and the weighted average number of 2,824,643,047 (2010: 2,824,643,047) ordinary shares.

No adjustment has been made to basic loss per share amounts presented for the periods ended 30 September 2011 and 2010 in respect of a dilution as the share options and the convertible bonds outstanding during the periods ended 30 September 2011 and 2010 had an anti-dilutive effect on the basic loss per share amounts presented.

## 10. Available-for-sale equity investments

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Listed equity investments, at fair value:		
Hong Kong	470	538
Elsewhere	15,514	18,274
	<u>15,984</u>	<u>18,812</u>

## 11. Equity investments at fair value through profit or loss

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	<u>137,257</u>	<u>159,757</u>

## 12. Inventories

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Raw materials	318	485
Work in progress	259	578
Finished goods	622	225
	<u>1,199</u>	<u>1,288</u>

### 13. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending 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. Trade receivables are non-interest-bearing.

As at 30 September 2011, an aged analysis of the Group's trade receivables, based on the invoice date, is as follows:

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
Within 1 month	1,289	1,937
1 to 2 months	1,325	235
2 to 3 months	–	6
Over 3 months	146	32
	<hr/> <b>2,760</b> <hr/>	<hr/> <b>2,210</b> <hr/>

### 14. Trade payables

As at 30 September 2011, an aged analysis of the Group's trade payables, based on the invoice date, is as follows:

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
Within 1 to 2 months	839	651
2 to 3 months	136	–
Over 3 months	257	654
	<hr/> <b>1,232</b> <hr/>	<hr/> <b>1,305</b> <hr/>

Trade payables are non-interest-bearing and have a credit period of an average of two months.

## 15. Convertible bonds

On 8 October 2010, the Company entered into a placing agreement (the “Placing Agreement”) with Taifook Securities Company Limited, the placing agent, in relation to the issue of three-year zero-coupon convertible bonds (the “2010 Convertible Bonds”) with a principal amount of HK\$200,000,000. The Placing Agreement was completed on 1 December 2010 and the 2010 Convertible Bonds were issued by the Company to the bondholders on the same date. The 2010 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company at anytime following the date of issue of the 2010 Convertible Bonds up to the maturity date on 1 December 2013, at a price of HK\$0.125 per share, subject to adjustments.

The Company may redeem, in whole or in part, the outstanding 2010 Convertible Bonds at a 100% of the principal amount by giving the bondholders not less than seven business days’ prior notice. If redeemed in part, the redemption shall be made in amounts of not less than multiples of HK\$500,000. On the maturity date, any 2010 Convertible Bonds not converted or redeemed during the tenure will be redeemed by the Company at 100% of the principal amount. There was no conversion or redemption of the 2010 Convertible Bonds during the period ended 30 September 2011.

The 2010 Convertible Bonds had been split as to the derivative and liability components, and the movements in the derivative and liability components were as follows:

	<i>HK\$’000</i>
Nominal value of convertible bonds issued	200,000
Derivative component	(59,220)
Transaction costs related to the liability component	(4,000)
	<hr/>
Liability component at the issuance date	136,780
Interest expenses	5,815
	<hr/>
Liability component at 31 March 2011	142,595
Interest expenses	10,347
	<hr/>
Liability component at 30 September 2011	152,942
	<hr/> <hr/>
Derivative component at the issuance date	59,220
Fair value gain recognised	(13,680)
	<hr/>
Derivative component at 31 March 2011 and 30 September 2011	45,540
	<hr/> <hr/>

## 16. Share capital

	At 30 September 2011 (Unaudited) <i>HK\$'000</i>	At 31 March 2011 (Audited) <i>HK\$'000</i>
<b>Authorised</b>		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u>600,000</u>	<u>600,000</u>
<b>Issued and fully paid</b>		
– 2,824,643,047 ordinary shares of HK\$0.01 each	<u>28,247</u>	<u>28,247</u>

## 17. Related party transactions

In addition to the transactions and balances detailed elsewhere in this announcement, the Group had the following material transactions with related parties during the periods:

Compensation of key management personnel of the Group:

	<b>For the six months ended 30 September</b>	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,620	1,976
Equity-settled share option expense	488	1,062
Pension scheme contributions	81	96
	<u>2,189</u>	<u>3,134</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's revenue for the Period was HK\$19.7 million, representing an increase of HK\$18.1 million as compared to the revenue of HK\$1.6 million for the corresponding period of last year. The increase in revenue was mainly due to the dividend and interest income on investment in equity securities and convertible notes. The loss for the Period was HK\$138.1 million, compared to the loss of HK\$53.0 million for the corresponding period of last year. Loss per share attributable to ordinary equity holders of the parent for the Period was HK4.80 cents (2010: Loss per share of HK1.88 cents). The Group's loss for the Period was primarily attributable to the unrealised loss on equity investments of HK\$118.6 million in the treasury investment segment.

The Group continued to place strong research and development efforts on the first Multi-threaded Virtual Pipeline (MVP) based on its System-on-chip (SoC) product, ICube's IC1. Containing two MVP cores, that integrate the central processing unit (CPU) and graphics processing unit (GPU) into one unified parallel computing multiprocessing core, ICube's IC1 is a SoC solution that provides high computing power while maintaining a substantial price/performance advantage in the industry for mobile computing and mobile communication devices. During the Period, our research and development team has been successful in porting the Andriod 2.3 software on IC1, based on the world's first multi-SMP-thread UPU core.

Due to the worsening sovereign debt crisis in Europe and weak economic situation in the United States, market demand for electronic products has become sluggish. Major customers in the export market reduced their inventory and slashed future sales orders. During the Period, the electronic products trading business slowed down, the sales revenue from the electronic products segment decreased by HK\$7.4 million, or 42.6% to HK\$10.0 million and the operating loss for this segment was HK\$1.8 million (2010: loss of HK\$2.7 million).

The Group continued to utilise its available funds in treasury investment. During the Period, the local stock market was volatile due to the sovereign debt crisis in Europe. In early August, the United States suffered the loss of its triple-A credit rating from an international credit rating agency due to concerns over the huge deficit. The downgrade of credit rating seriously hit the market sentiments and investor confidence and the Hang Seng Index further slumped in heavy volume. The Group's treasury investment segment was inevitably affected and recorded an unrealised loss on equity investments of HK\$118.6 million for the Period.

### Prospects

Continued strong domestic economic growth indicates that Mainland China remains an engine of global economic growth. The continuing trend in mobile internet creates fertile ground for innovation and will contribute largely to the outstanding growth of devices in the computing and communications sectors. Mainland China's semiconductor consumption is expected to continue to grow. The Group looks forward to contributing to and growing with market opportunities that are supported by China's vast electronics production by providing its IC1 and its Harmony Unified Processor Technology to the mobile computing and communication devices segment.

Looking ahead, while global economic uncertainties and the sovereign debt crisis in Europe will persist, the Group will continue to be on the alert and to pursue a prudent investment strategy in developing its existing and new businesses.

## **Financial Review**

The Group's revenue for the Period was HK\$19.7 million, representing an increase of HK\$18.1 million as compared to the revenue of HK\$1.6 million for the corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of HK\$10.0 million, and income and gains of HK\$9.7 million from the treasury investment segment.

The loss for the Period was HK\$138.1 million. As at 30 September 2011, the Group's consolidated net liabilities were HK\$16.5 million (31 March 2011: net assets value of HK\$120.9 million).

## **Liquidity and Financial Resources**

During the Period, the Group generally financed its operations with internally generated cash flow, cash reserve and banking facilities. The Group's bank and short term deposits as at 30 September 2011 amounted to HK\$20.8 million (31 March 2011: HK\$50.7 million).

As at 30 September 2011, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$5,891,000 (31 March 2011: HK\$3,900,000). The RMB is not freely convertible into other currency. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, the Group is permitted to exchange RMB for other currency through banks authorised to conduct foreign exchange business.

As at 30 September 2011, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2011: Nil).

As at 30 September 2011, the Group's current ratio was 2.9 times (31 March 2011: 5.4 times) based on current assets of HK\$180.9 million (31 March 2011: HK\$299.7 million) and current liabilities of HK\$61.8 million (31 March 2011: HK\$55.5 million).

As at 30 September 2011, the Group did not have any significant commitments (31 March 2011: Nil). The Group also had no other contingent liabilities or other material commitments.

## **Capital Structure**

As at 30 September 2011, the Group's gearing ratio, being convertible bonds payable to net worth and convertible bonds payable was 109.1% (31 March 2011: 60.9%).

The Group's bank deposits 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 Group's exchange risk exposure is minimal.

## **Significant Investments**

As at 30 September 2011, the Group held convertible notes issued by a company listed on the Stock Exchange with fair value amount of the conversion option derivative of HK\$0.4 million and the carrying amount of the loan portion of HK\$14.9 million. The carrying amount of the loan portion approximated to its fair value. The interest income for the Period was HK\$7.9 million.

As at 30 September 2011, the Group maintained a portfolio of equity investments (including available-for-sale equity investments and equity investments at fair value through profit or loss) with total carrying amount of HK\$153.2 million. The related dividend income for the Period was HK\$1.7 million.

## **Details of Charges on Assets**

As at 30 September 2011, a fixed deposit of HK\$7.3 million (31 March 2011: HK\$7.3 million) was pledged to secure banking facilities granted to the Group.

## **Material Acquisitions and Disposals**

During the Period, the Company had no material acquisitions or disposals of subsidiaries or associates.

## **Employment, Training and Development**

As at 30 September 2011, the Group had a total of 107 employees of which 30 were based in Hong Kong and 77 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 employees according to individual performance and industry practice.

## **CORPORATE GOVERNANCE**

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximise shareholder's benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2011.

The Company has complied with the code provisions set out in Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules throughout the Period except 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 Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **AUDIT COMMITTEE**

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, namely, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David, all of whom are independent non-executive directors of the Company.

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

Hong Kong, 22 November 2011

*As at the date of this announcement, the Board comprises 2 executive directors, namely, Mr. Wong Howard and Mr. Wong Yat Fai; and 3 independent non-executive directors, namely, Mr. Tung Tat Chiu, Michael, Mr. Li Chi Ming and Mr. Wan Ngar Yin, David.*

\* *for identification purposes only*