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 2012

The Board of Directors (the "Board") of ICube Technology Holdings Limited (the "Company" or "ICube") announces the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 (the "Period") together with comparative figures for the corresponding previous period as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2012	2011
		(Unaudited)	**(Unaudited)**
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*		
Electronic products		**9,347**	10,018
Treasury investments		**(3,265)**	9,688
		6,082	19,706
Cost of electronic products sold		**(9,235)**	(10,269)
Brokerage and commission expenses		**(82)**	(12)
		(9,317)	(10,281)
		(3,235)	9,425
Other income and gains	*3*	**817**	102
Selling and distribution costs		**(129)**	(184)
Administrative expenses		**(17,661)**	(15,904)
Research costs		**(5,065)**	(2,295)
Other operating expenses		**(945)**	(145)
Fair value losses, net:			
Equity investments at fair value through profit or loss		**(17,245)**	(118,632)
Derivative component of convertible bonds		**12,430**	–
Finance costs	*5*	**(10,963)**	(10,457)

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

		For the six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Loss before tax	*4*	**(41,996)**	(138,090)
Income tax expense	*6*	**–**	–
LOSS FOR THE PERIOD		**(41,996)**	(138,090)
Attributable to:			
Owners of the parent		**(37,188)**	(135,600)
Non-controlling interests		**(4,808)**	(2,490)
		(41,996)	(138,090)
DIVIDEND	*7*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK(1.10)cents**	HK(4.80)cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(41,996)**	(138,090)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale equity investments:		
Change in fair value	**1,736**	(2,829)
Income tax effect	**(287)**	467
	1,449	(2,362)
Exchange differences on translation of foreign operations	**2**	47
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**1,451**	(2,315)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(40,545)**	(140,405)
Attributable to:		
Owners of the parent	**(35,739)**	(137,982)
Non-controlling interests	**(4,806)**	(2,423)
	(40,545)	(140,405)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2012 (Unaudited) HK$'000	At 31 March 2012 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,851**	2,053
Available-for-sale equity investments	*9*	**17,040**	15,304
Total non-current assets		**18,891**	17,357
CURRENT ASSETS			
Note receivables		**–**	15,383
Equity investments at fair value through profit or loss	*10*	**98,528**	106,874
Inventories	*11*	**1,573**	1,174
Bill and trade receivables	*12*	**1,669**	3,350
Prepayments, deposits and other receivables		**1,982**	3,476
Restricted cash		**2,469**	–
Cash and cash equivalents		**35,365**	49,989
Total current assets		**141,586**	180,246
CURRENT LIABILITIES			
Trade payables	*13*	**270**	368
Tax payable		**12**	12
Other payables and accruals		**10,558**	8,859
Finance lease payables		**157**	140
Derivative component of convertible bonds	*14*	**7,300**	19,730
Total current liabilities		**18,297**	29,109
NET CURRENT ASSETS		**123,289**	151,137
TOTAL ASSETS LESS CURRENT LIABILITIES		**142,180**	168,494
NON-CURRENT LIABILITIES			
Finance lease payables		**–**	85
Convertible bonds	*14*	**172,804**	161,848
Deferred tax liabilities		**602**	315
Total non-current liabilities		**173,406**	162,248
NET ASSETS/(LIABILITIES)		**(31,226)**	6,246
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**33,896**	33,896
Equity component of convertible bonds		**–**	–
Reserves		**(44,144)**	(10,560)
		(10,248)	23,336
Non-controlling interests		**(20,978)**	(17,090)
Total equity/(deficiency in assets)		**(31,226)**	6,246

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 a 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 and Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2012 except for the adoption of the new standards and interpretations as noted below.

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*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the 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.

As at 30 September 2012, the Group had deficiency in assets of HK$31.2 million which include the 2010 Convertible Bonds (as defined in Note 14) with 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 going concern and to meet its obligations as and when they fall due, having regards to the following:-

1. The 2010 Convertible Bond 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$133.9 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 organized in three operating divisions – electronic products, treasury investment and corporate & others. An analysis of the Group's revenue and results by business segment for the Period and the corresponding previous period is as follows:-

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Revenue from external customers	**9,347**	10,018	**–**	–	**–**	–	**9,347**	10,018
Gains/(losses) from treasury investment		–	**(3,265)**	9,688	**–**	–	**(3,265)**	9,688
Total	**9,347**	10,018	**(3,265)**	9,688	**–**	–	**6,082**	19,706
Segment results	**(2,004)**	(1,839)	**(20,653)**	(109,016)	**(20,848)**	(16,763)	**(43,505)**	(127,618)
Interest income and unallocated gains							**64**	7
Fair value gain on derivative component of convertible bonds							**12,430**	–
Unallocated expenses							**(22)**	(22)
Unallocated finance costs							**(10,963)**	(10,457)
Loss before tax							**(41,996)**	(138,090)
Income tax expense							**–**	–
Loss for the period							**(41,996)**	(138,090)

3. Other income and gains

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**5**	7
Others	**812**	95
	817	102

4. Loss before tax

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

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**9,235**	10,269
Depreciation	**302**	199

5. Finance costs

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank overdrafts wholly repayable within five years	**1**	99
Interest on finance leases	**6**	11
Inputed interest on convertible bonds	**10,956**	10,347
	10,963	10,457

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 Period (2011: Nil).

No provision for Mainland China corporate income tax has been made as no assessable profits has been generated by the subsidiaries operating in the Mainland China during the Period (2011: Nil).

7. Dividend

The Board has resolved not to pay any interim dividend for the Period (2011: Nil).

8. 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$37,188,000 (2011: HK$135,600,000) and the weighted average number of 3,389,563,047 (2011: 2,824,643,047) ordinary shares.

Diluted loss per share amounts for the periods ended 30 September 2012 and 2011 have not been disclosed, as the share options and the convertible bonds outstanding during the periods ended 30 September 2012 and 2011 had an anti-dilutive effect on the basic loss per share for these periods.

9. Available-for-sale equity investments

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Listed equity investments, at fair value:		
Hong Kong	**518**	495
Elsewhere	**16,522**	14,809
	17,040	15,304

10. Equity investments at fair value through profit or loss

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Listed equity investments in Hong Kong, at fair value	**98,528**	106,874

11. Inventories

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Raw materials	**184**	107
Work in progress	**108**	450
Finished goods	**1,281**	617
	1,573	1,174

12. Bill and 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.

Ageing analysis:

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Within 1 month	**986**	3,350
1 to 2 months	**152**	–
2 to 3 months	**–**	–
Over 3 months	**531**	–
	1,669	3,350

13. Trade payables

Ageing analysis:

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Within 1 month	**228**	248
1 to 2 months	**5**	–
2 to 3 months	**4**	–
Over 3 months	**33**	120
	270	368

14. Convertible bonds

On 1 December 2010, the Company issued a three-year zero-coupon convertible bonds with the face value of HK$200,000,000 to unrelated third parties (the "2010 Convertible Bonds"). 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.

On initial recognition, the fair value of the derivative component of the 2010 Convertible Bonds was estimated at the issuance date using a binomial model. The residual amount was assigned as the liability component. The change in value of the derivative component during the Period was recognized in the condensed consolidated income statement.

The movements in the derivative and liability components of 2010 Convertible Bonds were as follows:

	HK$'000
Liability component at 31 March 2011 and 1 April 2011	142,595
Interest expenses	10,347
Liability component at 30 September 2011	152,942
Liability component at 31 March 2012 and 1 April 2012	161,848
Interest expenses	10,956
Liability component at 30 September 2012	172,804
Derivative component at 31 March 2011 and 30 September 2011	45,540
Derivative component at 31 March 2012 and 1 April 2012	19,730
Fair value gain recognized	(12,430)
Derivative component at 30 September 2012	7,300

15. Share capital

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'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 ordinary shares of HK$0.01 each	**33,896**	33,896

16. 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 Period.

Compensation of key management personnel of the Group:

	For the six months ended 30 September 2012 (Unaudited) *HK$'000*	2011 (Unaudited) *HK$'000*
Salaries, allowances and benefits in kind	**1,620**	1,620
Equity-settled share option expense	**485**	488
Pension scheme contribution	**81**	81
	2,186	2,189

17. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the Period was HK$6.1 million, representing a decrease of HK$13.6 million as compared to the revenue of HK$19.7 million for the corresponding period of last year. The decrease in revenue was mainly due to the realized loss on disposal of note receivable of HK$5.4 million. The loss for the Period was HK$42.0 million, compared to the loss of HK$138.1 million for the corresponding period of last year. Loss per share attributable to ordinary equity holders of the parent for the Period was HK1.1 cents (2011: Loss per share of HK4.8 cents). The Group's loss for the Period was primarily attributable to the unrealized loss on equity investments of HK$17.2 million in the treasury investment segment.

The Group continued to place strong research and development efforts on its Multi-threaded Virtual Pipeline (MVP) based 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 the first Unified Processor Unit (UPU) in the world that integrates CPU and GPU into one parallel computing core. It is also 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, the Group intensified its efforts on the escalation and modification of MVP based SoC products and to introduce its UPU technology into a wide range of end applications in the market. In order to leverage the advantage of its proprietary intellectual property, the Group started providing its UPU technology to assist strategic partners and customers in their new product innovation and development. Benefiting from the government's incentive for encouraging the development of new and high-end technology in Mainland China, the Group has received funding from the reputable government organization to launch its UPU technology on its self–developed SoC. This is a testament to our continued efforts in research and development of the MVP based SoC products.

Crippled by debt crisis in Europe and weak U.S. economic condition, the market demand for electronic products remained sluggish. Major customers in the export market continued to slow down future sales orders. During the Period, the growth of electronic products trading business was slow and the competition was keen. The sales revenue from the electronic products segment slightly decreased to HK$9.3 million, compared to HK$10.0 million of the corresponding period of last year. The operating loss for this segment was HK$2.0 million (2011: loss of HK$1.8 million).

The Group continued to utilize its available funds in treasury investment. During the Period, the local stock market became stabilized as a result of stimulative packages and fiscal measures taken by the government. The treasury investment segment recorded a realized gain on equity investments of HK$1.7 million, an unrealized loss on equity investments of HK$17.2 million and a realized loss on disposal of note receivables of HK$5.4 million for the Period.

Prospects

In 2011, Mainland China claimed over 70% of the worldwide production of mobile phones, 90% of the worldwide production of personal computers and nearly 50% of the worldwide production of color TVs. Worldwide smartphone shipments are expected to reach 660 million units in 2012 and will increase to 1.16 billion units in 2016. Mainland China is expected to account for 26.5% and 23.0% of the worldwide smartphone shipments in 2012 and 2016 respectively. Recognizing this favorable trend, the Group looks forward to contributing to and growing with market opportunities that are supported by Mainland 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$6.1 million, representing a decrease of HK$13.6 million as compared to the revenue of HK$19.7 million for the corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of HK$9.3 million, realized loss on disposal of note receivables of HK$5.4 million and realized gain on equity investments of HK$1.7 million from the treasury investment segment.

The loss for the Period was HK$42.0 million. As at 30 September 2012, the Group's consolidated deficiency in assets was HK$31.2 million (31 March 2012: net asset value of HK$6.2 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 2012 amounted to HK$35.4 million (31 March 2012: HK$50.0 million).

As at 30 September 2012, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2012: Nil).

As at 30 September 2012, the Group's current ratio was 7.7 times (31 March 2012: 6.2 times) based on current assets of HK$141.6 million (31 March 2012: HK$180.2 million) and current liabilities of HK$18.3 million (31 March 2012: HK$29.1 million).

As at 30 September 2012, the Group did not have any significant commitments (31 March 2012: Nil). The Group also had no other contingent liabilities.

Capital Structure

As at 30 September 2012, the Group's gearing ratio, being convertible bonds payable to net worth and convertible bonds payable, was 121.0% (31 March 2012: 96.7%).

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 exchange risks the Group is exposed to are minimal.

Significant Investments

As at 30 September 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$115.6 million. The related dividend income for the Period was HK$0.4 million.

Details of Charges on Assets

As at 30 September 2012, the Company had no charges on assets (31 March 2012: Nil).

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 2012, the Group had a total of 97 employees of which 30 were based in Hong Kong and 67 were based in Mainland China. The Group is committed to staff training and development and structured training programs 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 maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2012.

The Company has complied with the code provisions set out in Corporate Governance Code (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, 28 November 2012

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*