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ICube Technology Holdings Limited

中國微電子科技集團有限公司*

(English name to be renamed as “China Jinhai International Group Limited”)

(Chinese name to be renamed as “中國金海國際集團有限公司”)

(Incorporated in Bermuda with limited liability)

(Stock code: 139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The Board of Directors (the “Board”) of ICube Technology Holdings Limited (to be renamed as “China Jinhai International Group Limited”) (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 (the “Period”) together with comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2		
Electronic products		6,842	6,019
Treasury investments		(12,530)	556
		<u>(5,688)</u>	<u>6,575</u>
Cost of electronic products sold		(6,559)	(5,847)
Brokerage and commission expenses		(751)	(28)
		<u>(7,310)</u>	<u>(5,875)</u>
		(12,998)	700
Other income and gains	3	625	1,273
Selling and distribution expenses		(227)	(147)
Administrative expenses		(18,345)	(21,526)
Research costs		(5,505)	(6,589)
Other operating expenses		(1,909)	(230)
Gain on disposal of an available-for-sale equity investment		7,696	–
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		27,989	20,916
Derivative component of convertible bonds		(206,579)	32,172
Losses arising from modification of convertible bonds		(1,000,816)	–
Finance costs	5	(7,200)	(8,475)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

		For the six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Profit/(loss) before tax	4	(1,217,269)	18,094
Income tax expense	6	—	—
PROFIT/(LOSS) FOR THE PERIOD		<u>(1,217,269)</u>	<u>18,094</u>
Attributable to:			
Owners of the parent		(1,212,507)	23,823
Non-controlling interests		(4,762)	(5,729)
		<u>(1,217,269)</u>	<u>18,094</u>
DIVIDEND	7	—	—
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		<u>HK(47.85) cents</u>	<u>HK3.11 cents</u>
Diluted		<u>HK(47.85) cents</u>	<u>HK2.49 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD	<u>(1,217,269)</u>	<u>18,094</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Change in fair value	2,631	1,214
Release upon disposal of an available-for-sale equity investment	(8,023)	–
Income tax effect	890	(201)
	<u>(4,502)</u>	<u>1,013</u>
Exchange differences on translation of foreign operations	266	(5)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(4,236)</u>	<u>1,008</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u><u>(1,221,505)</u></u>	<u><u>19,102</u></u>
Attributable to:		
Owners of the parent	(1,216,891)	24,810
Non-controlling interests	(4,614)	(5,708)
	<u><u>(1,221,505)</u></u>	<u><u>19,102</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,391	1,722
Available-for-sale equity investments	9	153,000	14,461
Total non-current assets		154,391	16,183
CURRENT ASSETS			
Equity investments at fair value through profit or loss	10	108,311	176,617
Inventories	11	407	–
Trade receivables	12	1,418	1,108
Prepayments, deposits and other receivables		62,988	3,232
Derivative component of convertible bonds	15	–	14,804
Restricted bank balances		261	546
Cash and bank balances		105,600	83,223
Total current assets		278,985	279,530
CURRENT LIABILITIES			
Trade payables	13	29	16
Tax payable		12	12
Other payables and accruals		16,721	12,645
Finance lease payables		146	142
Promissory note payable	14	88,072	–
Total current liabilities		104,980	12,815
NET CURRENT ASSETS		174,005	266,715
TOTAL ASSETS LESS CURRENT LIABILITIES		328,396	282,898
NON-CURRENT LIABILITIES			
Finance lease payables		438	512
Convertible bonds	15	–	73,386
Bonds	15	–	79,421
Deferred tax liabilities		–	890
Total non-current liabilities		438	154,209
NET ASSETS		327,958	128,689
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS			
OF THE PARENT			
Issued capital	16	41,051	20,337
Reserves		328,760	147,459
		369,811	167,796
Non-controlling interests		(41,853)	(39,107)
Total equity		327,958	128,689

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 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 2014 except for the adoption of the new standards and interpretations as noted below.

1.1 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: <i>Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the new and revised HKFRSs has had no material effect on the interim financial statements.

2. Segment information

For the management purpose, the Group is currently organized into three operating divisions-electronic products, treasury investments 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 investments		Corporate & others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	(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	6,842	6,019	-	-	-	-	6,842	6,019
Gains/(losses) from treasury investments	-	-	(12,530)	556	-	-	(12,530)	556
Total	<u>6,842</u>	<u>6,019</u>	<u>(12,530)</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>(5,688)</u>	<u>6,575</u>
Segment results	<u>(2,106)</u>	<u>(1,831)</u>	<u>22,338</u>	<u>21,371</u>	<u>(22,889)</u>	<u>(25,126)</u>	<u>(2,657)</u>	<u>(5,586)</u>
<i>Reconciliation</i>								
Interest income and unallocated gains							8	7
Fair value gains/(losses) on derivative component of convertible bonds							(206,579)	32,172
Loss arising from modification of convertible bonds							(1,000,816)	-
Unallocated expenses							(25)	(24)
Finance costs							(7,200)	(8,475)
Profit/(loss) before tax							(1,217,269)	18,094
Income tax expense							-	-
Profit/(loss) for the period							<u>(1,217,269)</u>	<u>18,094</u>

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31
	September	March	September	March	September	March	September	March
	2014	2014	2014	2014	2014	2014	2014	2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities								
Segment assets	2,810	1,920	108,355	191,611	215,375	2,641	326,540	196,172
Unallocated assets							106,836	99,541
Total assets							<u>433,376</u>	<u>295,713</u>
Segment liabilities	6,638	6,430	5,061	124	93,719	6,712	105,418	13,266
Unallocated liabilities							-	153,758
Total liabilities							<u>105,418</u>	<u>167,024</u>

3. Other income and gains

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	8	7
Government grants	294	875
Service income	274	380
Others	49	11
	<hr/>	<hr/>
	625	1,273
	<hr/> <hr/>	<hr/> <hr/>

4. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging:

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	6,559	5,847
Depreciation	358	310
	<hr/>	<hr/>
	6,917	6,157
	<hr/> <hr/>	<hr/> <hr/>

5. Finance costs

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank overdrafts wholly repayable within five years	9	17
Interest on finance leases	15	2
Imputed interest on convertible bonds	3,359	4,003
Imputed interest on bonds	3,745	4,453
Interest on promissory note	72	–
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	7,200	8,475
	<hr/> <hr/>	<hr/> <hr/>

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 (2013: 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 (2013: Nil).

7. Dividend

The Board has resolved not to pay any interim dividend for the Period (2013: Nil).

8. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of basic loss per share amount is based on the loss attributable to owners of the parent for the Period of HK\$1,212,507,000 (period ended 30 September 2013: profit of HK\$23,823,000) and the weighted average number of ordinary shares of 2,534,208,787 (2013: 766,819,181) in issue during the Period.

No adjustment has been made to basic loss per share amounts for the period ended 30 September 2014, as the share options outstanding during the period ended 30 September 2014 had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of diluted earnings per share amount for the period ended 30 September 2013 was based on the profit for the period attributable to owners of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic earnings per share for the period ended 30 September 2013 are based on:

	30 September 2013 (Unaudited) HK\$'000
<u>Earnings</u>	
Profit attributable to owners of the parent	23,823
Interest on convertible bonds	4,003
	<hr/>
	27,826
	<hr/> <hr/>
	Number of shares At 30 September 2013 (Unaudited)
<u>Shares</u>	
Weighted average number of ordinary shares in issue during the period ended 30 September 2013 used in the basic earnings per share calculation	766,819,181
Effect of dilution – weighted average number of ordinary share:	
Share options*	–
Convertible bonds	351,370,339
	<hr/>
	1,118,189,520
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* Because the diluted earnings per share amount is increased when taking into account of the share options. The share options had an anti-dilutive effect on the basic earnings per share for the period ended 30 September 2013 and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amount is based on the profit attributable to owners of the parent of HK\$27,826,000 and the weighted average number of ordinary shares of 1,118,189,520 in issue during the period ended 30 September 2013.

9. Available-for-sale equity investments

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Listed equity investments, at fair value:		
Hong Kong	–	650
Elsewhere	–	13,811
	<hr/>	<hr/>
	–	14,461
	<hr/>	<hr/>
Unlisted equity investments, at cost	153,000	–
	<hr/>	<hr/>
	153,000	–
	<hr/> <hr/>	<hr/> <hr/>

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 30 September 2014, the unlisted equity investments with a carrying amount of HK\$153,000,000 (31 March 2014: Nil) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

10. Equity investments at fair value through profit or loss

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	108,311	176,617
	<hr/> <hr/>	<hr/> <hr/>

11. Inventories

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Finished goods	407	–
	<hr/> <hr/>	<hr/> <hr/>

12. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending 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. The carrying amounts of trade receivables approximate their fair values.

Ageing analysis:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within 1 month	<u>1,418</u>	<u>1,108</u>

13. Trade payables

Ageing analysis:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within 1 month	16	–
Over 3 months	<u>13</u>	<u>16</u>
	<u>29</u>	<u>16</u>

Trade payables are non-interest-bearing. The carrying amounts of trade payables approximate their fair values.

14. Promissory note payable

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Promissory note payable	<u>88,072</u>	<u>–</u>

During the Period, the Group issued a promissory note to an independent third party as the consideration payable for the acquisition of an unlisted equity investment.

The promissory note with the principal amount of HK\$88,000,000 bore interest at 2.5% per annum and was repayable in 2018. As at 30 September 2014, management considered the promissory note would be settled within one year; therefore, the balance was classified as a current liability.

The carrying amount of the promissory note as at 30 September 2014 approximated its fair value.

15. Convertible Bonds, Bonds and Derivatives

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 any time following the date of issue of the 2010 Convertible Bonds up to the maturity date on 30 November 2013, at a price of HK\$0.125 per share, subject to adjustments.

The Company could 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.

2013 Amendments

Upon the approval of an ordinary resolution of the Company at the special general meeting held on 25 March 2013, the Company and the Bondholders concluded the Deed of Variations on 26 March 2013 (the “Amendment Date”) pursuant to which both parties agreed to vary certain terms and conditions of 2010 Convertible Bonds (the “2013 Amendment”). The principal amount of the 2010 Convertible Bonds was divided into two portions, an interest-bearing portion with a principal value of HK\$100 million which is interest-bearing at 2.5% p.a. payable on maturity (the “2013 Bonds”); and a non-interest-bearing portion with a principal amount of HK\$100 million redeemable on maturity with conversion rights attached (the “2013 Convertible Bonds”). The conversion price of 2013 Convertible Bonds was adjusted from HK\$0.125 per share to HK\$0.2846 per share. The convertible portion was convertible in multiples of HK\$250,000 at any time during the conversion period. Further details are set out in the note 24 to the Company’s Annual report 2013/2014.

2014 Amendments

Upon the approval of an ordinary resolution of the Company at the special general meeting held on 18 August 2014, the Company and the Bondholders concluded the Second Deed of Variations to vary certain terms and conditions of 2013 Convertible Bonds and 2013 Bonds (the “2014 Amendments”). The modifications included but not limited to:

- (i) The entire principal amount of the 2013 Convertible Bonds and 2013 Bonds would not carry any interest and became convertible into the shares of the Company (the “2014 Convertible Bonds”);
- (ii) The maturity date of 2014 Convertible Bonds was extended from 30 November 2016 to 31 December 2018;
- (iii) The conversion price for 2014 Convertible Bonds was adjusted from HK\$0.2846 per share to HK\$0.125 per share, subject to adjustments; and
- (iv) The conversion option was granted to the Company to which the Company has the rights to request conversion of all outstanding 2014 Convertible Bonds into ordinary shares of the Company on the maturity date.

The 2014 Amendments constituted a significant modification and were accounted for as an extinguishment of the 2013 Bonds and 2013 Convertible Bonds and an issue of the 2014 Convertible Bonds. In light of the terms of the 2014 Amendments set out above, the Company reassessed at the Amendment Date the fair values of the 2014 Convertible Bonds. The net effect of the 2014 Amendments is the recognition of a loss of HK\$1,000,816,000 debited to the statement of profit or loss. The conversion option of the Bondholders and conversion option of the Company on the maturity date are derivative components which are interdependent as only one of these options can be exercised at any one point of time. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument is recognized.

The 2014 Convertible Bonds with total principal amount of HK\$200 million were fully converted into 1,600,000,000 ordinary shares during the period ended 30 September 2014.

An analysis of the movements of the liability component and the derivative component of convertible bonds and bonds during the period ended 30 September 2014 is as follows:

	Convertible Bonds – Liability component <i>HK\$'000</i>	Convertible Bonds – Derivative component <i>HK\$'000</i>	Bonds – Liability component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014	73,386	(14,804)	79,421	138,003
Interest expenses	3,358	–	3,745	7,103
Extinguishment of the 2013				
Convertible bonds and 2013 Bonds	(76,744)	(218,774)	(83,166)	(378,684)
Issue of 2014 Convertible Bonds	137,317	1,238,683	–	1,376,000
Fair value change	–	206,579	–	206,579
Conversion of shares	(137,317)	(1,211,684)	–	(1,349,001)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The Group used the following valuation methodology and parameters for determining and disclosing the fair value of the 2014 Convertible Bonds:

The valuation model as described by K. Tsiveriotis and C. Fernandes has been employed. The underlying concept is that a convertible bond consists of two components, a debt component and an embedded derivative component.

Thus, Fair Value of Convertible Bond = Fair Value of Debt Component + Fair Value of Embedded Derivative Component

The appropriate discount rate for the debt component is the risky (i.e. risk-free rate plus the corresponding yield spread) rate and that for the embedded derivative component is the risk-free rate.

The model results in a set of two coupled parabolic partial differential equations, which are solved numerically by means of finite-difference method.

16. Share capital

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid		
– 4,105,060,466 (31 March 2014: 2,033,737,827) ordinary shares of HK\$0.01 each	<u>41,051</u>	<u>20,337</u>

Movements of the Company's issue share capital were as follows:

	Number of share in issue	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014	2,033,737,827	20,337	862,223	882,560
Issue of new shares	406,747,565	4,068	45,251	49,319
Conversion of convertible bonds	1,600,000,000	16,000	1,333,001	1,349,001
Exercise of share options	64,575,074	646	22,839	23,485
At 30 September 2014	<u>4,105,060,466</u>	<u>41,051</u>	<u>2,263,314</u>	<u>2,304,365</u>

17. Related party transactions

In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,745	1,620
Equity-settled share option expense	314	667
Pension scheme contribution	87	81
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	2,146	2,368
	<hr/> <hr/>	<hr/> <hr/>

18. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorized for issue by the Board on 26 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group for the Period recorded negative revenue of approximately HK\$5.7 million, compared to the revenue of approximately HK\$6.6 million for corresponding period of last year. It was attributable to the realized loss on disposal of equity investments of approximately HK\$14.8 million for the Period. The net loss for the Period was approximately HK\$1,217.3 million, compared to the profit of approximately HK\$18.1 million for the corresponding period of last year. Loss per share attributable to ordinary equity holders of the parent for the Period was HK47.85 cents (2013: Earnings per share of HK3.11 cents). The Group's net loss for the Period was primarily attributable to the fair value losses on revaluation of derivative component of convertible bonds of approximately HK\$206.6 million and the loss arising from modification of the terms of the convertible bonds of approximately HK\$1,000.8 million. Such losses are non-cash in nature and has no effect on the cash flow.

The Group has continued to place strong research and development efforts on its System-on-chip (SoC) technology. The core architecture in development is a Multi-thread Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is a new core architecture for computation performance based on multi-processing and parallel computing. The Company's MVP is an independently developed "China Core" featuring the versatility of a unified processor, combining the capabilities of central processing unit (CPU) and graphics processing unit (GPU) in one solution for Mainland China's vast consumer electronics market. The Group's development of this new processing architecture has revolutionized mobile computing by unrolling its Harmony Unified Processor Technology, which contains an independently Instruction-Set-Architecture with optimized compiler, the MVP parallel computing core and dynamic load balancing with Agile Switching of simultaneously-multi-threading (SMT) threads.

During the Period, the Group continued to put its efforts in rolling out the MVP based SoC products and introducing its technology into the product applications in the market. With a view to bring in and popularize the finger multi-touch functionality in the huge consumer electronics and home appliances market, the Group has continued cooperation with reputable electrical and home appliance leaders to jointly develop smart touch control screen used in a range of electrical and home appliance products. In addition, the Group also made a great deal of product design and engineering efforts in the areas of qualifications for production and demo trials with potential customers.

Amid the uncertain economic condition and weak customer sentiment in European and United States markets, the sales demand for electronic products in export markets remained slow and flat. Given the continued keen price competition in the local consumer electronic market, the local sales orders for the electronic accessories were weak and slow. During the Period, the sales revenue from the electronic products segment was approximately HK\$6.8 million, compared to that of approximately HK\$6.0 million for the corresponding period of last year. The operating loss for this segment for this Period was approximately HK\$2.1 million (2013: loss of approximately HK\$1.8 million).

The Group continued to utilize its available funds in treasury investments. During the Period, the local stock market was relatively less volatile with fluctuations between 21,700 points to 25,300 points of Hang Seng Index. The market sentiment continued to be adversely affected by the economic slowdown in Mainland China. Due to the influx of hot money in July and the mini-stimulus fiscal policies and measures taken by central government of Mainland China, the investor's confidence gradually improved and the Hang Seng Index reached its highest of about 25,300 points in September 2014. The treasury investments segment recorded an unrealized fair value gains on the equity investments of approximately HK\$28.0 million, gain on disposal of an available-for-sale equity investment of approximately HK\$7.7 million and a realized loss on disposal of equity investments of approximately HK\$14.8 million for the Period.

Prospects

For the year ahead, the Group will continue to cooperate with local reputable electrical home appliances manufacturers aims at making the finger multi-touch functionality used in the realm of household electronics appliances. This multi-touch functionality which has become an indispensable feature in smartphones and tablets has yet to become widely available in the electronics appliances market because of cost issues. Recognizing this opportunity, the Group looks forward to rolling out this functionality in the household home appliances market with its Harmony Unified Processor technology.

In order to maximize returns to the shareholders, the Group, from time to time, explores possibilities of expansion of business operations and scope of businesses. During the Period, the Group accelerated its momentum in expanding and diversifying its existing businesses by moving into new business areas with high growth potential and profit prospects. The entering into the memorandum of understanding in relation to the proposed acquisition of the third party payment businesses carried on by Jifutong Payment Limited in August 2014 signified the first attempt in which the Group is able to expand its integrated circuit business downstream for its SoC technology into applications such as third party payment market in Mainland China.

As motivated by the Shanghai-Hong Kong Stock Connect, the Group has entered agreements for the subscription of shares in Freeman Corporation Limited and HEC Capital Limited respectively in September 2014 ("Subscriptions"). The Group expects the Subscriptions are likely to generate further business opportunities, as well as creating synergy for the Group's business development in the financial services industry. The Group is also considering possible investments in financial services company providing third party guarantee and business opportunities in the money lender sector and develop the Group's customer bases as appropriate.

Looking ahead, the Group is cautiously optimistic about the performance in the local stock market in the second half of the year due to the positive market expectation of Shanghai-Hong Kong Stock Connect and signs of gradual economic recovery in the United States. However, the uncertain United States monetary policies and the ultra-low interest environment remain key factors dragging on the global economic recovery. As broad macroeconomic challenge persists, 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 for the Period recorded negative revenue of approximately HK\$5.7 million, compared to the revenue of approximately HK\$6.6 million for corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of approximately HK\$6.8 million, a realized loss on disposal of equity investments of approximately HK\$14.8 million and dividend income on the equity investments of approximately HK\$2.3 million from the treasury investments segment. The loss for the Period was approximately HK\$1,217.3 million. As at 30 September 2014, the Group's net asset value was approximately HK\$328.0 million (31 March 2014: approximately HK\$128.7 million). This was mainly due to the full conversion of 2014 convertible bonds with principal amount of HK\$200 million during the Period.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow, cash reserve, shares placing and banking facilities. The Group's cash and bank balances as at 30 September 2014 amounted to approximately HK\$105.6 million (31 March 2014: approximately HK\$83.2 million).

As at 30 September 2014, the Group had no bank overdrafts, and no short or long term interest-bearing bank borrowings (31 March 2014: Nil).

As at 30 September 2014, the Group had a promissory note payable of approximately HK\$88.1 million (31 March 2014: Nil) for subscription of the shares in Freeman Corporation Limited.

As at 30 September 2014, the Group's current ratio was 2.7 times (31 March 2014: 21.8 times) based on current assets of approximately HK\$279.0 million (31 March 2014: approximately HK\$279.5 million) and current liabilities of approximately HK\$105.0 million (31 March 2014: approximately HK\$12.8 million).

As at 30 September 2014, the Group did not have any significant commitments (31 March 2014: Nil). The Group also had no other contingent liabilities.

Capital Structure

As at 30 September 2014, the Group's gearing ratio, being bonds, convertible bonds payable and promissory note payable to net worth plus bonds, convertible bonds payable and promissory note payable, was 21.2% (31 March 2014: 54.3%).

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.

On 7 July 2014, the Company placed 406,747,565 new shares at a price of HK\$0.125 per placing share, representing approximately 20.00% of the then issued share capital of the Company. The net proceeds of approximately HK\$49.0 million were used for general working capital of the Group. Details of the above were disclosed in the Company's announcement dated 8 July 2014.

On 8 July 2014, the Company and the bondholders entered into the Second Deed of Variations pursuant to which the Company and the bondholders conditionally agree to vary certain terms and conditions of the bonds by (i) extending the maturity date of the bonds to 31 December 2018; (ii) making the interest bearing part of the bonds non-interest bearing but convertible such that the entire bonds are convertible; and (iii) lowering the conversion price of the bonds to HK\$0.125 per conversion share. Details of the above were disclosed in the Company's announcement and circular dated 8 July 2014 and 1 August 2014 respectively. The Second Deed of Variations was approved at the special general meeting of the Company held on 18 August 2014.

On 30 July 2014, The Company entered into the subscription agreement with the subscriber for raising approximately HK\$133.2 million by issuing a four-year 5% coupon convertible notes at the conversion price of HK\$0.15 per conversion share. The convertible notes can be converted into 888,000,000 ordinary shares of the Company. Details of the above were disclosed in the Company's announcement dated 30 July 2014 and 31 October 2014.

Significant Investments

As at 30 September 2014, 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 approximately HK\$261.3 million. The related dividend income for the Period was approximately HK\$2.3 million.

Details of Charges on Assets

As at 30 September 2014, the Company had no charges on assets (31 March 2014: Nil).

Events after the Reporting Period

1. On 3 October 2014, the promissory note of HK\$88.1 million payable to Freeman Corporation Limited for new shares subscription was fully repaid.
2. On 31 October 2014, the Company placed 495,192,763 new shares at a price of HK\$0.175 per placing share, representing approximately 12.05% of then share capital of the Company. The net proceeds of approximately HK\$84.2 million will be used for general working capital of the Group. Details of the above were disclosed in the Company's announcement dated 31 October 2014.
3. On 14 November 2014, an indirect wholly owned subsidiary of the Company, Top Billion Finance Limited as the lender, entered into a loan agreement with an independent third party, Cordoba Homes Limited, a company incorporated in the British Virgin Islands, as the borrower, pursuant to which the lender agreed to grant a revolving loan facility of HK\$75 million to the borrower for a term of 12 months from the date of the agreement. Details of the above were disclosed in the Company's announcement dated 14 November 2014.

4. On 14 November 2014, the Company placed 921,141,959 new shares at a price of HK\$0.15 per placing share, representing approximately 20.00% of the existing issued share capital. The net proceeds of the placing will be approximately HK\$133 million. HK\$125 million of the net proceeds from the placing will be used for the new money lending business of the Group and the remaining proceeds will be used for general working capital of the Group. Details of the above were disclosed in the Company's announcement dated 14 November 2014.

Employment, Training and Development

As at 30 September 2014, the Group had a total of 97 employees of which 33 were based in Hong Kong and 64 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 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 2014.

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 five members, namely, Mr. Tsang Wing Ki (Chairman of the Audit Committee), Mr. Li Chi Ming, Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Frank H. Miu, 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, 26 November 2014

As at the date of this announcement, the Board comprises:

Executive Directors

Mr. Wong Howard
(Chairman and Chief Executive Officer)
Dr. Kwong Kai Sing, Benny
(Managing Director)
Mr. Wong Yat Fai
Ms. Davis Angela Hendricks

Independent Non-executive Directors

Mr. Li Chi Ming
Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Frank H. Miu
Mr. Tsang Wing Ki

* *For identification purposes only*