ICube Technology Holdings Limited
中國微電子科技集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 139)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

The Board of Directors (the "Board") of ICube Technology Holdings Limited (the "Company") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013 (the "Year") together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2013

		For the year ended 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Revenue	*2, 3*		
Electronic products		**15,906**	23,097
Treasury investments		**(876)**	(33,248)
		15,030	(10,151)
Cost of electronic products sold		**(16,044)**	(23,108)
Brokerage and commission expenses		**(151)**	(113)
		(16,195)	(23,221)
		(1,165)	(33,372)
Other income and gains	*3*	**1,795**	880
Selling and distribution expenses		**(366)**	(451)
Administrative expenses		**(38,188)**	(33,681)
Research costs		**(13,541)**	(7,206)
Other operating expenses		**(1,910)**	(1,269)
Gain on disposal of an available-for-sale equity investment		**1,631**	–
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		**(16,186)**	(98,327)
Conversion option derivatives		**–**	(390)
Derivative component of convertible bonds		**22,276**	25,810
Gain arising from modification of convertible bonds		**49,693**	–
Finance costs	*4*	**(21,762)**	(19,480)
LOSS BEFORE TAX	*5*	**(17,723)**	(167,486)

CONSOLIDATED INCOME STATEMENT (continued)
For the year ended 31 March 2013

	Notes	For the year ended 31 March 2013 HK$'000	2012 HK$'000
Income tax expense	6	**(79)**	–
LOSS FOR THE YEAR		**(17,802)**	(167,486)
Attributable to:			
Owners of the parent		**(6,199)**	(156,601)
Non-controlling interests		**(11,603)**	(10,885)
		(17,802)	(167,486)
DIVIDEND	7	–	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		(Restated)
Basic and diluted		**HK(0.91) cent**	HK(27.47) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(17,802)**	(167,486)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale equity investments:		
Changes in fair value	**3,249**	(3,508)
Release upon disposal of an available-for-sale equity investment	**(1,631)**	–
Income tax effect	**(267)**	579
	1,351	(2,929)
Exchange differences on translation of foreign operations	**149**	124
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**1,500**	(2,805)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(16,302)**	(170,291)
Attributable to:		
Owners of the parent	**(4,783)**	(159,532)
Non-controlling interests	**(11,519)**	(10,759)
	(16,302)	(170,291)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

		As at 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,604**	2,053
Prepaid land lease payment		**–**	–
Available-for-sale equity investments		**12,599**	15,304
Total non-current assets		**14,203**	17,357
CURRENT ASSETS			
Note receivables		**–**	15,383
Equity investments at fair value through profit or loss	*9*	**92,045**	106,874
Inventories	*10*	**478**	1,174
Trade receivables	*11*	**737**	3,350
Prepayments, deposits and other receivables		**1,823**	3,476
Derivative component of convertible bonds		**4,533**	–
Restricted bank balances		**1,953**	–
Cash and bank balances		**30,747**	49,989
Total current assets		**132,316**	180,246
CURRENT LIABILITIES			
Trade payables	*12*	**72**	368
Tax payable		**12**	12
Other payables and accruals		**13,205**	8,859
Finance lease payables		**85**	140
Derivative component of convertible bonds		**–**	19,730
Total current liabilities		**13,374**	29,109
NET CURRENT ASSETS		**118,942**	151,137

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 March 2013

		As at 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**133,145**	168,494
NON-CURRENT LIABILITIES			
Finance lease payables		–	85
Convertible bonds		**65,379**	161,848
Bonds		**70,515**	–
Deferred tax liabilities		**582**	315
Total non-current liabilities		**136,476**	162,248
Net assets/(liabilities)		**(3,331)**	6,246
EQUITY/(DEFICIENCY IN ASSETS)			
Equity attributable to owners of the parent			
Issued capital	*13*	**6,779**	33,896
Reserves		**16,641**	(10,560)
		23,420	23,336
Non-controlling interests		**(26,751)**	(17,090)
Total equity/(deficiency in assets)		**(3,331)**	6,246

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.1 Basis of presentation

The Group recorded a consolidated net loss of HK$17,802,000 (2012: HK$167,486,000) for the year ended 31 March 2013. The Group also recorded net current assets of HK$118,942,000 (2012: HK$151,137,000) and deficiency in assets of HK$3,331,000 as at 31 March 2013 (2012: net assets of HK$6,246,000). The deterioration in net liability position is due to the Group's accumulated losses over the years.

In view of these circumstances, the directors of the Company have given consideration to the Group's liquidity and the Company's capital base.

On 8 February 2013, the Company and the bondholders of convertible bonds issued in 2010 with principal value of HK$200 million entered into a deed of variations (the "Deed of Variations"). This resulted in the extension of the maturity date of the convertible bonds from 30 November 2013 to 30 November 2016 and an option exercisable by the Company to request the bondholders to fully convert a portion of the convertible bonds with a principal amount of HK$100 million into shares of the Company on the maturity date. Prior to the maturity date, the bondholders may convert up to HK$100 million of the bond principal amount into shares of the Company at HK$0.33 per share. Further details on the terms of the convertible bonds are disclosed in the Company's circular dated 1 March 2013.

The directors of the Company consider that the entering into the Deed of Variations has improved the Group's working capital position. This helped position the Company for other corporate exercise to enlarge its capital base in the foreseeable future. The Group is considering other capital fund raising exercise when the market conditions become favorable to the Company.

The Group has been endeavoring to intensify its efforts of the research and development of integrated circuit technology. The directors of the Company believe that when the technology is introduced to the market, it will improve the operating results and cash flows of the Group, and enhance the financial position of the Group.

The Group has cash and bank balances (including restricted bank balances) and equity investments at fair value through profit or loss of HK$32,700,000 and HK$92,045,000, respectively, as at 31 March 2013, and has no current bank and other borrowing or current indebtedness. As at 31 March 2013, the Group was in compliance with all the terms and financial covenants of the convertible bonds.

The directors of the Company consider that the consolidated financial statements have been appropriately prepared on a going concern basis after taken into account the above factors.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

1.2 Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfer of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

2. Operating segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary of details of the operating segments are as follows:

(a) the electronic products segment trades electronic products;

(b) the treasury investments segment comprises securities investment and trading; and

(c) the corporate and others segment comprises corporate income and expenses items and research and development of integrated circuit technology.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measured consistently with the Group's loss before tax except that interest income, finance costs, fair value gain on derivative component of convertible bonds, head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, bonds, the derivative component of convertible bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments.

The following tables present revenue, loss and certain asset, liability and capital expenditure information for the Group's business segments for the years ended 31 March 2013 and 2012.

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**15,906**	23,097	**–**	–	**–**	–	**15,906**	23,097
Losses from treasury investments	**–**	–	**(876)**	(33,248)	**–**	–	**(876)**	(33,248)
Total	**15,906**	23,097	**(876)**	(33,248)	**–**	–	**15,030**	(10,151)
Segment results	**(4,377)**	(3,508)	**(15,729)**	(132,073)	**(47,734)**	(38,126)	**(67,840)**	(173,707)
Reconciliation								
Interest income and unallocated gains							**11**	13
Fair value gain on derivative component of convertible bonds							**22,276**	25,810
Gain arising from modification of convertible bonds							**49,693**	–
Unallocated expenses							**(101)**	(122)
Finance costs							**(21,762)**	(19,480)
Loss before tax							**(17,723)**	(167,486)
Income tax expense							**(79)**	–
Loss for the year							**(17,802)**	(167,486)
Assets and liabilities								
Segment assets	**1,861**	5,120	**104,713**	139,310	**3,697**	2,275	**110,271**	146,705
Reconciliation								
Unallocated assets							**36,248**	50,898
Total assets							**146,519**	197,603
Segment liabilities	**6,782**	6,890	**120**	120	**6,407**	2,391	**13,309**	9,401
Reconciliation								
Unallocated liabilities							**136,541**	181,956
Total liabilities							**149,850**	191,357

	Electronic products		Treasury investments		Corporate & others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Depreciation	**93**	77	**–**	–	**541**	395	**634**	472
Impairment of items of property, plant and equipment	**–**	17	**–**	–	**–**	–	**–**	17
Impairment of other receivables	**–**	–	**–**	–	**1,858**	906	**1,858**	906
Write-down of inventories to net realisable value	**556**	60	**–**	–	**–**	–	**556**	60
Write-off of items of property, plant and equipment	**–**	–	**–**	–	**2**	–	**2**	–
Loss on disposal of items of property, plant and equipment	**–**	–	**–**	–	**–**	45	**–**	45
Fair value losses on equity investments at fair value through profit or loss	**–**	–	**16,186**	98,327	**–**	–	**16,186**	98,327
Fair value loss on conversion option derivatives	**–**	–	**–**	390	**–**	–	**–**	390
Equity-settled share option arrangements	**11**	–	**–**	–	**4,856**	4,941	**4,867**	4,941
Capital expenditure	**90**	22	**–**	–	**88**	907	**178**	929

Geographical information

The following table represents revenue and certain asset and capital expenditure information for the Group's geographical information for the years ended 31 March 2013 and 2012.

	People's Republic of China (including Hong Kong)		Europe and South Africa		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Electronic products	**13,981**	21,606	**1,925**	1,491	**15,906**	23,097
Treasury investments	**(876)**	(33,248)	**–**	–	**(876)**	(33,248)
	13,105	(11,642)	**1,925**	1,491	**15,030**	(10,151)
Non-current assets	**1,604**	2,053	**–**	–	**1,604**	2,053

The revenue information above is based on the locations of customers and the stock markets.

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

Revenue of approximately HK$10,811,000 (2012: HK$14,830,000) was derived from sales by the electronic products segment to a single customer.

3. Revenue, other income and gains

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**15,906**	23,097
Gains/(losses) on disposal of equity investments at fair value through profit or loss	**4,015**	(44,077)
Losses on disposal of note receivables	**(5,383)**	–
Dividend income from listed equity investments	**492**	1,861
Interest income from note receivables and convertible notes	**–**	8,968
	15,030	(10,151)
Other income and gains		
Bank interest income	**11**	13
Government grants	**1,406**	126
Others	**378**	741
	1,795	880

4. Finance costs

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank overdrafts and other loans wholly repayable within five years	**–**	207
Interest on finance leases	**10**	20
Imputed interest on convertible bonds	**21,752**	19,253
	21,762	19,480

5. Loss before tax

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

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**16,044**	23,108
Depreciation	**634**	472
Research costs	**13,541**	7,206
Impairment of other receivables	**1,858**	906
Impairment of items of property, plant and equipment	**–**	17
Write-off of items of property, plant and equipment	**2**	–
Fair value gains of an available-for-sale investment (transfer from revaluation reserve upon disposal)	**(1,631)**	–
Loss on disposal of items of property, plant and equipment	**–**	45
Write-down of inventories to net realisable value	**556**	60

6. Income tax expense

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – elsewhere		
Underprovision in prior year	**79**	–
	79	–

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Year (2012: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. Dividend

The Board has resolved not to pay any final dividend for the Year (2012: Nil). In addition, no interim dividend was paid for the Year (2012: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK$6,199,000 (2012: HK$156,601,000), and the weighted average number of 677,912,609 (2012: 570,176,500 (restated)) in issue during the year, as adjusted to reflect the share consolidation during the current year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the share options and the convertible bonds outstanding during the years had an anti-dilutive effect on the basic loss per share amount presented.

9. Equity investments at fair value through profit or loss

	As at 31 March	
	2013	2012
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at fair value	**92,045**	106,874

10. Inventories

	As at 31 March	
	2013	2012
	HK$'000	*HK$'000*
Raw materials	**227**	107
Work in progress	**1**	450
Finished goods	**250**	617
	478	1,174

11. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending to up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. There is a significant concentration of credit risk as over 81% (2012: 98%) of the balances represented receivables from two major customers within the electronic products segment. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. The carrying amounts of trade receivables approximate their fair values.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**731**	3,350
Over 3 months	**6**	–
	737	3,350

12. Trade payables

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2013	2012
	HK$'000	*HK$'000*
Within 1 to 2 months	**48**	248
Over 3 months	**24**	120
	72	368

13. Share capital

	As at 31 March	
	2013	2012
Authorised	***HK$'000***	*HK$'000*
– 60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid		
– 677,912,609 (2012: 3,389,563,047) ordinary shares of HK$0.01 each	**6,779**	33,896

Pursuant to a special resolution passed on 25 March 2013, a capital reorganisation scheme became effective on 26 March 2013 which involved the following:

(a) every 5 shares in the issued ordinary share capital of the Company were consolidated into 1 consolidated share;

(b) the nominal value of every issued consolidated share was reduced by cancelling HK$0.04 of capital paid up for each issued consolidated share so as to form (after the share consolidation) one reorganised share of HK$0.01 each; and

(c) the credit arising from the capital reorganisation was transferred to the contributed surplus of the Company.

The authorised share capital of the Company before and after the capital reorganisation remains unchanged at HK$600,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group for the Year recorded revenue of HK$15.0 million, compared to negative revenue of HK$10.2 million last year. The net loss for the Year was HK$17.8 million, compared to the loss of HK$167.5 million last year. Loss per share attributable to ordinary equity holders of the parent for the Year was HK0.91 cent (2012: HK27.47 cents (Restated)). The Group's net loss for the Year was primarily attributable to unrealized loss on the listed securities of HK$16.2 million in the treasury investments segment.

According to the China Semiconductor Industry Association (CISA) 2011 report, Mainland China's semiconductor consumption market grew by 14.6% in 2011 to reach US$151.2 billion, representing 47.0% of the global semiconductor consumption. Much of the growth was the result of Mainland China's dominant position in the production of smartphones and media tablets. Since 2001, Mainland China semiconductor consumption has grown at approximately 24.4% compounded annual growth rate (CAGR) while the total worldwide consumption has grown at a 7.9% CAGR. Mainland China semiconductor consumption continued to outpace all other regions.

As a result of two driving factors, the continuing transfer of worldwide electronic equipment production to Mainland China and the above-average semiconductor content of that equipment, the growth in Mainland China's semiconductor continues to outpace the rest of the world. In 2011, Mainland China's electronic equipment production has also continued to grow, increased by 10.7% and its share increased to 33.2%, whilst the world production increased by only 6.0% during the same year. The market trend of mobile internet and open-sourced development have continued to have a great impact in guiding the future direction of the market.

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-Threaded Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is new core architecture for high computation performance based on multi-processing and parallel computing. ICube's MVP is an independently developed "China Core" featuring the versatility of a unified processor, combining the capabilities of a central processing unit (CPU) and graphics processing unit (GPU) in one solution for Mainland China's vast consumer electronics market. The Group's development of this new processing architecture has revolutionized mobile computing by unrolling its Harmony Unified Processor Technology, which contains an independent 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 Year, the Group intensified its efforts on the escalation and modifications of MVP based SoC products and speed up the introduction of its Unified Processor Unit (UPU) technology into a wide range of end application in the market. In addition to utilizing its UPU technology to provide strategic partners and customers with technical development services, the Group started to kick off the cooperation with manufactures in the development of educational pads and tablets. As a testament to our continued efforts in research and development of MVP based SoC products, the Group continued receiving funding from the reputable government organization to launch its UPU technology on its self-developed SoC.

Crippled by debt crisis in Europe and slow economic recovery in the United States, the Group continued to operate its electronic products trading business in a difficult market environment. Amid the adverse economic conditions and poor customer sentiments in end markets in Europe and United States, the sales demand for electronics products in export market remained very sluggish. Due to the keen price competition, the local sales orders for the electronic accessories was also slow down. During the Year, the sales revenue from the electronic products segment decreased by HK$7.2 million or 31.1% to HK$15.9 million. The operating loss for this segment for the Year increased by HK$0.9 million or 24.8% to HK$4.4 million.

The Group continued to utilise its available funds in treasury investments. During the Year, the European debt crisis remained a major risk factor posing a volatile fluctuation of local stock market. With the implementation of quantitative easing monetary policies and fiscal measures taken by US Federal Reserve and European Central Bank, the local stock market rallied and became stable for the Year. The treasury investments segment recorded a realised gain on equity investments and available-for-sale investments of HK$5.6 million, an unrealised loss on equity investments of HK$16.2 million and a realized loss on disposal of note receivables of HK$5.4 million for the Year.

Prospects

In 2012, Mainland China claimed over 75% of the worldwide production of mobile phones, at 1.21 billion sets, an increase of 9.2% over 2011. It is expected that Mainland China's mobile phone output will reach 1.28 billion sets in 2013, an increase of 5.8% over 2012. Worldwide smartphone shipments were 787 million sets in 2012 and will increase to 950 million sets in 2013. The global market for tablet computers surged 78.4% year over year, with 128 million of devices shipped in 2012. Worldwide tablet market is expected to reach 190 million units in 2013 and increase to 352.3 million units in 2017. Recognizing this trend, the Group looks forward to contributing to and growing with the market opportunities that are supported by Mainland China's vast semiconductor consumption market with products based on the Harmony Unified Processor Technology.

Looking ahead, the lingering European debt crisis and the slow pace of economic growth in the United States remain the key factor dragging on the global economic recovery. The global economies will remain weak and the 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 Year recorded revenue of HK$15.0 million, comparing to negative revenue of HK$10.2 million last year. The Group's revenue principally comprised the sales of electronic products of HK$15.9 million and the realized gain on disposal of listed securities investment of HK$4.0 million from treasury investments. During the Year, the revenue from electronic products decreased by HK$7.2 million or 31.1% to HK$15.9 million.

The loss for the Year was HK$17.8 million, compared to the loss of HK$167.5 million last year. As at 31 March 2013, the Group's consolidated deficiency in assets was HK$3.3 million compared to the net asset value of HK$6.2 million last year. This was mainly due to the accumulated loss attributable to shareholders over the years. The total comprehensive loss for the Year was HK$16.3 million compared to the total comprehensive loss of HK$170.3 million last year.

Research costs for the Year came to HK$13.5 million, compared to HK$7.2 million last year. The research costs were utilized primarily in the development of the Group's MVP based product, IC1. Administrative expenses amounted to HK$38.2 million, representing an increase of HK$4.5 million or 13.4% compared with last year.

Liquidity and Financial Resources

During the Year, the Group generally financed its operation with internally generated cash flow, cash reserve and banking facilities. The Group's bank and short-term deposits as at 31 March 2013 were HK$30.7 million (31 March 2012: HK$50.0 million).

As at 31 March 2013, the Group had no bank overdrafts, short and long term interest-bearing bank borrowings (31 March 2012: Nil).

As at 31 March 2013, the Group's current ratio was 9.9 times (31 March 2012: 6.2 times) based on current assets of HK$132.3 million (31 March 2012: HK$180.2 million) and current liabilities of HK$13.4 million (31 March 2012: HK$29.1 million).

As at 31 March 2013, the Group did not have any significant commitment (31 March 2012: Nil). The Group also had no other contingent liabilities or material commitments.

Capital Structure

A capital reorganisation scheme was approved by the Company's shareholders by passing a special resolution on 25 March 2013, details of which are disclosed in note 13 to this announcement.

As at 31 March 2013, the Group's gearing ratio, being bonds and convertible bonds payable to net worth and bonds and convertible bonds payable was 102.5% (31 March 2012: 96.7%).

The Group's bank deposits and borrowings are mainly denominated in Hong Kong dollars. Most of the Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the exchange risks the Group is exposed to are minimal.

On 8 February 2013, the Company and the bondholders entered into the Deed of Variations pursuant to which the Company and the bondholders agree to vary certain terms and conditions of three-year zero coupon 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, (vi) 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. The details of the above transaction were disclosed in the Company's announcement dated 8 February 2013 and circular dated 1 March 2013.

Significant Investments

As at 31 March 2013, 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$104.6 million. The related dividend income for the Year was HK$0.5 million.

Details of Charges on Assets

As at 31 March 2013, the Company had no charges on assets (31 March 2012: Nil).

Material Acquisitions and Disposals

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

Employment, Training and Development

As at 31 March 2013, the Group had a total of 96 employees, of which 29 were based in Hong Kong and 67 based in Mainland China. The Group is committed to staff training and development and structured training programmes for all employees.

Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 21 August 2013 to Friday, 23 August 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Friday, 23 August 2013, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 August 2013.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the Year except that there is no separation of the roles of Chairman and Chief Executive Officer as specified in the code provision A.2.1 of the CG Code. Mr. Wong Howard currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Company.

Detailed disclosure of the Company's corporate governance practices is included in the annual report of the Company for the Year.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has met with the external auditors of the Company, Messrs Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 March 2013. The Audit Committee has also discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises the three independent non-executive directors of the Company, namely, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David.

EXTRACT FROM THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited financial statements for the year ended 31 March 2013 which has included an emphasis of matter, but without qualification:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK$17,802,000 during the year ended 31 March 2013, and, as of that date, the Group's total liabilities exceeded its total assets by HK$3,331,000. These conditions, along with other matters as set out in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

The aforesaid "note 2.1 to the consolidated financial statements" in the extract from the independent auditors' report is disclosed as note 1.1 to this results announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS OF THE COMPANY

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

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

Hong Kong, 21 June 2013

* *for identification purposes only*