

# ICube Technology Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 139



*Interim Report*  
**2013/2014**

## Corporate Information

### EXECUTIVE DIRECTORS

Wong Howard (*Chairman & Chief Executive Officer*)

Wong Yat Fai

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Tung Tat Chiu, Michael

Li Chi Ming

Wan Ngar Yin, David

### AUDIT COMMITTEE

Tung Tat Chiu, Michael (*Chairman*)

Li Chi Ming

Wan Ngar Yin, David

### REMUNERATION COMMITTEE

Li Chi Ming (*Chairman*)

Tung Tat Chiu, Michael

Wan Ngar Yin, David

### NOMINATION COMMITTEE

Wong Howard (*Chairman*)

Wong Yat Fai

Tung Tat Chiu, Michael

Li Chi Ming

Wan Ngar Yin, David

### COMPANY SECRETARY

Szeto Pui Tong, Patrick

### AUDITORS

Ernst & Young

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1603-05

Harcourt House

39 Gloucester Road

Wanchai, Hong Kong

### PRINCIPAL SHARE REGISTRAR

MUFG Fund Services

(Bermuda) Limited

26 Burnaby Street

Hamilton HM 11

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### COMPANY'S WEBSITE

[www.icubetech.com.hk](http://www.icubetech.com.hk)

### STOCK CODE

139

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 2013 (the “Period”) together with comparative figures for the corresponding previous period as follows:-

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>REVENUE</b>	2		
Electronic products		6,019	9,347
Treasury investments		556	(3,265)
		<b>6,575</b>	6,082
Cost of electronic products sold		(5,847)	(9,235)
Brokerage and commission expenses		(28)	(82)
		<b>(5,875)</b>	(9,317)
		<b>700</b>	(3,235)
Other income and gains	3	1,273	817
Selling and distribution costs		(147)	(129)
Administrative expenses		(21,526)	(17,661)
Research costs		(6,589)	(5,065)
Other operating expenses		(230)	(945)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		20,916	(17,245)
Derivative component of convertible bonds		32,172	12,430
Finance costs	5	(8,475)	(10,963)

	Notes	For the six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Profit/(loss) before tax</b>	4	<b>18,094</b>	(41,996)
Income tax expense	6	–	–
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>18,094</b>	(41,996)
<b>Attributable to:</b>			
Owners of the parent		<b>23,823</b>	(37,188)
Non-controlling interests		<b>(5,729)</b>	(4,808)
		<b>18,094</b>	(41,996)
<b>DIVIDEND</b>	7	–	–
<b>EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		(Restated)
Basic		<b>HK3.11 cents</b>	HK(1.83) cents
Diluted		<b>HK2.49 cents</b>	HK(1.83) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>18,094</b>	(41,996)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Items that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Change in fair value	1,214	1,736
Income tax effect	(201)	(287)
	<b>1,013</b>	1,449
Exchange differences on translation of foreign operations	(5)	2
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>1,008</b>	1,451
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>19,102</b>	(40,545)
Attributable to:		
Owners of the parent	24,810	(35,739)
Non-controlling interests	(5,708)	(4,806)
	<b>19,102</b>	(40,545)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,321	1,604
Available-for-sale equity investments	9	13,813	12,599
Total non-current assets		15,134	14,203
<b>CURRENT ASSETS</b>			
Equity investments at fair value through profit or loss	10	114,927	92,045
Inventories	11	468	478
Trade receivables	12	1,730	737
Prepayments, deposits and other receivables		8,003	1,823
Derivative component of convertible bonds	14	36,705	4,533
Restricted bank balances		1,111	1,953
Cash and bank balances		130,594	30,747
Total current assets		293,538	132,316
<b>CURRENT LIABILITIES</b>			
Trade payables	13	574	72
Tax payable		12	12
Other payables and accruals		12,104	13,205
Finance lease payables		12	85
Total current liabilities		12,702	13,374

		At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
	Notes		
<b>NET CURRENT ASSETS</b>		<b>280,836</b>	118,942
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>295,970</b>	133,145
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	14	<b>69,382</b>	65,379
Bonds	14	<b>74,968</b>	70,515
Deferred tax liabilities		<b>783</b>	582
Total non-current liabilities		<b>145,133</b>	136,476
<b>NET ASSETS/(LIABILITIES)</b>		<b>150,837</b>	(3,331)
<b>EQUITY/(DEFICIENCY IN ASSETS)</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Issued capital	15	<b>20,337</b>	6,779
Reserves		<b>161,954</b>	16,641
Non-controlling interests		<b>182,291</b> <b>(31,454)</b>	23,420 (26,751)
Total equity/(deficiency in assets)		<b>150,837</b>	(3,331)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

Attributable to owners of the parent

	Issued capital	Share premium	Contributed Surplus	Capital reserve	Share option reserve	Equity component of convertible bonds	Available-for-sale equity investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling Interests	Total equity/(deficiency in assets)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	6,779	745,229	578,291	556	35,778	47,257	2,948	(525)	(1,392,893)	23,420	(26,751)	(3,331)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	23,823	23,823	(5,729)	18,094
Other comprehensive income/(loss) for the period:												
Changes in fair value of available-for-sale equity investments, net of tax	-	-	-	-	-	-	1,013	-	-	1,013	-	1,013
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(26)	-	(26)	21	(5)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,013	(26)	23,823	24,810	(5,708)	19,102
Rights issue	13,558	122,024	-	-	-	-	-	-	-	135,582	-	135,582
Share issue expenses	-	(5,030)	-	-	-	-	-	-	-	(5,030)	-	(5,030)
Equity-settled share option arrangements, net	-	-	-	-	3,509	-	-	-	-	3,509	-	3,509
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	1,005	1,005
At 30 September 2013	20,337	862,223*	578,291*	556*	39,287*	47,257*	3,961*	(551)*	(1,369,070)*	182,291	(31,454)	150,837



## For the six months ended 30 September 2012

	Attributable to owners of the parent											
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed Surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Equity component of convertible bonds HK\$'000	Available-for-sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling Interests HK\$'000	Total equity/ (deficiency) in assets HK\$'000
At 1 April 2012	33,896	745,229	551,174	556	30,911	47,257	1,597	(590)	(1,386,694)	23,336	(17,090)	6,246
Loss for the period	-	-	-	-	-	-	-	-	(37,188)	(37,188)	(4,808)	(41,996)
Other comprehensive income for the period:												
Changes in fair value of available-for-sale equity investments, net of tax	-	-	-	-	-	-	1,449	-	-	1,449	-	1,449
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	2	2
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,449	-	(37,188)	(35,739)	(4,806)	(40,545)
Equity-settled share option arrangements	-	-	-	-	2,155	-	-	-	-	2,155	-	2,155
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	918	918
At 30 September 2012	33,896	745,229	551,174	556	33,066	47,257	3,046	(590)	(1,423,882)	(10,248)	(20,978)	(31,226)

\* These reserve accounts comprise the consolidated reserves of HK\$161,954,000 (31 March 2013: consolidated reserves of HK\$16,641,000) in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(31,683)</b>	(15,408)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(9)</b>	(95)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>131,484</b>	850
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>99,792</b>	(14,653)
Cash and cash equivalents at beginning of period	<b>30,747</b>	49,989
Effect of foreign exchange rate changes, net	<b>55</b>	29
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>130,594</b>	35,365
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>130,594</b>	35,365

# 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 2013 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 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>

HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements to HKFRSs 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below, the adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial information.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains or losses on defined benefit plans and revaluation of land and buildings). The Group's presentation of other comprehensive income in the unaudited interim condensed consolidated financial information has been modified accordingly.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. Some of the disclosures are specifically required for financial instruments in the unaudited interim condensed consolidated financial information. The Group has provided those disclosures in note 14 and note 16.

The amendment to HKAS 34 included in *Annual improvements to HKFRSs 2009-2011 Cycle* clarifies the requirements in HKAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in HKFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. Total segment assets and total segment liabilities were reported to the chief operating decision maker. As a result of this amendment, the Group now also includes disclosure of total segment assets and total segment liabilities.

## 2. Segment information

For the management purpose, the Group is currently organized into three operating divisions-electronic products, treasury investment and corporate & others. An analysis of the Group's revenue, results and certain assets and liabilities by business segment for the Period and the corresponding previous period is as follows:–

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	6,019	9,347	-	-	-	-	6,019	9,347
Gains/(losses) from treasury investment	-	-	556	(3,265)	-	-	556	(3,265)
<b>Total</b>	<b>6,019</b>	<b>9,347</b>	<b>556</b>	<b>(3,265)</b>	<b>-</b>	<b>-</b>	<b>6,575</b>	<b>6,082</b>
<b>Segment results</b>	<b>(1,831)</b>	<b>(2,004)</b>	<b>21,371</b>	<b>(20,653)</b>	<b>(25,126)</b>	<b>(20,848)</b>	<b>(5,586)</b>	<b>(43,505)</b>
<i>Reconciliation</i>								
Interest income and unallocated gains							7	64
Fair value gains on derivative component of convertible bonds							32,172	12,430
Unallocated expenses							(24)	(22)
Finance costs							(8,475)	(10,963)
Profit/(loss) before tax							18,094	(41,996)
Income tax expense							-	-
Profit/(loss) for the period							18,094	(41,996)
	Electronic products		Treasury investment		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
	2013	2013	2013	2013	2013	2013	2013	2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>								
Segment assets	2,782	1,861	130,867	104,713	6,758	3,697	140,407	110,271
Unallocated assets							168,265	36,248
<b>Total assets</b>							<b>308,672</b>	<b>146,519</b>
Segment liabilities	7,294	6,782	60	120	5,344	6,407	12,698	13,309
Unallocated liabilities							145,137	136,541
<b>Total liabilities</b>							<b>157,835</b>	<b>149,850</b>

### 3. Other income and gains

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	7	5
Government grants	875	–
Others	391	812
	<b>1,273</b>	<b>817</b>

### 4. Profit/(loss) before tax

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

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	5,847	9,235
Depreciation	310	302

### 5. Finance costs

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank overdrafts wholly repayable within five years	17	1
Interest on finance leases	2	6
Imputed interest on convertible bonds	4,003	10,956
Imputed interest on bonds	4,453	–
	<b>8,475</b>	<b>10,963</b>

## **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 (2012: 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 (2012: Nil).

## **7. Dividend**

The Board has resolved not to pay any interim dividend for the Period (2012: Nil).

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

The calculation of basic earnings per share amount is based on the profit attributable to owners of the parent for the Period of HK\$23,823,000 (period ended 30 September 2012: loss of HK\$37,188,000) and the weighted average number of ordinary shares of 766,819,181 (2012: 2,033,737,827 (as restated)) in issue during the Period, adjusted to reflect the share consolidation in March 2013 and the rights issue (note 15) during the Period.

The calculation of diluted earnings per share amount for the Period is 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 are based on:

	30 September 2013 (Unaudited) HK\$'000
<b>Earnings</b>	
Profit attributable to owners of the parent	23,823
Interest on convertible bonds	4,003
	<b>27,826</b>
<b>Number of shares</b>	
At	
30 September 2013 (Unaudited)	
<b>Shares</b>	
Weighted average number of ordinary shares in issue during the Period 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
	<b>1,118,189,520</b>

\* Because the diluted earnings per share amount is increased when taking into account of share options. The share options had an anti-dilutive effect on the basic earnings per share for the Period and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts are 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.

No adjustment has been made to basic loss per share amounts for the period ended 30 September 2012, as the share options and the convertible bonds outstanding during the period ended 30 September 2012 had an anti-dilutive effect on the basic loss per share amounts presented.



## 9. Available-for-sale equity investments

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Listed equity investments, at fair value:		
Hong Kong	610	620
Elsewhere	13,203	11,979
	<b>13,813</b>	12,599

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

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	114,927	92,045

## 11. Inventories

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Raw materials	341	227
Work in progress	16	1
Finished goods	111	250
	<b>468</b>	478

## 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 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Within 1 month	1,722	731
1 to 2 months	4	–
Over 3 months	4	6
	<b>1,730</b>	<b>737</b>

## 13. Trade payables

Ageing analysis:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Within 1 month	526	48
Over 3 months	48	24
	<b>574</b>	<b>72</b>

The carrying amounts of trade payables approximate their fair values.

## 14. 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 anytime 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.

On 26 March 2013, the Company and the Bondholders agreed to vary certain terms and conditions of 2010 Convertible Bonds (the “2013 Amendment”). The modifications included but not limited to:

- (i) The maturity date of 30 November 2013 was extended to 30 November 2016;
- (ii) The principal amount of the 2010 Convertible Bonds was divided into two portions:
  - an interest-bearing portion with 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 convertible portion was convertible in the multiple of HK\$250,000 at any time during the conversion period;

- (iii) a conversion price for 2013 Convertible Bonds was adjusted from HK\$0.125 per share to HK\$0.33 per share, subject to adjustments; and
- (iv) a conversion option was granted to the Company to which the Company has the rights to request conversion of all outstanding 2013 Convertible Bonds into ordinary shares of the Company on the maturity date.

There was no conversion or redemption of the 2013 Convertible Bonds during the period ended 30 September 2013.

On 19 September 2013, the conversion price of the 2013 Convertible Bonds was adjusted from HK\$0.33 per share to HK\$0.2846 per share upon completion of rights issue.

An analysis of the movements of the liability component and the derivative component of 2013 Convertible Bonds and Bonds during the period ended 30 September 2013 is as follows:

	<b>Convertible Bonds – Liability component</b>	<b>Convertible Bonds – Derivative component</b>	<b>Bonds – Liability component</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	65,379	(4,533)	70,515	131,361
Interest expenses	4,003	–	4,453	8,456
Fair value change	–	(32,172)	–	(32,172)
As 30 September 2013	69,382	(36,705)	74,968	107,645

The Group used the following valuation methodology and parameters for determining and disclosing the fair value of the 2013 Convertible Bonds and Bonds:

The Partial Differential Equation (PDE) Method as described by K. Tsiveriotis and C. Fernandes has been employed. The underlying concept is that a convertible bond consists of a debt component and a 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 rate (i.e. risk-free rate plus the corresponding yield spread) and that for the embedded derivative component is the risk-free rate. The yield spread applicable to the Convertible Bonds is estimated by combining the average yield spread of similar instruments with similar credit ratings and maturities.

The fair values of the liability component of the convertible bonds and bonds as at 30 September 2013 were approximately HK\$69,382,000 (31 March 2013: HK\$65,379,000) and HK\$74,968,000 (31 March 2013: HK\$70,515,000), respectively. The bonds were calculated by discounting the future cash flows at the prevailing market interest rate at the end of the reporting period.

## 15. Share capital

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
<b>Authorised</b>		
– 60,000,000,000 ordinary shares of HK\$0.01 each	600,000	600,000
<b>Issued and fully paid</b>		
– 2,033,737,827 (31 March 2013: 677,912,609) ordinary shares of HK\$0.01 each	20,337	6,779

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

	Number of share in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2013	677,912,609	6,779	745,229	752,008
Rights issue	1,355,825,218	13,558	116,994	130,552
As 30 September 2013	2,033,737,827	20,337	862,223	882,560

In September 2013, the Company issued and allotted 1,355,825,218 ordinary shares of HK\$0.01 each to the qualifying shareholders pursuant to the rights issue on the basis of two rights shares for every share held by members on the register as at 27 August 2013 at a subscription price of HK\$0.1 per share for a total consideration, before expenses, of HK\$135,583,000.

## 16. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair value measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value as at 30 September 2013 and 31 March 2013:

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 30 September 2013</b>				
Available-for-sale equity investments	13,813	–	–	13,813
Equity investments at fair value through profit or loss	114,927	–	–	114,927
Derivative component of convertible bonds	–	36,705	–	36,705
	128,740	36,705	–	165,445
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>31 March 2013</b>				
Available-for-sale equity investments	12,599	–	–	12,599
Equity investments at fair value through profit or loss	92,045	–	–	92,045
Derivative component of convertible bonds	–	4,533	–	4,533
	104,644	4,533	–	109,177

During the six months ended 30 September 2013, there were no transfers of fair value measurements between level 1 and level 2 and no transfer into or out of level 3.

## 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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,620	1,620
Equity-settled share option expense	667	485
Pension scheme contribution	81	81
	<b>2,368</b>	2,186

## 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 28 November 2013.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

The Group for the Period recorded revenue of HK\$6.6 million, representing a slight increase of HK\$0.5 million or 8.1% as compared to the corresponding period of last year. The profit for the Period was HK\$18.1 million, compared to the loss of HK\$42.0 million for the corresponding period of last year. Basic earnings per share attributable to ordinary equity holders of the parent for the Period was HK3.11 cents (2012: Loss per share of HK1.83 cents (Restated)). The Group's profit for the Period was primarily attributable to the unrealized gains on the listed securities of HK\$20.9 million in the treasury investment segment and fair value gains on the derivative component of convertible bonds of HK\$32.2 million.

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. ICube'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 on the escalation and modification of 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 electrical and home appliance market, the Group has commenced cooperation with a reputable electrical and home appliance leader to jointly develop smart touch control screen used in a range of electrical and home appliance products. In addition, the Group also continued receiving funding from reputable government organization to launch its Unified Processor Unit (UPU) technology on its self-developed SoC.

Amid the adverse economic conditions and poor customer sentiments in European and United States markets, the sales demand for electronic products in export markets remained very sluggish. Due to the keen price competition in the local consumer electronic market, the local sales orders for the electronic accessories were slow. During the Period, the sales revenue from the electronic products segment decreased by HK\$3.3 million or 35.6% to HK\$6.0 million, compared to the corresponding period of last year. The operating loss for this segment for the Period was HK\$1.8 million (2012: loss of HK\$2.0 million).

The Group continued to utilize its available funds in treasury investment. During the Period, the local stock market was volatile and became stabilized as a result of the continued quantitative easing monetary policies and fiscal measures taken by the US Federal Reserve and European Central Bank. The treasury investment segment recorded unrealized gains on the listed securities of HK\$20.9 million for the Period.

## Prospects

For the year ahead, the Group will put a deal of efforts and sufficient resources in the development of the finger multi-touch functionality used in the realm of household electronics appliances with the leading home appliances manufacturer. 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 our 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 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's revenue for the Period recorded revenue of HK\$6.6 million, representing a slight increase of HK\$0.5 million or 8.1% as compared to the corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of HK\$6.0 million and dividend income on the listed securities of HK\$0.6 million from the treasury investment segment.

The profit for the Period was HK\$18.1 million. As at 30 September 2013, the Group's net asset value was HK\$150.8 million (31 March 2013: consolidated deficiency in assets of HK\$3.3 million). This was mainly due to the net proceeds from the rights issue of approximately HK\$129.65 million during the Period.

## 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 cash and bank balances as at 30 September 2013 amounted to HK\$130.6 million (31 March 2013: HK\$30.7 million).

As at 30 September 2013, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2013: Nil).

As at 30 September 2013, the Group had convertible bonds of HK\$69.4 million (31 March 2013: HK\$65.4 million) and bonds of HK\$75.0 million (31 March 2013: HK\$70.5 million).

As at 30 September 2013, the Group's current ratio was 23.1 times (31 March 2013: 9.9 times) based on current assets of HK\$293.5 million (31 March 2013: HK\$132.3 million) and current liabilities of HK\$12.7 million (31 March 2013: HK\$13.4 million).

As at 30 September 2013, the Group did not have any significant commitments (31 March 2013: Nil). The Group also had no other contingent liabilities.

## Capital Structure

As at 30 September 2013, the Group's gearing ratio, being bonds and convertible bonds payable to net worth less bonds and convertible bonds payable, was 48.9% (31 March 2013: 102.5%).

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 25 June 2013, the Company entered an agreement with an underwriter for raising approximately HK\$135.58 million before expenses by issuing 1,355,825,218 new shares to the qualifying shareholders by way of the rights issue at subscription price of HK\$0.10 per right share on the basis of two right shares for every share in issue on the record date. The net proceeds of approximately HK\$129.65 million will be used as to 50% on the research and development on the Group's MVP based SoC products and 50% for the general working capital of the Group including 10% on the development of electronic products segment. Details of the above were disclosed in the Company's circular dated 29 July 2013 and prospectus dated 28 August 2013 respectively. Up to 30 September 2013, the use of net proceeds of approximately HK\$12 million were utilized on research and development of MVP, electronic product segment and general working capital.

## Significant Investments

As at 30 September 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\$128.7 million. The related dividend income for the Period was HK\$0.6 million.

## Details of Charges on Assets

As at 30 September 2013, the Company had no charges on assets (31 March 2013: 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 2013, the Group had a total of 99 employees of which 31 were based in Hong Kong and 68 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.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, the interests of the directors of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:—

### (1) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Percentage* of the Company's issued share capital
Mr. Wong Howard	Interest held by a controlled corporation	408,000,000	20.06%
		(Note)	
	Beneficial owner	12,779,400	0.63%
		420,779,400	20.69%
Mr. Wong Yat Fai	Beneficial owner	12,779,400	0.63%

Note: These shares were held by Allied Way International Limited ("Allied Way"). Allied Way is a company incorporated in Hong Kong, the entire issued capital of which is owned as to 50% by Mr. Wong Howard and 50% by his spouse, Ms. Cheung Mei Yee, Rebacca ("Ms. Rebacca Cheung"). Mr. Wong Howard and Ms. Rebacca Cheung were deemed to be interested in these 408,000,000 shares of the Company held by Allied Way under Part XV of the SFO.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2013.

## (2) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Percentage* of the underlying shares over the Company's issued share capital
Mr. Wong Howard	Beneficial owner	14,400,000	0.71%
Mr. Wong Yat Fai	Beneficial owner	7,199,996	0.35%

Details of the above share options granted by the Company are set out under the below section headed “Share Option Scheme”.

\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2013.

In addition to the above, as at 30 September 2013, certain directors of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying the previous requirement of a minimum of two shareholders.

Save as disclosed above, as at 30 September 2013, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEME

The Company's old share option scheme adopted on 27 August 2003 was expired on 27 August 2013. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme, approved by the shareholders at the Company's Annual General Meeting held on 27 September 2013.

A summary of the movements of the share options granted during the Period is set out as follows:

Name or category of participant	Number of share options outstanding at 1 April 2013	Number of share options lapsed during the Period	Number of share options granted/ exercised/ cancelled during the Period	Adjustment for Rights Issue	Number of share options outstanding at 30 September 2013	Date of grant of share options	Exercise period of share options <sup>(1)</sup>	Exercise price of share options before the Rights Issue <sup>(2)</sup> (HK\$ per share)	Adjusted exercise price of share options after the Rights Issue <sup>(2)</sup> (HK\$ per share)
<b>Director</b>									
Mr. Wong Howard	1,400,000	-	-	400,000	1,800,000	18/7/2011	1/1/2012-31/12/2016	0.620	0.4822
	1,400,000	-	-	400,000	1,800,000	18/7/2011	1/1/2013-31/12/2016	0.620	0.4822
	1,400,000	-	-	400,000	1,800,000	18/7/2011	1/1/2014-31/12/2016	0.620	0.4822
	1,400,000	-	-	400,000	1,800,000	18/7/2011	1/1/2015-31/12/2016	0.620	0.4822
	1,400,000	-	-	400,000	1,800,000	8/1/2013	1/7/2013-31/12/2017	0.325	0.2528
	1,400,000	-	-	400,000	1,800,000	8/1/2013	1/7/2014-31/12/2017	0.325	0.2528
	1,400,000	-	-	400,000	1,800,000	8/1/2013	1/7/2015-31/12/2017	0.325	0.2528
	1,400,000	-	-	400,000	1,800,000	8/1/2013	1/7/2016-31/12/2017	0.325	0.2528
	<u>11,200,000</u>	-	-	<u>3,200,000</u>	<u>14,400,000</u>				
Mr. Wong Yat Fai	500,000	-	-	142,857	642,857	18/7/2011	1/1/2012-31/12/2016	0.620	0.4822
	500,000	-	-	142,857	642,857	18/7/2011	1/1/2013-31/12/2016	0.620	0.4822
	500,000	-	-	142,857	642,857	18/7/2011	1/1/2014-31/12/2016	0.620	0.4822
	500,000	-	-	142,857	642,857	18/7/2011	1/1/2015-31/12/2016	0.620	0.4822
	900,000	-	-	257,142	1,157,142	8/1/2013	1/7/2013-31/12/2017	0.325	0.2528
	900,000	-	-	257,142	1,157,142	8/1/2013	1/7/2014-31/12/2017	0.325	0.2528
	900,000	-	-	257,142	1,157,142	8/1/2013	1/7/2015-31/12/2017	0.325	0.2528
	900,000	-	-	257,142	1,157,142	8/1/2013	1/7/2016-31/12/2017	0.325	0.2528
	<u>5,600,000</u>	-	-	<u>1,599,996</u>	<u>7,199,996</u>				
<b>Other employees</b>									
In aggregate	5,938,000	-	-	1,696,561	7,634,561	18/7/2011	1/1/2012-31/12/2016	0.620	0.4822
	5,938,000	-	-	1,696,561	7,634,561	18/7/2011	1/1/2013-31/12/2016	0.620	0.4822
	5,920,000	-	-	1,691,417	7,611,417	18/7/2011	1/1/2014-31/12/2016	0.620	0.4822
	5,916,000	-	-	1,690,276	7,606,276	18/7/2011	1/1/2015-31/12/2016	0.620	0.4822
	300,000	-	-	85,714	385,714	8/9/2011	1/1/2012-31/12/2016	0.620	0.4822
	300,000	-	-	85,714	385,714	8/9/2011	1/1/2013-31/12/2016	0.620	0.4822
	300,000	-	-	85,714	385,714	8/9/2011	1/1/2014-31/12/2016	0.620	0.4822
	300,000	-	-	85,714	385,714	8/9/2011	1/1/2015-31/12/2016	0.620	0.4822
	11,224,000	-	-	3,206,826	14,430,826	8/1/2013	1/7/2013-31/12/2017	0.325	0.2528
	11,224,000	-	-	3,206,826	14,430,826	8/1/2013	1/7/2014-31/12/2017	0.325	0.2528
	11,224,000	-	-	3,206,826	14,430,826	8/1/2013	1/7/2015-31/12/2017	0.325	0.2528
	11,220,000	-	-	3,205,683	14,425,683	8/1/2013	1/7/2016-31/12/2017	0.325	0.2528
	<u>69,804,000</u>	-	-	<u>19,943,832</u>	<u>89,747,832</u>				
Total	86,604,000	-	-	24,743,828	111,347,828				

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the equity-settled share options granted during the year ended 31 March 2013 and 2012 was estimated by Ascent Partners Transaction Service Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the equity-settled share options granted was HK\$8,847,000 of which the Group recognized a share option expense of HK\$3,509,000 during the period ended 30 September 2013. The following table lists the inputs to the model used:

<b>Share options granted</b>	<b>8 January 2013</b>	<b>8 September 2011</b>	<b>18 July 2011</b>
Dividend yield (%)	N/A	N/A	N/A
Expected volatility (%)	85.165	95.336	96.71
Risk-free interest rate (%)	0.423	0.784	1.306
Share price at grant date (HK\$ per share)	0.062	0.108	0.12

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 30 September 2013, the Company had 111,347,828 (31 March 2013: 86,604,000) share options outstanding.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, the following parties had interests of 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as the Company is aware:

### (1) Long position in ordinary shares of the Company

Name of substantial shareholder	Capacity	Note	Number of ordinary shares interested	Percentage* of the Company's issued share capital
Allied Way	Beneficial owner	(1)	408,000,000	20.06%
Ms. Rebacca Cheung	Interest held by a controlled corporation	(1)	408,000,000	20.06%
	Interest of spouse	(2)	12,779,400	0.63%
			<u>420,779,400</u>	<u>20.69%</u>

Notes:

- (1) These shares were held by Allied Way. Allied Way is a company incorporated in Hong Kong, the entire issued capital of which is owned as to 50% by Mr. Wong Howard and 50% by his spouse, Ms. Rebacca Cheung. Mr. Wong Howard and Ms. Rebacca Cheung were deemed to be interested in these 408,000,000 shares of the Company held by Allied Way under Part XV of the SFO.

The interest of Allied Way is also disclosed as the interest of Mr. Wong Howard in the above section headed "Directors' interests in shares and underlying shares of the Company".

- (2) Ms. Rebacca Cheung was deemed to be interested in 12,779,400 shares of the Company through the interest of her spouse, Mr. Wong Howard, pursuant to Part XV of the SFO.

## (2) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Name of substantial shareholder	Capacity	Number of underlying shares in respect of the share options granted	Percentage* of the underlying shares over the Company's issued share capital
Ms. Rebacca Cheung	Interest of spouse	14,400,000 (Note)	0.71%

Note: Ms. Rebacca Cheung was deemed to be interested in 14,400,000 share options of the Company through the interest of her spouse, Mr. Wong Howard, pursuant to Part XV of the SFO. Details of the above share options granted by the Company are set out under the above section headed "Share Option Scheme".

\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2013.

Save as disclosed above, as at 30 September 2013, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests in shares and underlying shares of the Company" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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 2013.

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 for deviations from code provisions A.2.1 and A.6.7 of the CG Code described below:

Code provision A.2.1: 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.

Code provision A.6.7: One of the independent non-executive directors was unable to attend the special general meeting of the Company held on 15 August 2013 due to his business engagement.

## 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.

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "Own Code") on terms no exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the requirements set out in the Model Code and Own Code during the Period.

## COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the “Relevant Employees”) in respect of their dealings in the securities of the Company (the “Written Guidelines”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, “Relevant Employee” includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the Period.

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

Hong Kong, 28 November 2013