



ICube Technology Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 139

Interim Report 2010/2011

CORPORATE INFORMATION

Executive Directors

Wong Howard (*Chairman & Chief Executive Officer*)

Wong Yat Fai

Lam Sai Ho, Anthony

(resigned on 1 December 2010)

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

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

Butterfield Fund Services

(Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

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

Stock Code

139

The Board of Directors (the “Board”) of ICube Technology Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010 (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	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) (Restated) HK\$'000
CONTINUING OPERATIONS			
REVENUE	2		
Electronic products		17,448	6,432
Treasury investments		(15,854)	14,618
		1,594	21,050
Cost of electronic products sold		(16,962)	(6,266)
Brokerage and commission expenses		(109)	(523)
		(17,071)	(6,789)
Other income and gains	3	(15,477)	14,261
Selling and distribution costs		183	7
Administrative expenses		(100)	(42)
Other operating expenses		(17,112)	(11,950)
		(3,168)	(27)
Fair value losses, net:			
Equity investments at fair value through profit or loss		(4,221)	(23,330)
Finance costs	5	(9,597)	(8,860)
Loss before tax	4	(49,492)	(29,941)
Income tax expense	6	–	–
Loss for the period from continuing operations		(49,492)	(29,941)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	7	(3,515)	(3,536)
LOSS FOR THE PERIOD		(53,007)	(33,477)
Attributable to:			
Owners of the parent		(53,007)	(33,477)
Minority interest		–	–
		(53,007)	(33,477)
DIVIDEND	8	–	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– Continuing operations		HK(1.75)cents	HK(1.06)cents
– Discontinued operation		HK(0.13)cents	HK(0.13)cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(53,007)	(33,477)
OTHER COMPREHENSIVE INCOME		
Available-for-sale equity investments:		
Change in fair value	1,029	5,638
Income tax effect	(170)	(930)
	859	4,708
Exchange differences on translation of foreign operations	10	(76)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	869	4,632
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(52,138)	(28,845)
Attributable to:		
Owners of the parent	(52,138)	(28,845)
Minority interest	-	-
	(52,138)	(28,845)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		828	2,844
Prepaid land lease payment		–	–
Convertible notes-loan portion		50,296	50,913
Available-for-sale equity investments	10	17,924	16,895
Total non-current assets		69,048	70,652
CURRENT ASSETS			
Equity investments at fair value through profit or loss	11	162,803	147,526
Inventories	12	2,595	1,064
Bills and trade receivables	13	3,757	1,407
Prepayments, deposits and other receivables		5,627	4,412
Pledged time deposits		7,332	7,330
Cash and cash equivalents		70,722	134,111
Assets classified as held for sale	7	252,836 8,205	295,850 –
Total current assets		261,041	295,850
CURRENT LIABILITIES			
Trade payables	14	3,089	993
Tax payable		11	11
Other payables and accruals		7,328	8,255
Convertible bonds		197,588	187,991
		208,016	197,250
Liabilities directly associated with the assets classified as held for sale	7	2,832	–
Total current liabilities		210,848	197,250
NET CURRENT ASSETS		50,193	98,600
TOTAL ASSETS LESS CURRENT LIABILITIES		119,241	169,252
NON-CURRENT LIABILITIES			
Deferred tax liabilities		748	578
Net assets		118,493	168,674
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital	15	28,247	28,247
Equity component of convertible bonds		47,257	47,257
Reserves		42,989	93,170
		118,493	168,674
Minority interest		–	–
Total equity		118,493	168,674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the parent											
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Equity component of convertible bonds HK\$'000	Contributed surplus HK\$'000	Available-for-sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity K\$'000
At 1 April 2010	28,247	701,055	22,828	556	47,257	551,174	2,925	(1,691)	(1,183,677)	168,674	-	168,674
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	859	10	(53,007)	(52,138)	-	(52,138)
Equity-settled share option arrangements	-	-	1,957	-	-	-	-	-	-	1,957	-	1,957
At 30 September 2010	28,247	701,055*	24,785*	556*	47,257	551,174*	3,784*	(1,681)*	(1,236,684)*	118,493	-	118,493

For the six months ended 30 September 2009

	Attributable to owners of the parent											
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Equity component of convertible bonds HK\$'000	Contributed surplus HK\$'000	Available-for-sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity K\$'000
At 1 April 2009	28,247	701,055	12,960	556	47,257	551,174	-	(1,002)	(1,125,711)	214,536	-	214,536
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,708	(76)	(33,477)	(28,845)	-	(28,845)
At 30 September 2009	28,247	701,055*	12,960*	556*	47,257	551,174*	4,708*	(1,078)*	(1,159,188)*	185,691	-	185,691

* These reserve accounts comprise the consolidated reserves of HK\$42,989,000 (31 March 2010: HK\$93,170,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(61,221)	(3,504)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,551)	(670)
DECREASE IN CASH AND CASH EQUIVALENTS	(62,772)	(4,174)
Cash and cash equivalents at beginning of period	141,441	161,047
Effect of foreign exchange rate changes, net	77	(65)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	78,746	156,808
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	71,414	133,087
Non-pledged time deposits with original maturity of less than three months when acquired	–	16,393
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	7,332	7,328
	78,746	156,808

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These condensed consolidated interim 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 "Stock Exchange").

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2010 except for the adoption of the new standards and interpretations as noted below.

HKFRS 1(Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
Amendments to HKFRS 5 Included in Improvements to HKFRSs issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK Interpretation 4	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>

The adoption of the above new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the unaudited interim condensed consolidated financial statements.

2. Segment information

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

	Continuing operations						Discontinued operation					
	Electronic products		Treasury investment		Corporate & others		Total		Operation of convenience stores		Consolidated	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Segment Revenue:												
Revenue from external customers	17,448	6,432	-	-	-	-	17,448	6,432	5,836	2,003	23,284	8,435
Gains/(losses) from treasury investment	-	-	(15,854)	14,618	-	-	(15,854)	14,618	-	-	(15,854)	14,618
Total	17,448	6,432	(15,854)	14,618	-	-	1,594	21,050	5,836	2,003	7,430	23,053
Segment results	(2,727)	(1,107)	(25,045)	(15,095)	(12,111)	(2,655)	(39,883)	(18,857)	(3,515)	(3,548)	(43,398)	(22,405)
Interest income and unallocated revenue							9	7	-	12	9	19
Unallocated expenses							(21)	(2,231)	-	-	(21)	(2,231)
Unallocated finance costs							(9,597)	(8,860)	-	-	(9,597)	(8,860)
Loss before tax							(49,492)	(29,941)	(3,515)	(3,536)	(53,007)	(33,477)
Income tax							-	-	-	-	-	-
Loss for the period							(49,492)	(29,941)	(3,515)	(3,536)	(53,007)	(33,477)

3. Other income and gains

	For the six months ended 30 September	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income	9	6
Others	174	1
	183	7

4. Loss before tax

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

	For the six months ended 30 September	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	108	95

5. Finance costs

	For the six months ended 30 September	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank overdrafts wholly repayable within five years	–	1
Imputed interest on convertible bonds	9,597	8,859
	9,597	8,860

6. Tax

No Hong Kong profits tax has been provided during the Period (2009: Nil) as the Group did not derive any assessable profit attributable to its operation in Hong Kong.

No provision for tax in the Mainland China has been made during the Period (2009: Nil) since no assessable profits has been generated by the subsidiaries operating in the Mainland China.

7. Discontinued operation

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

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	5,836	2,003
Cost of good sold	(4,447)	(1,518)
	1,389	485
Other income and gains	630	617
Selling and distribution costs	(1,804)	(123)
Administrative expenses	(3,721)	(4,507)
Other operating expenses	(9)	(8)
Loss before tax from the discontinued operation	(3,515)	(3,536)
Income tax expense	–	–
Loss for the period from the discontinued operation	(3,515)	(3,536)

The major classes of assets and liabilities of operation of convenience stores classified as held for sale as at 30 September 2010 are as follows:

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Assets		
Property, plant and equipment	3,017	–
Inventories	1,053	–
Prepayments, deposits and other receivables	3,443	–
Cash and cash equivalents	692	–
	<hr/>	
Assets classified as held for sale	8,205	–
Liabilities		
Trade payables	(719)	–
Other payables and accruals	(2,113)	–
	<hr/>	
Liabilities directly associated with the assets classified as held for sale	(2,832)	–
	<hr/>	
Net assets directly associated with the disposal group	5,373	–

8. Dividend

The Board has resolved not to pay any interim dividend for Period (2009: Nil).

9. Loss per share attributable to owners 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\$53,007,000 (2009: HK\$33,477,000) and the weighted average number of 2,824,643,047 (2009: 2,824,643,047) ordinary shares.

Diluted loss per share amount for the periods ended 30 September 2010 and 2009 have not been disclosed, as the share options and the convertible bonds outstanding during the periods ended 30 September 2010 and 2009 had an anti-dilutive effect on the basic loss per share for these periods.

10. Available-for-sale equity investments

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Listed equity investments, at fair value:		
Hong Kong	386	404
Elsewhere	17,538	16,491
	17,924	16,895

11. Equity investments at fair value through profit or loss

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value		
	162,803	147,526

12. Inventories

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Raw materials	1,133	200
Work in progress	677	–
Finished goods	785	864
	2,595	1,064

13. Bills and trade receivables

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Bills receivables	1,642	–
Trade receivables	2,115	1,407
	3,757	1,407

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

Ageing analysis:

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Within 1 month	2,991	1,389
1 to 2 months	711	18
Over 3 months	55	–
	3,757	1,407

14. Trade payables

Ageing analysis:

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Within 1 to 2 months	3,033	943
Over 3 months	56	50
	3,089	993

15. Share capital

	At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	600,000	600,000
Issued and fully paid		
– 2,824,643,047 ordinary shares of HK\$0.01 each	28,247	28,247

16. Related party transactions

During the Period, the Group had no related party transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the Period was HK\$1.6 million, representing a decrease of HK\$19.5 million or 92.4% as compared with the corresponding period of last year. The decrease in revenue was mainly due to a realized loss on equity securities of HK\$17.8 million. The loss for the Period was HK\$53.0 million, compared to the loss of HK\$33.5 million for the corresponding period of last year. Loss per share for the Period was HK1.88 cents (2009: Loss per share of HK1.19 cents). The Group's loss for the Period was primarily attributable to the realized loss on equity investments of HK\$17.8 million in the treasury investment segment.

During the Period, the economy of Vietnam remained uncertain and high inflationary and currency devaluation risks continued to adversely affect the performance of the retail sector in the Vietnamese market. In view of the economic uncertainties and the government's conservative view on foreign participation in the retail business, the Group has decided to restructure its existing business by disposing of its convenience stores business in Vietnam (the "Vietnam Disposal"). On 10 August 2010, the Group entered into a sales and purchase agreement for the disposal of the entire issued share capital and shareholder loan in GR Vietnam International Limited, a wholly owned subsidiary of the Group which is engaged in investment holding and the operation of convenience stores business in Vietnam for a consideration of HK\$33.2 million. The details of the above transaction were disclosed in the Company's announcement dated 10 August 2010. This transaction was completed on 12 October 2010. The expected gain from the disposal of the discontinued operation was approximately HK\$25 million. The Board believes that the disposal will enable the Group to avoid any further losses that will possibly be incurred in the convenience stores business and to redeploy its resources for other investment opportunities.

The electronic products trading business continued to face the intense market competition in terms of the downward price pressure. To complement the electronic products trading business, the Group has made its efforts to secure new sales orders for the assembly of traditional electronic products. During the Period, sales revenue from the electronic products segment increased by HK\$11.0 million, or 171.3% to HK\$17.4 million. Due to the increase in the labour costs and set-up overheads for the launch of the new products, the operating loss for this segment increased by HK\$1.6 million to HK\$2.7 million.

During the Period, the Group continued to place strong research and development efforts on its System-on-chip (SoC) technology. The Group has achieved a significant milestone in bringing a higher level of technological development to China's semiconductor design space by developing a new core architecture for high computation performance, based on multi-processing and parallel computing. The core under development is a Multi-Threaded Virtual Pipeline (MVP) on a scalable and programmable stream processor, featuring the versatility of a unified processor by integrating the capabilities of a CPU, GPU and DSP in one solution. MVP-based SoC solutions can deliver the integrated features of a high-caliber multi-core solution while maintaining a substantial price/performance advantage in the semiconductor industry.

The Group continued to utilise its available funds in treasury investment. During the Period, the local stock market was less volatile and taking consolidation, the treasury investment segment recorded a net loss of HK\$25.0 million as compared with a net loss of HK\$15.1 million for the last corresponding period.

Prospects

Mainland China has now become a key player in the global semiconductor market and its consumption of semiconductors has exceeded markets in Japan, North America and Europe. Coupled with global economic recovery and strong domestic economic growth, Mainland China's semiconductor consumption is expected to continue to grow. With the SoC business as its future core business, the Group will continue to dedicate efforts and resources in the research and development of its MVP-based SoC chips. The Board believes that the new developing business will enable the Group to capitalize on the future growth in the global semiconductor industry, particularly in Mainland China where there are opportunities for sustainable growth and higher earning prospects in the future.

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

Financial Review

The Group's revenue for the Period was HK\$1.6 million, representing a decrease of HK\$19.5 million or 92.4% as compared with the corresponding period of last year. The Group's revenue mainly comprised the sales revenue of electronic products trading of HK\$17.4 million, a realised loss of HK\$17.8 million and income and gains of HK\$2.0 million from the treasury investment segment.

The loss for the Period was HK\$53.0 million. As at 30 September 2010, the Group's consolidated net asset value was HK\$118.5 million (31 March 2010: HK\$168.7 million). The Group maintained a sound financial position and nil of bank borrowings.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow, cash reserve and banking facilities. The Group's bank and short term deposits as at 30 September 2010 amounted to HK\$78.1 million (31 March 2010: HK\$141.4 million).

As at 30 September 2010, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2010: Nil).

As at 30 September 2010, the Group's current ratio was 1.2 times (31 March 2010: 1.5 times) based on current assets of HK\$261.0 million (31 March 2010: HK\$295.9 million) and current liabilities of HK\$210.8 million (31 March 2010: HK\$197.3 million).

As at 30 September 2010, the Group had capital commitments for capital contribution to a joint venture company of HK\$15.3 million (31 March 2010: HK\$15.3 million). Apart from that, the Group had no other contingent liabilities or other material commitments.

Capital Structure

As at 30 September 2010, the Group's gearing ratio, being convertible bonds payable to net worth and convertible bonds payable was 62.5% (31 March 2010: 52.7%).

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

Post Balance Sheet Events

- (i) On 8 October 2010, the Company entered into a placing agreement with a placing agent for the placing of three year zero-coupon Convertible Bonds, on a best efforts basis, with a principal amount of HK\$200 million at the conversion price of HK\$0.125 per share. The 1,600,000,000 conversion shares represented approximately 36.16% of the issued share capital of the Company as enlarged by the conversion shares. The net proceeds from the placing of approximately HK\$195.5 million are to be utilized for the redemption of the 2007 Convertible Bonds issued by the Company on 16 November 2007 or repayment of any short term financing. The details of the above transaction were disclosed in the Company's announcement dated 8 October 2010.
- (ii) On 12 October 2010, the transaction for the disposal of the subsidiary mentioned above was completed. The details of the transaction were disclosed in the Company's announcement dated 10 August 2010.

Significant Investments

As at 30 September 2010, the Group held convertible notes issued by a company listed on the Stock Exchange with fair value amount of the conversion option derivative of HK\$Nil and the carrying amount of the loan portion of HK\$50.3 million. The carrying amount of the loan portion approximated to its fair value. The interest income for the Period was HK\$0.6 million.

As at 30 September 2010, 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\$180.7 million. The related dividend income for the Period was HK\$1.3 million and the loss on disposal of equity investments at fair value through profit or loss was HK\$17.8 million.

Details of Charges on Assets

As at 30 September 2010, a fixed deposit of HK\$7.3 million (31 March 2010: HK\$7.3 million) was pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals

During the Period, save for the Vietnam Disposal, the Company had no material acquisitions or disposals of subsidiaries or associates.

Employment, Training and Development

As at 30 September 2010, the Group had a total of 293 employees of which 28 were based in Hong Kong, 144 based in Mainland China and 121 based in Vietnam. 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 2010, 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 held	Percentage* of the Company's issued share capital
Mr. Wong Howard	Interest held by a controlled corporation	680,000,000 (Note)	24.07%
	Beneficial owner	21,299,000	0.75%
		701,299,000	24.82%
Mr. Wong Yat Fai	Beneficial owner	21,299,000	0.75%

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 his spouse were deemed to be interested in these 680,000,000 shares of the Company held by Allied Way under Part XV of the SFO.

(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	28,200,000	0.99%
Mr. Wong Yat Fai	Beneficial owner	28,200,000	0.99%

Details of the above share options as required to be disclosed by the Listing Rules have been disclosed under the paragraph headed "Share Option Scheme".

* The percentage represents the number of ordinary shares/underlying shares interested divided by the number of the Company's issued shares as at 30 September 2010.

In addition to the above, Mr. Wong Howard and Mr. Wong Yat Fai hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying the previous requirement of having a minimum of two shareholders.

Save as disclosed above, as at 30 September 2010, none of the directors or chief executives of the Company had interests or short position in the shares, underlying shares or debentures of the Company or its 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 Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) adopted on 27 August 2003 for the purpose of providing incentives and rewards to eligible participants (including but not limited to the directors and employees of the Group) who contribute to the success of the Group’s operation.

A summary of movements of the share options granted under the Scheme during the Period is set out below:

Name or category of participant	Number of share options outstanding at 1 April 2010	Number of share options granted/ exercised/ cancelled/ lapsed during the Period	Number of share options outstanding at 30 September 2010	Date of grant of share options	Exercise period of share options*	Exercise price of share options** (HK\$ per share)
Director						
Mr. Wong Howard	9,400,000	–	9,400,000	18/8/2009	1/1/2010-30/6/2012	0.1362
	9,400,000	–	9,400,000	18/8/2009	1/7/2010-30/6/2012	0.1362
	9,400,000	–	9,400,000	18/8/2009	1/1/2011-30/6/2012	0.1362
	<u>28,200,000</u>	–	<u>28,200,000</u>			
Mr. Wong Yat Fai	9,400,000	–	9,400,000	18/8/2009	1/1/2010-30/6/2012	0.1362
	9,400,000	–	9,400,000	18/8/2009	1/7/2010-30/6/2012	0.1362
	9,400,000	–	9,400,000	18/8/2009	1/1/2011-30/6/2012	0.1362
	<u>28,200,000</u>	–	<u>28,200,000</u>			
Other employees						
In aggregate	35,770,000	–	35,770,000	18/8/2009	1/1/2010-30/6/2012	0.1362
	35,590,000	–	35,590,000	18/8/2009	1/7/2010-30/6/2012	0.1362
	35,410,000	–	35,410,000	18/8/2009	1/1/2011-30/6/2012	0.1362
	<u>106,770,000</u>	–	<u>106,770,000</u>			
	<u>163,170,000</u>	–	<u>163,170,000</u>			

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** 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 2010 was estimated by Ascent Partners Transaction Service Limited, an independent firm of professionally qualified valuers, using the black-scholes 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\$13,781,000. The Group recognised a share option expenses of HK\$1,957,000 during the period ended 30 September 2010. As at 30 September 2010, the Company had 163,170,000 share options outstanding under the following 3 tranches:

- Tranche 1 – 54,570,000 shares options, which are exercisable for the period from 1 January 2010 to 30 June 2012.
- Tranche 2 – 54,390,000 share options, which are exercisable for the period from 1 July 2010 to 30 June 2012.
- Tranche 3 – 54,210,000 share options, which are exercisable for the period from 1 January 2011 to 30 June 2012.

The following table lists the inputs to the valuation model used:

	Tranche 1	Tranche 2	Tranche 3
Dividend yield (%)	N/A	N/A	N/A
Expected volatility (%)	124.28	121.80	120.88
Historical volatility (%)	124.28	121.80	120.88
Risk-free interest rate (%)	0.44	0.52	0.62
Share price at grant date (HK\$)	0.14	0.14	0.14

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

As at 30 September 2010, the following persons had interests of 5% or more of 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:

(1) Long position in ordinary shares of the Company

Name of substantial shareholder	Capacity	Note	Number of ordinary shares held/interested	Percentage* of the Company's issued share capital
Allied Way	Beneficial owner	(1)	680,000,000	24.07%
Ms. Rebacca Cheung	Interest held by a controlled corporation	(1)	680,000,000	24.07%
	Interest of spouse	(2)	21,299,000	0.75%
			701,299,000	24.82%

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 his spouse were deemed to be interested in these 680,000,000 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 21,299,000 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	28,200,000 (Note)	0.99%

Note: Ms. Rebacca Cheung was deemed to be interested in 28,200,000 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 as required to be disclosed by the Listing Rules have been disclosed under the paragraph headed "Share Option Scheme".

* The percentage represents the number of ordinary shares/underlying shares interested divided by the number of the Company's issued shares as at 30 September 2010.

Save as disclosed above, as at 30 September 2010, no persons, other than the director 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 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 2010.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited consolidated interim 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, 24 November 2010