GRANDE

THE GRANDE HOLDINGS LIMITED
嘉域集團有限公司

(In Liquidation)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 186)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS

The Provisional Liquidators of The Grande Holdings Limited (In Liquidation) (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$ million*	2012 *HK$ million*
REVENUE	*4*	**741**	1,115
Cost of sales		**(553)**	(851)
Gross profit		**188**	264
Other income		**10**	6
Gain on disposal of subsidiaries		**–**	3
Distribution costs		**(15)**	(14)
Administrative expenses		**(112)**	(123)
Allowance for doubtful debts		**(1)**	(44)
Impairment loss recognised in respect of interests in an associate	*10*	**–**	(95)
Impairment loss recognised in respect of available-for-sale investments	*11*	**–**	(9)
Impairment loss recognised in respect of brands and trademarks	*12*	**(33)**	(327)
Loss on settlement of litigation	*6*	**(31)**	–
Settlement of tax dispute		**–**	(29)
Other expenses		**(1)**	(13)
Finance costs	*8*	**(192)**	(268)
Share of results of an associate	*10*	**–**	(3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2013

	Notes	**2013** **HK$ million**	2012 HK$ million
LOSS BEFORE TAX		**(187)**	(652)
Tax	7	**(10)**	(40)
LOSS FOR THE YEAR	8	**(197)**	(692)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**18**	10
Share of other comprehensive loss of an associate	10	**–**	(2)
Reclassification adjustments relating to disposal of foreign operations		**–**	2
Reclassification adjustments relating to interests in an associate reclassified as available-for-sale investments		**–**	1
		18	11
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	8	**(179)**	(681)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**(191)**	(672)
Non-controlling interests		**(6)**	(20)
		(197)	(692)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**(195)**	(676)
Non-controlling interests		**16**	(5)
		(179)	(681)
LOSS PER SHARE	9	***HK$***	*HK$*
Basic		**(0.42)**	(1.46)
Diluted		**(0.42)**	(1.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$ million	2012 HK$ million
NON-CURRENT ASSETS			
Plant and equipment		**2**	3
Investment properties		**1**	1
Interests in an associate	*10*	**–**	–
Available-for-sale investments	*11*	**–**	–
Deferred tax assets		**31**	28
Brands and trademarks	*12*	**738**	771
Other assets		**1**	1
Goodwill		**13**	13
		786	817
CURRENT ASSETS			
Inventories		**44**	101
Accounts and bills receivable	*13*	**94**	61
Prepayments, deposits and other receivables		**38**	18
Tax recoverable		**3**	4
Pledged deposits with banks		**–**	1
Cash and bank balances	*14*	**520**	521
		699	706
CURRENT LIABILITIES			
Bank overdraft		**2**	2
Accounts and bills payable	*15*	**12**	31
Obligations under finance leases		**–**	1
Accrued liabilities and other payables	*16, 17*	**3,309**	3,173
Tax liabilities		**82**	83
Provision for legal claims		**452**	426
		3,857	3,716
NET CURRENT LIABILITIES		**(3,158)**	(3,010)
NET LIABILITIES		**(2,372)**	(2,193)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2013

	2013	2012
	HK$ million	*HK$ million*
CAPITAL AND RESERVES		
Share capital	**46**	46
Share premium	**1,173**	1,173
Reserves	**(4,032)**	(3,837)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY	**(2,813)**	(2,618)
NON-CONTROLLING INTERESTS	**441**	425
TOTAL DEFICIENCY OF EQUITY	**(2,372)**	(2,193)

NOTES:

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for accounting periods beginning on or after 1 January 2013:

HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Disclosures: Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 13	Fair value measurement
HKFRSs (Amendments)	Improvements to HKFRSs 2009 – 2011 cycle
HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine

Except as described below, the adoption of the above new HKFRSs in the current year has had no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(a) HKFRS 10 – Consolidated financial statements:

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) Int – 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (i) it has power over the investee, (ii) it is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Provisional Liquidators of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over all the entities that the Group has equity interests in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Provisional Liquidators concluded that the application of HKFRS 10 has had no material impact on the Group's consolidated financial statements.

(b) HKFRS 12 – Disclosure of interests in other entities:

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, those disclosures has been modified in the consolidated financial statements.

(c) HKFRS 13 – Fair value measurement:

HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share – based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has not had any material impact on the amounts recognised in these consolidated financial statements.

(d) HKAS 1 (Amendment) – Presentation of items of other comprehensive income:

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss and (ii) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The presentation of items of other comprehensive income in the consolidated statement of comprehensive income in these consolidated financial statements has been modified accordingly. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2013, and is in the process of assessing their impact on future accounting periods:

HKFRS 9	*(i)*	Financial instruments
Amendments to HKFRS 9 and HKFRS 7	*(i)*	Mandatory effective date of HKFRS 9 and transition disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*(ii)*	Investment entities
HKFRS 11 (Amendment)	*(iv)*	Joint arrangements
HKFRS 14	*(iv)*	Regulatory deferral accounts
HKFRSs (Amendments)	*(iii)*	Improvements to HKFRSs 2010 – 2012 cycle
HKFRSs (Amendments)	*(iii)*	Improvements to HKFRSs 2011 – 2013 cycle
HKAS 16 (Amendment)	*(iv)*	Property, plant and equipment
HKAS 19 (Amendment)	*(iii)*	Defined benefit plans: Employees contributions
HKAS 32 (Amendment)	*(ii)*	Presentation: Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	*(ii)*	Recoverable amount disclosures for non-financial assets
HKAS 38 (Amendment)	*(iv)*	Intangible assets
HKAS 39 (Amendment)	*(ii)*	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	*(ii)*	Levies

(i) Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

(ii) Effective for annual periods beginning on or after 1 January 2014.

(iii) Effective for annual periods beginning on or after 1 July 2014.

(iv) Effective for annual periods beginning on or after 1 January 2016.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION AND GROUP RESTRUCTURING

Trading in the shares of the Company has been suspended from trading on the Stock Exchange since 30 May 2011.

On 31 May 2011, pursuant to an order of the High Court of the Hong Kong Special Administrative Region (the "High Court"), Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited ("FTI Consulting") were appointed as the provisional liquidators to the Company (the "Provisional Liquidators") as a result of the winding up petition made by Sino Bright Enterprises Co., Ltd. ("Sino Bright"), one of the creditors, against the Company. Upon the appointment of the Provisional Liquidators, the powers of the directors were suspended with regard to the affairs and business of the Company.

On 26 July 2011, an exclusivity and escrow agreement was entered into amongst the Provisional Liquidators on behalf of the Company, FTI Consulting (the "Escrow Agent") and Sunny Faith Investments Limited (the "Investor") (the "Escrow Agreement"). Pursuant to the Escrow Agreement, the Provisional Liquidators have granted the Investor an exclusivity period up to nine months to negotiate a legally binding agreement for the implementation of a viable restructuring proposal. The Provisional Liquidators have also appointed Emperor Capital Limited as financial adviser to the Company regarding the restructuring of the Group.

On 8 September 2011, the Company was placed in the first stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on the Stock Exchange. On 31 May 2012, the Company submitted a resumption proposal, which was prepared by the Investor and accepted by the Provisional Liquidators, to the Stock Exchange to address the following:

(a) that the Company had a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules; and

(b) that the Company had adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules.

The Stock Exchange was not satisfied with the Company's resumption proposal submitted on 31 May 2012, and by a letter dated 5 July 2012, the Stock Exchange informed the Company its decision to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules with effect from that date.

On 4 October 2012, the Provisional Liquidators announced that after a review hearing held by Listing Committee on 25 September 2012, the Listing Committee decided to uphold the Listing Divisions' decision to place the Company in the second stage of delisting. Accordingly, the Listing Committee further decided to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules with effect from 25 September 2012.

On 30 January 2013, the Provisional Liquidators announced that the exclusivity and escrow agreement dated 26 July 2011 has lapsed. The Provisional Liquidators and the Investor have discussed and agreed to submit a revised resumption proposal to the Stock Exchange prior to the expiry of the second stage of the delisting.

On 13 March 2013, a revised resumption proposal was submitted to the Stock Exchange. On 21 June 2013, the Company provided further information to the Stock Exchange.

By a letter dated 28 June 2013 (the "Letter"), the Stock Exchange informed the Company that the resumption proposal dated 21 June 2013 has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Stock Exchange has decided to place the Company in the third stage of delisting under Practice Note 17 to the Listing Rules with effect from 11 July 2013. The third stage of delisting will expire on 10 January 2014. At the end of the third stage of delisting, the Stock Exchange intends to cancel the listing if the Company fails to provide a viable resumption proposal.

It is set out in the Letter that the Stock Exchange requests the Company to submit a viable resumption proposal to address the following issues at least 10 business days before the aforesaid expiry date of the third stage of delisting, among other things, that:

(i) demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules;

(ii) publish outstanding financial results and address any audit qualifications;

(iii) demonstrate sufficient working capital for at least twelve months from resumption date; and

(iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

According to an announcement made by the Stock Exchange on 11 July 2013, the Company has a period of six months to submit a viable resumption proposal to the Stock Exchange. If the Company has not submitted a viable resumption proposal as requested, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six months from the date of that announcement (i.e. by 10 January 2014).

The winding-up petition against the Company was originally scheduled to be heard by the High Court on 3 August 2011. Upon several applications by the Provisional Liquidators, the High Court has consecutively adjourned the hearing of winding-up petition against the Company to a further date. The hearing of the petition was finally rescheduled to 3 September 2013 and a winding-up order was granted against the Company by the High Court on 12 September 2013.

On 12 November 2013, the Provisional Liquidators received a preliminary restructuring proposal from Sino Bright. The Provisional Liquidators received a revised restructuring proposal from Sino Bright on 2 December 2013.

On 20 December 2013, the Company submitted the resumption proposal of Sino Bright to the Stock Exchange. During January 2014 to June 2014, the Company on various occasions and at the request of the Stock Exchange submitted further information to the Stock Exchange in respect of the resumption proposal.

On 2 May 2014, the Company, the Provisional Liquidators and Sino Bright entered into the Restructuring Agreement to implement the Restructuring Proposal. Under the terms of the Restructuring Agreement, all existing businesses and operations of the Group, including the operations of Emerson and the licensing operations related to the Akai, Nakamichi and Sansui trademarks, will be retained.

On 9 July 2014, the Provisional Liquidators submitted an updated resumption proposal (the "Updated Resumption Proposal") to the Stock Exchange, involving, *inter alia*, the capital reorganisation, creditors' schemes of arrangement in accordance with Section 99 of the Company Act and section 670 of the Companies Ordinance and a proposed open offer. The Updated Resumption Proposal consolidates the Resumption Proposal and subsequent submissions made by the Company to the Stock Exchange, to reflect the terms of the Restructuring Agreement as amended from time to time in implementing the Restructuring Proposal.

3. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2013, the Group had net current liabilities of approximately HK$3,158 million (2012: HK$3,010 million) and net liabilities of approximately HK$2,372 million (2012: HK$2,193 million). Despite the significant deficiency of equity attributable to the shareholders of the Company, the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. REVENUE

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, and licensing income from the Group's brands and trademarks, but excludes intra-group transactions.

An analysis of the Group's revenue by principal activity for the year is as follows:

	2013	2012
	HK$ million	*HK$ million*
By principal activity:		
Sales of goods	**638**	979
Licensing income	**103**	136
	741	1,115

5. SEGMENT REPORTING

The Group currently organises its operations into the following reportable operating segments.

Operating segments	**Principal activities**
Emerson	Distribution of audio and video products and licensing business – Comprising a group listed on the NYSE Alternext US
Licensing	Licensing business – Comprising the brands and trademarks, namely, Akai, Sansui and Nakamichi

(a) Segment information

2013	Emerson HK$ million	Licensing HK$ million	Inter-segment elimination HK$ million	Unallocated HK$ million	Consolidated HK$ million
Revenue:					
Sales of goods to external customers	638	–	–	–	638
Licensing income from external customers	45	58	–	–	103
Total	683	58	–	–	741
Results:					
Segment results	25	47	–		72
Unallocated corporate expenses				(8)	(8)
					64
Impairment loss recognised in respect of brands and trademarks	(2)	(31)		–	(33)
Allowance for doubtful debts				(1)	(1)
Loss on settlement of litigation				(31)	(31)
Interest income				6	6
Finance costs				(192)	(192)
Tax				(10)	(10)
Loss for the year					(197)
Assets:					
Segment assets	1,189	2,781	(2,624)	139	1,485
Liabilities:					
Segment liabilities	620	3,425	(3,603)	3,415	3,857
Other information:					
Revenue from:					
– the first largest customer	375	–	–	–	375
– the second largest customer	210	–	–	–	210
Depreciation	1	–	–	–	1
Capital expenditure	–	–	–	–	–

2012	Emerson *HK$ million*	Licensing *HK$ million*	Inter-segment elimination *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:					
Sales of goods to external customers	979	–	–	–	979
Licensing income from external customers	55	81	–	–	136
Total	1,034	81	–	–	1,115
Results:					
Segment results	91	56	–		147
Unallocated corporate expenses				(27)	(27)
					120
Gain on disposal of plant and equipment	–	–		2	2
Impairment loss recognised in respect of –					
Brands and trademarks	(10)	(317)		–	(327)
Interests in an associate	–	(95)		–	(95)
Available-for-sale investments	–	(9)		–	(9)
Release of other comprehensive loss of an associate	–	(1)		–	(1)
Gain on disposal of subsidiaries				3	3
Allowance for doubtful debts				(44)	(44)
Under provision for loss on financial derivatives				(4)	(4)
Settlement of tax dispute				(29)	(29)
Interest income				3	3
Finance costs				(268)	(268)
Share of results of an associate				(3)	(3)
Tax				(40)	(40)
Loss for the year					(692)
Assets:					
Segment assets	1,227	2,858	(2,678)	116	1,523
Liabilities:					
Segment liabilities	642	3,458	(3,616)	3,232	3,716
Other information:					
Revenue from:					
– the first largest customer	478	–	–	–	478
– the second largest customer	424	–	–	–	424
Depreciation	1	–	–	–	1
Capital expenditure	1	–	–	–	1

(b) Geographical information

	Revenue		Carrying amount of segment assets		Capital expenditure incurred during the year	
	2013	2012	**2013**	2012	**2013**	2012
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Asia	**51**	64	**257**	216	**–**	–
North America	**687**	1,039	**351**	420	**–**	1
Europe	**3**	12	**–**	–	**–**	–
Unallocated	**–**	–	**738**	771	**–**	–
	741	1,115	**1,346**	1,407	**–**	1

6. LOSS ON SETTLEMENT OF LITIGATION

Emerson Radio Corp. ("Emerson"), which is listed on the NYSE Alternext US and is a 56% owned subsidiary of the Group, has been a defendant in a lawsuit known as *Fred Kayne, et al., vs. Christopher Ho, et al.* (the "Kayne Litigation") since July 2011, which was filed in the United States District Court for the Central District of California alleging, among other things, that Emerson, certain of its present and former directors and other entities or individuals now or previously associated with the Company, intentionally interfered with the ability of the plaintiffs to collect on a judgment they had against the Company.

After the commencement of the Kayne Litigation trial, which began on 3 December 2013, Emerson entered into a settlement agreement with the Plaintiffs, effective as of 19 December 2013, for reasons of economy and finality, whereby Emerson provided for a cash payment of US$4 million (approximately HK$31 million) and terms and facts of the settlement agreement may not be construed as an admission by any party as to the merits of any of the claims or defenses resolved therein, which fully resolves and settles all outstanding and potential claims against Emerson in the Kayne Litigation without acknowledging or attributing fault or liability on the part of Emerson.

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been provided at the applicable rates of tax in the countries in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

	2013	2012
	HK$ million	*HK$ million*
The tax charge/(credit) comprises:		
Current year provision		
Hong Kong	**–**	2
Overseas	**(1)**	9
Under/(over) provision in prior year		
Hong Kong	**–**	(2)
Overseas	**14**	35
Deferred tax		
Overseas	**(3)**	(4)
	10	40

In 2012, the under provision of overseas tax of HK$35 million representing the estimated withholding tax obligations underprovided on certain cash distributions received by the Group from Emerson during 2010 as a result of a subsequent notice from the tax authority in the United States regarding its decision on the nature of such distribution and the corresponding withholding tax obligations of the recipients. While the Company would vigorously dispute against the decision of the tax authority, the management considers it prudent to make such provision in 2012.

8. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2013	2012
	HK$ million	*HK$ million*
Depreciation of owned plant and equipment	**1**	1
Operating lease rentals in respect of land and buildings	**7**	10
Finance costs	**192**	268
Auditors' remuneration:		
Current year	**7**	7
Staff costs:		
Salaries and other benefits	**38**	57
Retirement benefit costs	**5**	5
	43	62
Cost of inventories recognised as expenses	**553**	851
Gain on disposal of plant and equipment	**–**	(2)
Release of other comprehensive loss of an associate	**–**	1
Under provision for loss on financial derivatives	**–**	4
Net foreign exchange loss	**–**	2
Interest income	**(6)**	(3)

9. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2013	2012
	HK$ million	*HK$ million*
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation	**(191)**	(672)

	2013	2012
	Number of ordinary shares million	*Number of ordinary shares million*
Shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	**460.2**	460.2

The Company did not have any potential ordinary shares during the above two years.

10. INTERESTS IN AN ASSOCIATE

	2013	2012
	HK$ million	*HK$ million*
Carrying value at 1 January	–	109
Share of post-acquisition results and reserves	–	(5)
Impairment loss recognised during the year	–	(95)
Reclassified as available-for-sale investments *(note 11)*	–	(9)
Carrying value at 31 December	–	–

Particulars of the Group's former associate are as follows:

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Group		Principal activities
			2013	2012	
Sansui Electric Co., Ltd. ("SEC")#	Japan	JPY5,794,263,000	**–**	–	Sale of audio, visual and other electronic products

Listed on the First Section of the Tokyo Stock Exchange before being delisted on 3 May 2012

During 2007, the Group increased its shareholding interests in SEC from 30% at 31 December 2006 to 40% at 31 December 2007. Since the Group had gained control over SEC's financial and operating policies, the interests in SEC had since June 2007 been accounted for as a subsidiary. SEC had subsequently been reclassified as an associate as a result of the Group's loss of its control over SEC's financial and operating policies with effect from 1 October 2011.

SEC became delisted from the Tokyo Stock Exchange on 3 May 2012 and has been put into the Civil Rehabilitation Procedures ("CRP") in Japan with effect from 15 May 2012. Following the commencement of the CRP, SEC has been administered under the supervision of the court appointed supervisor. In consequence of its complete loss of influence over the financial and operational matters of SEC, the Group has accordingly reclassified and accounted for its interests in SEC as available-for-sale investments instead of an associate since 15 May 2012.

The carrying value of the Group's interests in SEC was adjusted with an impairment provision of HK$95 million to its fair value at HK$9 million with reference to the latest development of SEC's CRP which was uncertain at that time and its latest available statement of financial position which exhibited a substantial shareholders' deficiency as at 30 June 2012.

The summarised financial information in respect of the Group's associate is set out below:

	2013	2012
	HK$ million	*HK$ million*
Total assets	**–**	–
Total liabilities	**–**	–
Net assets	**–**	–
Group's share of net assets of an associate	**–**	–
Revenue	**–**	–
Loss	**–**	(8)
Group's share of results of an associate	**–**	(3)
Group's share of other comprehensive loss of an associate	**–**	(2)

11. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	HK$ million	*HK$ million*
Unlisted investments outside Hong Kong:		
Carrying value at 1 January	**–**	–
Interests in an associate reclassified as available-for-sale investments *(note 10)*	**–**	9
Impairment loss recognised during the year	**–**	(9)
Carrying value at 31 December	**–**	–

The available-for-sale investments represent the Group's 40% shareholding interests in SEC.

On 3 May 2012, SEC became delisted from the Tokyo Stock Exchange and has been put into the CRP in Japan with effect from 15 May 2012. Following the commencement of the CRP, SEC has been administered under the supervision of the court appointed supervisor. In consequence of its complete loss of influence over the financial and operational matters of SEC, the Group has accordingly reclassified and accounted for its interests in SEC as available-for-sale investments instead of an associate since 15 May 2012.

On 27 December 2012, the Japan Court endorsed and approved the CRP and discharged the court supervisor. On 4 July 2014, a bankruptcy petition was presented against SEC. On 9 July 2014, SEC was put into bankruptcy and Ms. Aizawa Mitsue was appointed its bankruptcy trustee on the same date.

12. BRANDS AND TRADEMARKS

	2013	2012
	HK$ million	*HK$ million*
Gross amount		
At 1 January	**999**	1,329
Foreign currency adjustment	**–**	(3)
Impairment loss recognised during the year	**(33)**	(327)
At 31 December	**966**	999
Accumulated amortisation at 31 December	**(228)**	(228)
Carrying amount at 31 December	**738**	771

Prior to 1 January 2005, brands and trademarks were amortised over their estimated useful lives but not more than 20 years and stated at their cost less accumulated amortisation and impairment losses. On 1 January 2005, the Group reassessed the useful lives of the brands and trademarks and concluded that all brands and trademarks have indefinite useful lives.

The various brands and trademarks held by the Group have been legally registered in the worldwide countries for certain years and the trademarks registration is renewable at minimal cost. The management of the Company is of the opinion that the Group will renew these trademarks continuously and has the ability to do so. Various assessments including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the brands and trademarks are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually or more frequently when there are indications of impairment.

The Group recorded a non-cash impairment charge of HK$10 million associated with the fully provision of its Olevia trademark as at 31 December 2012 with reference to the valuation report prepared by an independent professional valuer, on the replacement cost method under the asset-based (or cost) approach.

The Group recorded a non-cash impairment charge of HK$31 million (2012: HK$317 million) associated with the partial provision of its Akai trademark as at 31 December 2013 with reference to the valuation report prepared by an independent professional valuer on the basis of fair value standard on the premise of continued use approach.

The Group recorded a non-cash impairment charge of HK$2 million associated with the fully provision of its H.H. Scott trademark as at 31 December 2013 with reference to the valuation prepared by management, on the basis of fair value under the income approach.

13. ACCOUNTS AND BILLS RECEIVABLE

The Group allows an average credit period of 30 to 60 days to its trade customers.

	2013	2012
	HK$ million	*HK$ million*
Gross amount	**155**	129
Less: allowance for doubtful debts	**(61)**	(68)
Net amount	**94**	61

The Provisional Liquidators considered that the carrying amounts of accounts and bills receivable approximate to their fair values.

14. CASH AND BANK BALANCES

	2013	2012
	HK$ million	*HK$ million*
Cash	**1**	–
Cash in transit	**3**	–
Bank balances	**149**	202
Money market deposit with maturing date within three months	**78**	47
Bank certificates of deposit with maturing date more than three months	**289**	272
	520	521

15. ACCOUNTS AND BILLS PAYABLE

The aged analysis of accounts and bills payable is as follows:

	2013	2012
	HK$ million	*HK$ million*
0 – 3 months	**7**	22
3 – 6 months	**–**	4
Over 6 months	**5**	5
	12	31

To the extent of HK$7 million (2012: HK$26 million) of accounts and bills payable of Emerson, the Provisional Liquidators considered that the carrying amounts of accounts and bills payable approximate to their fair values.

16. ACCRUED LIABILITIES AND OTHER PAYABLES

	2013	2012
	HK$ million	*HK$ million*
Accrued expenses and provisions	**102**	114
Amounts due to a former associate	**571**	578
Amounts due to former related companies	**2,306**	2,149
Other payables	**330**	332
	3,309	3,173

The amounts due to a former associate in aggregate of HK$571 million (2012: HK$578 million) are secured, non-interest bearing and have no fixed terms of repayment.

On 9 January 2014 the Provisional Liquidators caused the subsidiaries of the Company, to commence legal proceedings against (1) Sansui Electric Co. Limited, registered in Japan ("SEC") and (2) Sansui Sales Pte. Limited ("SSPL"). Both SEC and SSPL were former associates of the Group.

The legal proceedings are to set aside or rescind a deed of share pledge between Sansui Electric Co. Limited, registered in the BVI ("Sansui BVI"), a wholly owned subsidiary of the Group, and SEC dated 3 March 2009 (the "Share Pledge") which purports to pledge to SEC all of the shares of Sansui Acoustics Research Corporation, registered in the BVI ("SARC"), a wholly owned subsidiary of the Group. SARC owns worldwide rights to the Sansui trademarks. In parallel, the Provisional Liquidators are also prosecuting a summons under section 221 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) against former members of the management and accounting functions of the Company and its subsidiaries to obtain information and documents relating to the Share Pledge (the "Section 221 Summons").

Based on the material currently available to us and subject to any further information or documents to be obtained from the Section 221 Summons, the Provisional Liquidators are of the view that the deposits and debts that the Share Pledge purports to secure are not genuine and bona fide and therefore the Share Pledge should be rescinded or declared void.

A Concurrent Writ of Summons is being served on SEC and has been served on SSPL. The Provisional Liquidators advise that the statement of claim has been filed with the High Court on 13 August 2014. Both SEC and SSPL have indicated that they intend to challenge the jurisdiction of the Hong Kong Court to hear the dispute. In the meantime, the Provisional Liquidators have obtained an injunction order prohibiting SEC and SSPL from dealing with or exercising any right in the shares of SARC, whether under the Share Pledge or otherwise. The injunction order will remain in place until further order of the court.

Following the winding-up order was granted against the Company by the High Court on 12 September 2013, all the interest bearing borrowings of the Group has since 12 September 2013 been accounted for as non-interest bearing borrowings of the Group.

The amounts due to former related companies in aggregate of HK$2,306 million are unsecured, non-interest bearing and repayable on demand (2012: included in the amounts due to former related companies is an amount of HK$2,135 million, which is unsecured, bearing interest at 0.25% above the Hong Kong dollar prime rates per annum plus a default interest rate at 5% p.a., the remaining balance is unsecured, non-interest bearing and repayable on demand).

Included in the other payables are amounts in aggregate of HK$262 million (2012: HK$254 million) which have been overdue for payment since 2010. Such balances are secured by the Group's shareholding interest in its certain subsidiaries and available-for-sale investments, in which HK$88 million (2012: HK$85 million) is non-interest bearing (2012: bearing interest at 5.599% p.a.) and HK$45 million (2012: HK$45 million) is non-interest bearing (2012: bearing interest at 14% p.a.).

Certain claims and liabilities would be subject to the determination of the Court in accordance with section 194 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and rule 45 of the Companies (Winding-Up) Rules.

17. BANKING AND OTHER BORROWING FACILITIES

Certain banking and other borrowing facilities available to the Group were secured by assets for which the aggregate carrying values were as follows:

		2013	2012
		HK$ million	*HK$ million*
(a)	Legal charges over plant and machineries	**–**	1
(b)	Pledge of unlisted shares of a subsidiary	**19**	19
(c)	Pledge of listed shares of a subsidiary	**–**	130
(d)	Pledge of bank deposits	**–**	1
		19	151

18. EVENTS AFTER THE REPORTING PERIOD

By a letter dated 28 June 2013 (the "Letter"), the Stock Exchange informed the Company that the resumption proposal dated 21 June 2013 has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Stock Exchange has decided to place the Company in the third stage of delisting under Practice Note 17 to the Listing Rules with effect from 11 July 2013. The third stage of delisting will expire on 10 January 2014. At the end of the third stage of delisting, the Stock Exchange intends to cancel the listing if the Company fails to provide a viable resumption proposal.

It is set out in the Letter that the Stock Exchange requests the Company to submit a viable resumption proposal to address the following issues at least 10 business days before the aforesaid expiry date of the third stage of delisting, among other things, that:

(i) demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules;

(ii) publish outstanding financial results and address any audit qualifications;

(iii) demonstrate sufficient working capital for at least twelve months from resumption date; and

(iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

According to an announcement made by the Stock Exchange on 11 July 2013, the Company has a period of six months to submit a viable resumption proposal to the Stock Exchange. If the Company has not submitted a viable resumption proposal as requested, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six months from the date of that announcement (i.e. by 10 January 2014).

On 12 November 2013, the Provisional Liquidators received a preliminary restructuring proposal from Sino Bright. The Provisional Liquidators received a revised restructuring proposal from Sino Bright on 2 December 2013. On 20 December 2013, the Company submitted the resumption proposal of Sino Bright to the Stock Exchange. During January 2014 to June 2014, the Company on various occasions and at the request of the Stock Exchange submitted further information to the Stock Exchange in respect of the resumption proposal.

On 2 May 2014, the Company, the Provisional Liquidators and Sino Bright entered into the Restructuring Agreement to implement the Restructuring Proposal. Under the terms of the Restructuring Agreement, all existing businesses and operations of the Group, including the operations of Emerson and the licensing operations related to the Akai, Nakamichi and Sansui trademarks, will be retained.

On 9 July 2014, the Provisional Liquidators submitted an updated resumption proposal (the "Updated Resumption Proposal") to the Stock Exchange, involving, *inter alia*, the capital reorganisation, creditors' schemes of arrangement in accordance with Section 99 of the Company Act and section 670 of the Companies Ordinance and a proposed open offer. The Updated Resumption Proposal consolidates the Resumption Proposal and subsequent submissions made by the Company to the Stock Exchange, to reflect the terms of the Restructuring Agreement as amended from time to time in implementing the Restructuring Proposal.

DIVIDENDS

The Provisional Liquidators do not recommend the payment of a final dividend for the year ended 31 December 2013.

BUSINESS REVIEW AND PROSPECTS

For the year ended 31 December 2013 (the "current year"), the revenue of the Group was HK$741 million as compared to HK$1,115 million for 2012 (the "corresponding year"). The Group recorded a net loss attributable to shareholders of HK$191 million for the current year, as compared to a loss of HK$672 million for the corresponding year.

The Group comprises the Emerson operations and Licensing operations for Akai, Sansui and Nakamichi brands.

(a) Emerson

The trade name "Emerson" dates back to 1912 and is one of the oldest and most well respected brand in the consumer electronics industry. Emerson has been focusing on offering a broad variety of current and new consumer electronics products and household appliances at low to medium-priced levels to customers.

Emerson's revenue for the current year was HK$683 million as compared to HK$1,034 million for the corresponding year. It recorded an operating profit of HK$25 million for the current year as compared to HK$91 million for the corresponding year. Emerson has also entered into distribution and license agreements with third party licensees that allow the licensees to sell various products bearing the Emerson trademarks into defined geographic areas.

(b) Licensing

This segment has the responsibility of managing the global licensing operations of Akai, Sansui and Nakamichi brands. The Group's strategy is to qualify and appoint exclusive licensees for each brand in different geographical regions, granting them the rights to source, market, promote and distribute approved branded products with their own resources, expertise and knowledge in the domestic markets.

The revenue of this segment was HK$58 million for the current year as compared to HK$81 million for the corresponding year. The operating profit for the current year was HK$47 million which comprised mainly the net licensing income received from the licensees, as compared to a profit of HK$56 million for the corresponding year.

Notwithstanding the net loss attributable to shareholders of HK$191 million recorded by the Group during the current year (as compared to a net loss of HK$672 million for the corresponding year), the Provisional Liquidators are of the view that the loss does not affect the Group's existing business and its normal operation. The Group continues to operate its branded distribution business as usual.

CHARGES ON GROUP ASSETS

As at 31 December 2013, certain of the Group's assets with a total carrying value of approximately HK$19 million were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 17 to the consolidated financial statements.

CORPORATE GOVERNANCE

As the Company has been under the control of the Provisional Liquidators and a full board of directors has not been constituted, the current director of the Company is therefore unable to comply with the Code on Corporate Governance Practices (the "CG Code").

However, upon resumption of trading in the shares of the Company, the Company will ensure that the CG Code shall be complied with.

MODEL CODE FOR SECURITIES TRANSACTIONS BY SOLE DIRECTOR

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the director of the Company. Given that the Company is in liquidation and the trading of the Company's shares were suspended from trading since 30 May 2011, the Company is not aware of any non-compliance with the required standards as set out in the Model Code during the year ended 31 December 2013.

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

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

AUDITORS' OPINION

The auditors' opinion of the Group's consolidated financial statements for the year ended 31 December 2013 as set out below:

"BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

The comparative figures disclosed in the consolidated financial statements are based on the audited financial statements of the Group and the Company for the year ended 31 December 2012 in respect of which the auditor's report dated 30 June 2014 expressed a disclaimer of opinion. The matters which resulted in that disclaimer of opinion included (a) Amounts due to former related companies; (b) Amounts due to a former associate; (c) Directors' remuneration and employee costs; (d) Accounts and bills payable and (e) Tax liabilities, which remain unresolved issues this year. Moreover, as at the date of this report, the audit of several subsidiaries for the years ended 31 December 2011 and 2012 was not completed by the component auditors. The carrying amount of the balances of these subsidiaries as at 31 December 2013 was derived by aggregating the opening balances as at 1 January 2013 and the net movement resulting from the transactions during the year ended 31 December 2013. There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures shown in the current year's consolidated financial statements.

2. Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the consolidated financial statements which states the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the proposed restructuring. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the proposed restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

3. Amounts due to former related companies

We have not been able to obtain direct audit confirmations or other sufficient evidence in respect of certain amounts due to former related companies of the Group for approximately HK$13 million. As a result, we were unable to satisfy ourselves that amounts due to former related companies of the Group as disclosed in note 28 to the consolidated financial statements was fairly stated.

4. Amounts due to a former associate

We have not been able to obtain direct audit confirmation or other sufficient evidence in respect of the amounts due to a former associate of the Group for approximately HK$571 million. As a result, we were unable to satisfy ourselves that amounts due to a former associate of the Group as disclosed in note 28 to the consolidated financial statements was fairly stated.

5. Accounts and bills payable

Due to the time constraint, we have not been able to obtain direct audit confirmations or other sufficient evidence in respect of certain accounts and bills payable of the Group for approximately HK$5 million. As a result, we were unable to satisfy ourselves that the accounts and bills payable of the Group as disclosed in note 27 to the consolidated financial statements was fairly stated.

6. Tax liabilities

We have not been provided with adequate information to ascertain certain tax liabilities of approximately HK$42 million as included in the tax liabilities of approximately HK$82 million in the consolidation statement of financial position.

Any adjustments or additional disclosures found to be necessary in respect of the above matters, including any related tax impact, will have a consequential significant effect on the financial position of the Company and the Group as at 31 December 2013 and 2012 and the financial performance and cash flows of the Group for the years then ended and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant subsequent events related to the Company and the Group.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

AUDIT COMMITTEE

Following the resignation of the Company's sole independent non-executive director during the year, there has been no replacement of members at the audit committee. No audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the consolidated financial statements of the Group for the current year ended 31 December 2013 have not been reviewed by the audit committee.

For and on behalf of
The Grande Holdings Limited
(In Liquidation)
Fok Hei Yu
and
Roderick John Sutton
Joint and Several Provisional Liquidators
acting as agents without personal liability

Hong Kong, 29 August 2014

On the basis of the information available from the previous announcements made by the Company, the Board comprises Mr. Ho Wing On Christopher as the sole executive director.