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 2014

RESULTS

The Provisional Liquidators of The Grande Holdings Limited (In Liquidation) (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *HK$ million*	2013 *HK$ million*
REVENUE	*4*	**663**	741
Cost of sales		**(471)**	(553)
Gross profit		**192**	188
Other income		**5**	10
Distribution costs		**(14)**	(15)
Administrative expenses		**(109)**	(112)
Allowance for doubtful debts		**(1)**	(1)
Impairment loss recognised in respect of brands and trademarks	*10*	**(75)**	(33)
Loss on settlement of litigation	*6*	**–**	(31)
Other expenses		**–**	(1)
Finance costs		**–**	(192)
LOSS BEFORE TAX		**(2)**	(187)
Tax	*7*	**(37)**	(10)
LOSS FOR THE YEAR	*8*	**(39)**	(197)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2014

	Notes	**2014** **HK$ million**	2013 HK$ million
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**10**	18
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(29)**	(179)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**(51)**	(191)
Non-controlling interests		**12**	(6)
		(39)	(197)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**(54)**	(195)
Non-controlling interests		**25**	16
		(29)	(179)
LOSS PER SHARE	*9*	***HK$***	*HK$*
Basic		**(0.11)**	(0.42)
Diluted		**(0.11)**	(0.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**2014** **HK$ million**	2013 HK$ million
NON-CURRENT ASSETS			
Plant and equipment		**1**	2
Investment properties		**1**	1
Deferred tax assets		**14**	31
Brands and trademarks	*10*	**663**	738
Other assets		**1**	1
Goodwill		**13**	13
		693	786
CURRENT ASSETS			
Inventories		**35**	44
Accounts and bills receivable	*11*	**109**	94
Prepayments, deposits and other receivables		**40**	38
Tax recoverable		**9**	3
Pledged deposits with banks		**4**	–
Cash and bank balances	*12*	**472**	520
		669	699
CURRENT LIABILITIES			
Bank overdraft		**2**	2
Accounts and bills payable	*13*	**16**	12
Accrued liabilities and other payables	*14*	**3,274**	3,309
Tax liabilities		**83**	82
Provision for legal claims		**452**	452
		3,827	3,857
NET CURRENT LIABILITIES		**(3,158)**	(3,158)
NET LIABILITIES		**(2,465)**	(2,372)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2014

	Notes	**2014** *HK$ million*	2013 *HK$ million*
CAPITAL AND RESERVES			
Share capital		**46**	46
Share premium		**1,173**	1,173
Reserves		**(4,086)**	(4,032)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**(2,867)**	(2,813)
NON-CONTROLLING INTERESTS		**402**	441
TOTAL DEFICIENCY OF EQUITY		**(2,465)**	(2,372)

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 2014:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

(a) Amendments to HKFRS 10, HKFRS 12 and HKAS 27 – Investment entities:

The amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group has applied the amendments retrospectively without material impact.

(b) Amendments to HKAS 32 – Offsetting financial assets and financial liabilities:

The amendments to HKAS 32 clarified that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract. The amendments also clarify the rights of set-off must not be contingent on a future event. Gross settlement mechanisms with specific features would meet the net settlement criterion. The Group has applied the amendments retrospectively without material impact.

(c) Amendments to HKAS 36 – Recoverable amount disclosures for non-financial assets:

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or a cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The amendments have insignificant impact to the Group.

(d) Amendments to HKAS 39 – Novation of derivatives and continuation of hedge accounting:

The amendments to HKAS 39 provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives.

(e) HK(IFRIC) – Int 21 – Levies:

HK(IFRIC) – Int 21 provides guidance on when a liability to pay a levy imposed by a government should be recognised. It defines what “Levies” are and clarifies that the obligating event that gives rise to such liability is the activity that triggers the payment of the levy as identified by the legislation. The Group has applied the amendments retrospectively without material impact.

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 2014, and is in the process of assessing their impact on future accounting periods:

HKFRS 9	(v)	Financial instruments
Amendments to HKFRS 10 and HKAS 28	(iii)	Sale or contribution of assets between an investor and its associate or joint venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	(iii)	Investment entities: Applying the consolidation exception
HKFRS 11 (Amendments)	(iii)	Accounting for acquisitions of interests in joint operations
HKFRS 14	(vi)	Regulatory deferral accounts
HKFRS 15	(iv)	Revenue from contracts with customers
HKFRSs (Amendments)	(i)	Improvements to HKFRSs 2010 – 2012 cycle
HKFRSs (Amendments)	(ii)	Improvements to HKFRSs 2011 – 2013 cycle
HKFRSs (Amendments)	(iii)	Improvements to HKFRSs 2012 – 2014 cycle
HKAS 1 (Amendments)	(iii)	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	(iii)	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	(iii)	Agriculture: Bearer plants
HKAS 19 (Amendments)	(ii)	Defined benefit plans: Employees contributions
HKAS 27 (Amendments)	(iii)	Equity method in separate financial statements

(i) Effective for annual periods beginning on or transactions occurring on, or after 1 July 2014.

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

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

(iv) Effective for annual periods beginning on or after 1 January 2017.

(v) Effective for annual periods beginning on or after 1 January 2018.

(vi) Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

Trading in the shares of the Company has been suspended from trading on The Stock Exchange of Hong Kong Limited ("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 power 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 the 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 Division's 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 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, Sansui and Nakamichi trademarks, will be retained.

On 11 June 2014, the Company received a summons issued by Sino Bright which seeks an order for the removal of the Provisional Liquidators of the Company. A summons seeking equivalent orders has also been served by another creditor of the Company on 17 June 2014 (collectively the "Removal Summonses").

The court hearing for the Removal Summonses was originally scheduled on 22, 23 and 26 January 2015 and the Court has adjourned the hearing to 16 November 2015.

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 Companies Act and section 670 of the Hong Kong 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.

Up to the date of this announcement, the Company has been addressing queries raised by the Listing Division of the Stock Exchange in regards to the Updated Resumption Proposal.

3. **GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

As at 31 December 2014, the Group had net current liabilities of approximately HK$3,158 million (2013: HK$3,158 million) and net liabilities of approximately HK$2,465 million (2013: HK$2,372 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 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:

	2014	2013
	HK$ million	*HK$ million*
By principal activity:		
Sales of goods	**540**	638
Licensing income	**123**	103
	663	741

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 of, namely, Akai, Sansui and Nakamichi

(a) Segment Information

2014	Emerson *HK$ million*	Licensing *HK$ million*	Inter-segment elimination *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:					
Sales of goods to external customers	540	–	–	–	540
Licensing income from external customers	68	55	–	–	123
Total	608	55	–	–	663
Results:					
Segment results	40	39	–		79
Unallocated corporate expenses				(8)	(8)
					71
Impairment loss recognised in respect of brands and trademarks	–	(75)		–	(75)
Allowance for doubtful debts				(1)	(1)
Loss on settlement of litigation				–	–
Interest income				3	3
Finance costs				–	–
Tax				(37)	(37)
Loss for the year					(39)
Assets:					
Segment assets	1,128	2,706	(2,584)	112	1,362
Liabilities:					
Segment liabilities	604	3,413	(3,602)	3,412	3,827
Other information:					
Revenue from:					
– the first largest customer	293	–	–	–	293
– the second largest customer	180	–	–	–	180
Depreciation	1	–	–	–	1

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

(b) Geographical Information

	Revenue		Carrying amount of segment assets	
	2014	2013	**2014**	2013
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Asia	**41**	51	**338**	257
North America	**611**	687	**249**	351
Europe	**11**	3	**–**	–
Unallocated	**–**	–	**663**	738
	663	741	**1,250**	1,346

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 might not be construed as an admission by any party as to the merits of any of the claims or defenses resolved therein, which fully resolved and settled 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% (2013: 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.

	2014	2013
	HK$ million	*HK$ million*
The tax charge/(credit) comprises:		
Current year provision		
Overseas	**34**	(1)
(Over)/under provision in prior year		
Overseas	**(14)**	14
Deferred tax		
Overseas	**17**	(3)
	37	10

8. LOSS FOR THE YEAR

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

	2014	2013
	HK$ million	*HK$ million*
Depreciation of owned plant and equipment	**1**	1
Operating lease rentals in respect of land and buildings	**7**	7
Finance costs	**–**	192
Auditors' remuneration:		
Current year	**5**	7
Staff costs:		
Salaries and other benefits	**37**	38
Retirement benefits costs	**5**	5
	42	43
Cost of inventories recognized as expense	**471**	553
Interest income	**(3)**	(6)

9. LOSS PER SHARE

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

	2014	2013
	HK$ million	*HK$ million*
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation	**(51)**	(191)

	2014	2013
	Number of ordinary *shares* *million*	Number of ordinary *shares* *million*
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	**460.2**	460.2

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

10. BRANDS AND TRADEMARKS

	2014	2013
	HK$ million	*HK$ million*
Gross amount		
At 1 January	**966**	999
Impairment loss recognised during the year	**(75)**	(33)
At 31 December	**891**	966
Accumulated amortization at 31 December	**(228)**	(228)
Carrying amount at 31 December	**663**	738

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$2 million associated with the full provision of its H.H. Scott trademark as at 31 December 2013 with reference to the valuation prepared by the management, on the basis of the fair value under income approach.

The Group recorded a non-cash impairment charge of HK$34 million (2013: HK$31 million) associated with the partial provision of Akai trademark as at 31 December 2014 with reference to the valuation prepared by the management, on the basis of the fair value under income approach.

The Group recorded a non-cash impairment charge of HK$41 million (2013: HK$nil) associated with the partial provision of its Nakamichi trademark as at 31 December 2014 with reference to the valuation report prepared by an independent professional valuer on the basis of the fair value under income approach.

11. ACCOUNTS AND BILLS RECEIVABLE

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

	2014	2013
	HK$ million	*HK$ million*
Gross amount	**167**	155
Less: allowance for doubtful debts	**(58)**	(61)
Net amount	**109**	94

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

12. CASH AND BANK BALANCES

	2014	2013
	HK$ million	*HK$ million*
Cash	**1**	1
Cash in transit	**–**	3
Bank balances	**264**	149
Money market deposit with maturing date within three months	**90**	78
Bank certificates of deposit with maturing date more than three months	**117**	289
	472	520

13. ACCOUNTS AND BILLS PAYABLE

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

	2014	2013
	HK$ million	*HK$ million*
0 – 3 months	**10**	7
3 – 6 months	**1**	–
Over 6 months	**5**	5
	16	12

To the extent of HK$11 million (2013: HK$7 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.

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	2014	2013
	HK$ million	*HK$ million*
Accrued expenses and provisions	**79**	102
Amounts due to a former associate *(Note 1)*	**566**	571
Amounts due to former related companies *(Note 2)*	**2,306**	2,306
Other payables *(Note 3)*	**323**	330
	3,274	3,309

(Note 1)

The amounts due to a former associate in aggregate of HK$566 million (2013: HK$571 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. Based on the material currently available to us, 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. Accordingly, 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.

On 9 January 2014, the Provisional Liquidators took out 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"). The respondents opposed the action as set out in the Section 221 Summons. On 2 July 2014, the Court adjourned the Section 221 Summons sine die pending determination of the Removal Summons, which will be heard before the Court on 16 November 2015.

A Concurrent Writ of Summons is being served on SEC and has been served on SSPL. The Provisional Liquidators advise that the statement of claims has been filed with the High Court on 13 August 2014. Both SEC and SSPL had issued their Summons on 9 December 2014 contesting the jurisdiction of the Hong Kong Court to try these proceedings.

(Note 2)

All the interest bearing borrowings of the Company have been accounted for as non-interest bearing borrowings with effect from 12 September 2013, the date of the winding-up order.

The amounts due to former related companies in aggregate of HK$2,306 million (2013: HK$2,306 million) are unsecured, non-interest bearing and repayable on demand.

(Note 3)

Included in the other payables are amounts in aggregate of HK$262 million (2013: HK$262 million) which have been overdue for payment since 2010. Such balances are non-interest bearing, in which HK$200 million (2013: HK$200 million) are secured by the Group's shareholding interest in its certain subsidiaries and available-for-sale investments.

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.

15. 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:

		2014	2013
		HK$ million	*HK$ million*
(a)	Pledge of unlisted shares of a subsidiary	**19**	19
(b)	Pledge of bank deposits	**4**	–
		23	19

16. 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).

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 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, Sansui and Nakamichi trademarks, will be retained.

On 11 June 2014, the Company received a summons issued by Sino Bright which seeks an order for the removal of the Provisional Liquidators of the Company. A summons seeking equivalent orders has also been served by another creditor of the Company on 17 June 2014 (collectively the "Removal Summonses").

The court hearing for the Removal Summonses was originally scheduled on 22, 23 and 26 January 2015 and the Court has adjourned the hearing to 16 November 2015.

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 Companies Act and section 670 of the Hong Kong 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.

Up to the date of this announcement, the Company has been addressing queries raised by the Listing Division of the Stock Exchange in regards to the Updated Resumption Proposal.

DIVIDENDS

The Provisional Liquidators do not recommend the payment of a final dividend for the year ended 31 December 2014.

BUSINESS REVIEW AND PROSPECTS

For the year ended 31 December 2014 (the "current year"), the revenue of the Group was HK$663 million as compared to HK741 million for 2013 (the "corresponding year"). The Group recorded a net loss attributable to shareholders of the Company of HK$51 million for the current year, as compared to a loss of HK$191 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$608 million as compared to HK$683 million for the corresponding year. It recorded an operating profit of HK$40 million for the current year as compared to HK$25 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 respective markets.

The revenue of this segment was HK$55 million for the current year as compared to HK$58 million for the corresponding year. The operating profit for the current year was HK$39 million which comprised mainly the net licensing income received from the licensees, as compared to an operating profit of HK$47 million for the corresponding year.

Notwithstanding the net loss attributable to shareholders of the Company of HK$51 million recorded by the Group during the current year (as compared to a net loss of HK$191 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had a current ratio of approximately 0.17 as compared to that of approximately 0.18 at 31 December 2013.

As at 31 December 2014, the Group had HK$472 million cash and bank balances. The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of approximately HK$35 million as at 31 December 2014, representing a decrease of HK$9 million as compared to the previous year.

All the interest bearing borrowings of the Company have been accounted for as non-interest bearing borrowings with effect from 12 September 2013, the date of the winding-up order. As a result, the Group's gearing ratio as at 31 December 2014 was 0% which is calculated based on the Group's net borrowings of HK$nil (calculated as total interest-bearing borrowings less cash and bank balances) divided by the total deficiency of equity of HK$2,465 million.

As at 31 December 2014, the Group had net current liabilities of HK$3,158 million as compared to HK$3,158 million at 31 December 2013.

CHARGES ON GROUP ASSETS

As at 31 December 2014, certain of the Group's assets with a total carrying value of approximately HK$23 million were pledged to secure banking and other borrowing facilities granted to the Group.

TREASURY POLICIES

The Group's major borrowings are in US dollars and HK dollars. The Group's revenues are mainly in US dollars and major borrowings and payments are in either US dollars or HK dollars. The Group is not exposed to any significant currency risk exposure since the HK dollar is linked with the US dollar.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 31 December 2014 was approximately 50. The Group remunerates its employees mainly based on industry practice, individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance. Other benefits include medical and retirement schemes.

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 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 2014.

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.

AUDITOR'S OPINION

The auditor's opinion of the Group's consolidated financial statements for the year ended 31 December 2014 as set out below:

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

The corresponding 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 2013 in respect of which the auditor's report dated 29 August 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; and (c) Accounts and bills payable, which remain unresolved issues this year. Moreover, as at the date of this report, the audits of the financial statements of several subsidiaries for the years ended 31 December 2011 to 2013 have not been completed by the component auditors. The carrying amount of the balances of these subsidiaries as at 31 December 2014 was derived by aggregating the opening balances as at 1 January 2014 and the net movement resulting from the transactions during the year ended 31 December 2014. 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 confirmation 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 14 to the consolidated financial statement 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$566 million. As a result, we were unable to satisfy ourselves that amounts due to a former associate of the Group as disclosed in note 14 to the consolidated financial statements was fairly stated.

5. **Accounts and bills payable**

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 13 to the consolidated financial statements was fairly stated.

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 2014 and 2013 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 2014 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 on 12 March 2013, 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 2014 have not been reviewed by an audit committee.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.grandeholdings.com). The annual report for the year ended 31 December 2014 containing all relevant information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

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, 31 March, 2015

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