GRANDE

THE GRANDE HOLDINGS LIMITED

嘉域集團有限公司

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

(Stock Code: 186)

FINAL RESULTS FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2017

The board (the "Board") of directors (the "Directors") of The Grande Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the fifteen months ended 31 March 2017 (the "Period"), together with the comparative figures for the year ended 31 December 2015 (the "Corresponding Year") and selected explanatory notes are stated as follows:

CONSOLIDATED INCOME STATEMENT

Fifteen months ended 31 March 2017

	Notes	**Period from 1 January 2016 to 31 March 2017** ***HK$ million***	Year Ended 31 December 2015 *HK$ million* (Restated)
REVENUE	*7*	**288**	444
Cost of sales		**(164)**	(321)
Gross profit		**124**	123
Other income	*10*	**25**	3
Distribution costs		**(4)**	(10)
Administrative expenses		**(100)**	(90)
Allowance for doubtful debts		**(1)**	(4)
Goodwill written off	*14*	**–**	(13)
Impairment loss recognised in respect of brands and trademarks, net	*14*	**(152)**	(213)
Gain on discharge of liabilities	*8*	**2,636**	–
Gain on deconsolidation of subsidiaries	*19*	**131**	–
Provisional liquidators' fee	*9*	**(4)**	(10)
Restructuring costs	*9*	**(19)**	(18)
Other expenses		**(4)**	(3)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Fifteen months ended 31 March 2017

	Notes	Period from 1 January 2016 to 31 March 2017 HK$ million	Year Ended 31 December 2015 HK$ million (Restated)
PROFIT/(LOSS) BEFORE TAXATION	*10*	**2,632**	(235)
Income tax credit/(charge)	*11*	**64**	(16)
PROFIT/(LOSS) FOR THE PERIOD/YEAR		**2,696**	(251)
PROFIT/(LOSS) FOR THE PERIOD/YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**2,813**	(163)
Non-controlling interests		**(117)**	(88)
		2,696	(251)
EARNINGS/(LOSS) PER SHARE	*13*	***HK$***	*HK$*
Basic		**0.72**	(0.35)
Diluted		**0.72**	(0.35)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fifteen months ended 31 March 2017

	Period from 1 January 2016 to 31 March 2017 *HK$ million*	Year Ended 31 December 2015 *HK$ million*
PROFIT/(LOSS) FOR THE PERIOD/YEAR	**2,696**	(251)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(11)**	–
Reclassification adjustments relating to deconsolidation of overseas subsidiaries	**170**	–
	159	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	**2,855**	(251)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR ATTRIBUTABLE TO:		
Shareholders of the Company	**2,971**	(163)
Non-controlling interests	**(116)**	(88)
	2,855	(251)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	**As at 31 March 2017 HK$ million**	As at 31 December 2015 HK$ million (Restated)	As at 1 January 2015 HK$ million (Restated)
NON-CURRENT ASSETS				
Plant and equipment		**–**	1	1
Investment properties		**–**	1	1
Available-for-sale investments		**–**	–	–
Deferred tax assets		**8**	9	14
Brands and trademarks	*14*	**299**	450	663
Goodwill	*14*	**–**	–	13
Other assets		**1**	1	1
		308	462	693
CURRENT ASSETS				
Inventories		**6**	36	35
Accounts and bills receivable	*15*	**11**	37	109
Prepayments, deposits and other receivables		**10**	21	37
Tax recoverable		**7**	–	9
Pledged deposits with banks		**–**	4	4
Cash and bank balances		**502**	473	471
		536	571	665
CURRENT LIABILITIES				
Bank overdraft		**–**	2	2
Accounts and bills payable	*16*	**–**	8	16
Accrued liabilities and other payables	*17*	**77**	3,328	3,399
Tax liabilities		**19**	86	81
Provision for legal claims		**–**	452	452
		96	3,876	3,950

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2017

	Notes	**As at 31 March 2017 HK$ million**	As at 31 December 2015 HK$ million (Restated)	As at 1 January 2015 HK$ million (Restated)
NET CURRENT ASSETS/(CURRENT LIABILITIES)		**440**	(3,305)	(3,285)
NON-CURRENT LIABILITIES				
Accrued liabilities with deconsolidated subsidiaries	*19*	**333**	33	33
NET ASSETS/(LIABILITIES)		**415**	(2,876)	(2,625)
CAPITAL AND RESERVES				
Share capital	*18*	**55**	46	46
Share premium	*18*	**386**	1,173	1,173
Reserves		**(219)**	(4,404)	(4,241)
EQUITY/(DEFICIENCY OF EQUITY) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**222**	(3,185)	(3,022)
NON-CONTROLLING INTERESTS		**193**	309	397
TOTAL EQUITY/(DEFICIENCY OF EQUITY)		**415**	(2,876)	(2,625)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fifteen Months Ended 31 March 2017

1. GENERAL

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is 11th Floor, The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Prior to 26 May 2016, the Company's immediate holding company was Barrican Investments Corporation, a company incorporated in the British Virgin Islands. After 26 May 2016, the Company's immediate holding company is Sino Bright Enterprises Co., Ltd. ("Sino Bright"), a company incorporated in the British Virgin Islands. The Company's ultimate holding company is Accolade (PTC) Inc., a company incorporated in the British Virgin Islands, being the trustee to a discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are holding and licensing of brands and trademarks on a world-wide basis, and distribution of household appliances and audio products in the United States of America.

The consolidated financial statements are presented in Hong Kong dollars, the functional currency of the Company, and all values are rounded to the nearest million (HK$ million) unless otherwise stated.

The Shares were suspended from trading since 30 May 2011. During the Period, the Company completed the restructuring of the Group and fulfilled all resumption conditions imposed by the Stock Exchange and trading in the Shares resumed on 30 May 2016. Major events relating to the restructuring and the resumption of trading in the Shares during the Period are summarised as follows:

9 March 2016	Dispatch of the resumption circular to the shareholders of the Company (the "Circular")
1 April 2016	Special general meeting held to approve the capital reorganisation, the open offer (the "Open Offer"), the schemes of arrangement (the "Schemes") with the scheme creditors of the Company, election and re-election of directors; and adoption of new bye-laws

15 April 2016	The Schemes were sanctioned by the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") and the Supreme Court of Bermuda
23 April 2016	Dispatch of the prospectus documents for the Open Offer
9 May 2016	Valid acceptances and payment of the Open Offer were received
9 May 2016	Orders granted by the High Court of Hong Kong regarding the permanent stay of the winding up of the Company and release and discharge of the provisional liquidators ("Provisional Liquidators") with effect from the completion of the Schemes, subject to certain conditions
26 May 2016	1,150,568,300 new shares of HK$0.01 each in the Company were issued under the Open Offer (the "Offer Shares") and 3,881,437,269 new shares of HK$0.01 each in the Company were issued to creditors under the Schemes (the "Creditors Shares")
26 May 2016	Resumption conditions imposed by the Stock Exchange were fulfilled
26 May 2016	Provisional Liquidators were released and discharged
30 May 2016	The Shares resumed trading on the Stock Exchange

For details of the fulfillment of the resumption conditions imposed by the Stock Exchange, please refer to the Company's announcement dated 26 May 2016.

2. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As mentioned in note 1 to the consolidated financial statements, the restructuring of the Group was completed on 26 May 2016 and the Group recorded net current assets of HK$440 million and net assets of HK$415 million as at 31 March 2017. The Directors of the Company have classified liabilities due to the deconsolidated subsidiaries (the "Deconsolidated Subsidiaries") of HK$333 million as long term liabilities as explained in note 19. Taking into account cash resources and funds receivable from its ongoing licensing activities, the Directors are of the view that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future, and the consolidated financial statements have therefore been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the Group

In the Period, the Group has adopted, the following new and revised Hong Kong Financial Reporting Standards ("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 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 14	Regulatory Deferral Accounts
Annual improvements to HKFRSs 2012 – 2014 Cycle	

The adoption of the above does not have any significant impact to the Group's results for the Period and the Group's position as at 31 March 2017.

New standards and amendments to standards not yet adopted

A number of new standards and amendments to standards, that are relevant to the Group, have been issued but are not yet effective for financial periods beginning on 1 January 2016, and have not been applied in preparing these consolidated financial statements.

Amendments to HKAS 7 [(1)]	Disclosure Initiative
Amendments to HKAS 12 [(1)]	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 40 [(2)]	Transfer of Investment Property
Annual improvements to HKFRSs 2014 – 2016 Cycle [(1) (2)]	
Amendments to HKFRS 2 [(2)]	Share based Payment
HKFRS 9 (2014) [(2)]	Financial Instruments
Amendments to HKFRS 10 and HKAS 28 [(4)]	Sale on Contribution of Assets between an Investor and its Associate on Joint Venture
HKFRS 15 [(2)]	Revenue from Contracts with Customers
HKFRS 15 Amendments [(2)]	Clarification to HKFRS 15 Revenue from contracts with customers
HKFRS 16 [(3)]	Leases
HK(IFRIC) – Int 22 [(2)]	Foreign Currency Transactions and Advanced Consideration

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

(2) *Effective for annual periods beginning on or after 1 January 2018*

(3) *Effective for annual periods beginning on or after 1 January 2019*

(4) *Effective date to be determined*

The Group has already commenced an assessment of the impact of these new or revised HKFRSs, amendments to standards and annual improvements, of which certain of them will give rise to changes in presentation, disclosure and measurements of certain items in the financial statements.

Other than the new or revised HKFRS 15, "Revenue from contracts with customers" which is mandatory for financial years commencing on or after 1 January 2018, other new and revised HKFRSs would not be expected to have a material impact on the Group.

4. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Change in financial year end

The financial year end date of the Company has been changed from 31 December to 31 March in order to align with the financial year end date with that of Emerson Radio Corp. ("Emerson"), a significant subsidiary of the Company whose shares are listed on the NYSE Alternext of the United States of America.

The financial statements now presented cover a period of fifteen months from 1 January 2016 to 31 March 2017. Accordingly, the comparative figures (which cover a period of twelve months from 1 January 2015 to 31 December 2015) for the consolidated income statement and consolidated statement of comprehensive income and related notes are not comparable with those of the current period.

(c) Basis of preparation of the financial statements

The consolidated financial statements for the Period comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest million except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values at the end of each reporting period.

5. RESTATEMENT OF PRIOR YEARS FIGURES

As mentioned in note 1 to the consolidated financial statements, the new board of Directors has been formed as of 30 May 2016 and regained the power to make decisions relating to relevant activities of the Company and its subsidiaries accordingly. In addition to focusing on putting the Group's operations back to normal, the Board also spent resources in handling restructuring works that were left behind by the provisional liquidators, pursuant to an order of the High Court of Hong Kong, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited, were appointed as the provisional liquidators of the Company (the "Former Provisional Liquidators"), such as placing certain excluded companies into liquidation, identifying dormant subsidiaries and placing them into liquidation or being struck off.

Management found that a deconsolidated subsidiary, Akai Sales Pte. Ltd ("ASPL") commenced liquidation since March 2013 and all the finalisation steps to liquidate ASPL were substantially completed as of the end of the reporting period. In this regard, ASPL should have been deconsolidated in 2013 with effect from the commencement of its liquidation rather than deconsolidated during the Period. However, its results and assets and liabilities were included in the consolidated financial statements for the years ended 31 December 2013, 2014 and 2015. Should ASPL have been deconsolidated in the year 2013, there would have been a loss of deconsolidation of ASPL of HK$23 million incurred in the consolidated income statement of the Group for the year ended 31 December 2013 and the assets and liabilities of ASPL should also have been excluded from the consolidated statement of financial position as at and with effect from 31 December 2013.

The following tables disclose the adjustments that have been made in order to reconcile adjustments to each of the line items in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position as previously reported for the year ended 31 December 2015, and the consolidated statement of financial position at 1 January 2015.

Effect of the above restatement on the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2013

	31 December 2013 (as originally stated) *HK$ million*	**Adjustments** *HK$ million*	**31 December 2013 (restated)** *HK$ million*
Loss on deconsolidation of a subsidiary	–	(23)	(23)
Loss for the year	(224)	(23)	(247)
Non-controlling interests	5	3	8
Loss attributable to shareholders	(219)	(20)	(239)
Loss per share			
Basic	(0.48)	(0.04)	(0.52)
Diluted	(0.48)	(0.04)	(0.52)

Effect of the above restatement on the consolidated statement of financial position as at 1 January 2015 and 31 December 2015

	As at 1 January 2015 (as originally stated)	Adjustments	As at 1 January 2015 (restated)	As at 31 December 2015 (as originally stated)	Adjustments	As at 31 December 2015 (restated)
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Cash and bank balances	472	(1)	471	474	(1)	473
Accrued liabilities and other payables	(3,408)	9	(3,399)	(3,337)	9	(3,328)
Tax liabilities	(83)	2	(81)	(88)	2	(86)
Accrued liabilities with a deconsolidated subsidiary	–	(33)	(33)	–	(33)	(33)
Non-controlling interests	(400)	3	(397)	(312)	3	(309)
Total deficiency of equity	(2,602)	(23)	(2,625)	(2,853)	(23)	(2,876)

6. SEGMENT INFORMATION

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

Operating segments	Principal activities
Emerson	Distribution of household appliances and audio products and licensing business – Comprising a group listed on the NYSE Alternext US
Licensing	Licensing business on a world wide basis – Comprising the brands and trademarks Akai, Sansui and Nakamichi

	Emerson *HK$ million*	Licensing *HK$ million*	Inter-segment elimination *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Period from 1 January 2016 to 31 March 2017					
Revenue:					
Sale of goods to external customers	**194**	**–**	**–**	**–**	**194**
Licensing income from external customers	**37**	**57**	**–**	**–**	**94**
Total	**231**	**57**	**–**	**–**	**288**
Results:					
Segment results	**(8)**	**42**	**–**		**34**
Reconciliation:					
Unallocated corporate expenses				**(14)**	**(14)**
(Impairment loss)/reversal of impairment loss recognised in respect of brands and trademarks	**(192)**	**40**		**–**	**(152)**
Allowance for doubtful debts				**(1)**	**(1)**
Gain on discharge of liabilities				**2,636**	**2,636**
Gain on deconsolidation of subsidiaries				**131**	**131**
Write back of long outstanding liabilities				**18**	**18**
Provisional liquidators' fee				**(4)**	**(4)**
Restructuring costs				**(19)**	**(19)**
Interest income				**3**	**3**
Profit for the Period					**2,632**
Assets:					
Segment assets	**709**	**3,172**	**(3,054)**	**17**	**844**
Liabilities:					
Segment liabilities	**579**	**2,627**	**(3,123)**	**346**	**429**
Other information:					
Revenue from:					
– the first largest customer	**125**	**–**	**–**	**–**	**125**
– the second largest customer	**37**	**–**	**–**	**–**	**37**
Depreciation	**–**	**–**	**–**	**–**	**–**
Capital expenditure	**–**	**–**	**–**	**–**	**–**

	Emerson *HK$ million*	Licensing *HK$ million*	Inter-segment elimination *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Year ended 31 December 2015 (Restated)					
Revenue:					
Sale of goods to external customers	361	–	–	–	361
Licensing income from external customers	39	44	–	–	83
Total	400	44	–	–	444
Results:					
Segment results	(6)	27	–		21
Reconciliation:					
Unallocated corporate expenses				–	–
Goodwill written off				(13)	(13)
Impairment loss recognised in respect of brands and trademarks	(182)	(31)		–	(213)
Allowance for doubtful debts				(4)	(4)
Provisional liquidators' fee				(10)	(10)
Restructuring costs				(18)	(18)
Interest income				2	2
Loss for the year					(235)
Assets:					
Segment assets	927	2,529	(2,457)	34	1,033
Liabilities:					
Segment liabilities	590	3,342	(3,453)	3,430	3,909
Other information:					
Revenue from:					
– the first largest customer	194	–	–	–	194
– the second largest customer	96	–	–	–	96
Depreciation	–	–	–	–	–
Capital expenditure	–	–	–	–	–

7. 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 Period/year is as follows:

	Period from 1 January 2016 to 31 March 2017	Year Ended 31 December 2015
	HK$ million	*HK$ million*
By principal activity:		
Sales of goods	**194**	361
Licensing income	**94**	83
	288	444

8. GAIN ON DISCHARGE OF LIABILITIES

During the Period, as explained in note 1 of the consolidated financial statements and pursuant to the Schemes, all the liabilities of the Group totaling HK$3,080 million under the Schemes were discharged by cash consideration of approximately HK$106 million and the issuance of 3,881,437,269 Creditors Shares to the scheme creditors at an issue price of HK$0.087 per share. The gain on discharge of liabilities of HK$2,636 million represents the excess of liabilities discharged over the cash consideration of approximately HK$106 million and the issuance of Creditors Shares valued at approximately HK$338 million, such amount derived from 3,881,437,269 Creditors Shares times the issue price of HK$0.087 per share, which is deemed as the shares' fair value.

9. PROVISIONAL LIQUIDATORS' FEE IS RESTRUCTURING COSTS

As at the date of this announcement, the Company has not received all the required information and analyses from the Former Provisional Liquidators regarding the total restructuring costs and provisional liquidators' fees incurred by the Company. The Company has had no option but to resort to legal action in the High Court of Hong Kong to obtain this required information and this matter is ongoing. Accordingly, the Company recorded all the unpaid invoices relating to the restructuring as restructuring costs or provisional liquidators' fees in these consolidated financial statements. In addition, the Former Provisional Liquidators had transferred a sum of HK$34 million from the bank account of the Group to the High Court of Hong Kong. It was also understood that Sino Bright, a creditor as defined in the Circular, has deposited HK$20 million with the High Court of Hong Kong to settle the restructuring costs, in return for Creditors Shares. The Company has accounted for these two amounts as part of the payment of provisional liquidators' fees and restructuring costs. Upon receipt of further documentary evidence from the Former Provisional Liquidators, the Company will conduct a review and make appropriate adjustments, if necessary, to ascertain the amounts of provisional liquidators' fees and restructuring costs to be adjusted or included in future financial statements accordingly.

10. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

		Period from 1 January 2016 to 31 March 2017 *HK$ million*	Year Ended 31 December 2015 *HK$ million* (Restated)
(a)	Staff costs		
	Directors' and chief executive officer's emoluments	**12**	–
	Other staff costs		
	– Salaries and other benefits	**36**	44
	– Retirement benefits costs	**7**	5
		55	49
(b)	Other items		
	Operating lease rentals in respect of land and buildings	**9**	9
	Carrying amount of inventories sold	**158**	310
	Write down of inventories	**6**	11
	Write back of long outstanding liabilities	**(18)**	–
	Interest income	**(3)**	(2)

11. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

No Hong Kong profits tax has been provided for the Period in the consolidated financial statements as there is no assessable profits arising in Hong Kong during the Period (2015: Nil).

	Period from 1 January 2016 to 31 March 2017	Year Ended 31 December 2015
	HK$ million	*HK$ million*
Current tax		
Overseas	**(2)**	(2)
(Over)/under provision in prior year		
Overseas	**(63)**	13
Deferred tax		
Overseas	**1**	5
Income tax (credit)/charge	**(64)**	16

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. DIVIDEND

The Directors do not recommend the payment of a final dividend for the Period (2015: Nil).

13. PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share:

The calculation of basic profit/(loss) per share is based on the following data:

	Period from 1 January 2016 to 31 March 2017	Year Ended 31 December 2015
	HK$ million	*HK$ million*
Profit/(Loss):		
Profit/(Loss) attributable to shareholders of the Company used in the basic profit/(loss) per share calculation	**2,813**	(163)

	Period from 1 January 2016 to 31 March 2017	Year Ended 31 December 2015
	Number of ordinary shares ***million***	Number of ordinary shares *million*
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic profit/(loss) per share	**3,881.1**	460.2

(b) Diluted profit/(loss) per share:

Diluted profit/(loss) per share equals basic profit/(loss) per share as there were no diluted potential ordinary shares outstanding during the Period and the Corresponding Year.

14. BRANDS AND TRADEMARKS, GOODWILL

	Brand and trademarks		Goodwill	
	As at 31 March 2017	As at 31 December 2015	**As at 31 March 2017**	As at 31 December 2015
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Gross amount				
At 1 January	**2,001**	2,002	**13**	13
Foreign currency adjustment	**5**	(1)	**–**	–
At 31 March/31 December	**2,006**	2,001	**13**	13
Accumulated amortisation and impairment				
At 1 January	**1,551**	1,339	**13**	–
Foreign currency adjustment	**4**	(1)	**–**	–
Impairment loss recognised	**152**	213	**–**	13
At 31 March/31 December	**1,707**	1,551	**13**	13
Carrying amount at 31 March/31 December	**299**	450	–	–

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 on a worldwide basis for many years and the trademarks registrations are 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$12 million and HK$19 million associated with the partial provision of its Akai and Nakamichi trademarks respectively as at 31 December 2015 with reference to the valuation report prepared by an independent professional valuer on the basis of the value in use under income approach.

The Group recorded a non-cash impairment charge reversal of HK$37 million and HK$3 million associated with the partial reversal for provision of its Akai and Nakamichi trademarks respectively as at 31 March 2017 with reference to the valuation reports prepared by an independent professional valuer on the basis of the value in use under income approach.

The Group recorded a non-cash impairment charge of HK$192 million (2015: HK$182 million) associated with the partial provision of its Emerson trademark as at 31 March 2017. This was with reference to the valuation as at 30 June 2016 prepared by an independent professional valuer and then updated by the management with updated projections as at 31 March 2017. Both valuations were prepared on the basis of the value in use under income approach. The goodwill associated with Emerson of HK$13 million was fully impaired as at 31 December 2015.

15. ACCOUNTS AND BILLS RECEIVABLE

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

	As at 31 March 2017	As at 31 December 2015
	HK$ million	*HK$ million*
		(Restated)
Gross amount	**13**	57
Less: allowance for doubtful debts	**(2)**	(20)
Net amount	**11**	37

The ageing analysis of accounts and bills receivable (net of allowance for doubtful debts) is presented based on the invoice dates:

	As at 31 March 2017 HK$ million	As at 31 December 2015 HK$ million
0 – 3 months	**11**	37

16. ACCOUNTS AND BILLS PAYABLE

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

	As at 31 March 2017 HK$ million	As at 31 December 2015 HK$ million
0 – 3 months	**–**	3
3 – 6 months	**–**	–
Over 6 months	**–**	5
	–	8

17. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 31 March 2017 HK$ million	As at 31 December 2015 HK$ million (Restated)
Accrued expenses	**42**	89
Amounts due to former associates *(Note (i))*	**–**	566
Amounts due to former related companies *(Note (ii))*	**–**	2,306
Deferred income *(Note (iii))*	**32**	23
Other payables *(Note (iv))*	**3**	344
	77	3,328

Note (i)

The background of the amounts due to former associates in 2015 was as follow:

An aggregate sum of HK$539 million was allegedly due to Sansui Electric Co., Ltd. (“SEC”), a company incorporated in Japan and formerly listed on the First Section of the Tokyo Stock Exchange, and Sansui Sales Pte. Limited (“SSPL”), both former associate corporations of the Company (the “Alleged Outstanding Sum”).

The Alleged Outstanding Sum was secured by a Share Pledge (defined below), and is non-interest bearing and has no fixed terms of repayment.

On 9 January 2014, the Former Provisional Liquidators caused certain subsidiaries of the Company which are incorporated in the BVI, namely Sansui Electric Company Limited (“Sansui BVI”), The Alpha Capital Services Limited (“ACSL”), The Grande Capital Group Limited and The Grande (Nominees) Limited (“GNL”) (together, the “Plaintiffs”), to commence legal proceedings (HCA 48/2014) against (1) SEC; and (2) SSPL for, inter alia:

1. setting aside a share pledge entered into between Sansui BVI and SEC dated 3 March 2009 (the “Share Pledge”); and

2. a declaration that the debts and receivables secured by the Share Pledge did not exist.

Upon completion of the Company’s restructuring on 26 May 2016, ACSL and GNL were Excluded Companies (as defined in the Circular) and GNL has already been put into liquidation.

By the Share Pledge, Sansui BVI purportedly pledged all of its shares in Sansui Acoustics Research Corporation (the “SARC Shares”), a company registered in the BVI and a wholly owned subsidiary of the Group (“SARC”), to SEC. SARC owns worldwide rights to the Sansui trademarks.

Based on the information available at the time, the Former Provisional Liquidators were of the view that the debts and receivables purportedly secured by the Share Pledge are not genuine and bona fide, and therefore the Share Pledge should be rescinded or declared void. On this basis, the Former Provisional Liquidators applied for and obtained an injunction order on 8 January 2014 prohibiting SEC and SSPL from dealing with or exercising any right in the SARC Shares. The current Directors of the Company share the same view as the Former Provisional Liquidators as stated above. As at 31 March 2017, the injunction order has been lifted. The Company will commence the appropriate legal procedures to retrieve the shares of SARC.

The Plaintiffs served a Concurrent Writ of Summons on each of SEC and SSPL, and then filed a Statement of Claim with the High Court of Hong Kong in HCA 48/2014. On 9 December 2014, SEC and SSPL issued a Summons to dispute jurisdiction of the High Court of Hong Kong to try the proceedings in HCA 48/2014 (the "Jurisdiction Summons"). The Company subsequently agreed with all other Plaintiff's along with SEC, to discontinue this legal case with effect from 29 March 2017 and this released the injunction over the use of the Sansui funds.

At the end of the reporting period, the amounts recorded by the Group as due to SEC and SSPL amounted to HK$27 million (2015: HK$566 million). According to a legal opinion received by management of the Group, the liabilities are legally discharged as of 31 March 2017. However, considering the uncertainties and contingencies as disclosed in the section headed "Contingent liabilities" under Management Discussion and Analysis, the Directors are of the view that the amounts should continue to be recognised as liabilities in the consolidated statement of financial position as of the end of the reporting period, until the disclosed contingencies no longer exist or the liquidation/strike-off of SEC and SSPL is completed. As such, the provision of HK$27 million is included in accrued expenses as of 31 March 2017.

Note (ii)

Included in the amounts due to former related companies were amounts of HK$2,293 million due to Sino Bright as at 31 December 2015 that were fully settled by the Schemes during the Period as mentioned in note 1.

Note (iii)

Deferred income represents licensing income received in advance in cash that relates to periods subsequent to 31 March 2017 and the Corresponding Year respectively.

Note (iv)

All other payables as at 31 December 2015 were fully discharged by the Schemes as detailed in Note 8.

An amount of approximately HK$3 million as at 31 March 2017 is a remaining provision for third party liabilities.

18. SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares	Share Capital	Share Premium
		HK$ million	*HK$ million*
Authorised share capital:			
Ordinary shares of HK$0.1 each at			
1 January 2015 and 31 December 2015	1,000,000,000	100	
Ordinary shares of HK$0.1 each cancelled	(539,772,680)	(54)	
	460,227,320	46	
Capital reduction (par value reduced to HK$0.01 each)	460,227,320	5	
Increase of capital	19,539,772,680	195	
Ordinary shares of HK$0.01 each at 31 March 2017	20,000,000,000	200	
Issued and fully paid share capital:			
Ordinary shares of HK$0.1 each at			
1 January 2015 and 31 December 2015	460,227,320	46	1,173
Capital reduction (par value reduced to HK$0.01 each)	–	(41)	–
Share premium reduction	–	–	(1,173)
Shares issued under Open Offer	1,150,568,300	11	87
Shares issued under the Schemes	3,881,437,269	39	299
Ordinary shares of HK$0.01 each at 31 March 2017	5,492,232,889	55	386

19. DECONSOLIDATION OF SUBSIDIARIES

As mentioned and defined in the Circular, all the Excluded Companies have ceased to be subsidiaries or associated companies of the Company and their results, assets and liabilities are no longer consolidated into the Group's financial statements effective as of 31 March 2017. The Directors have, in addition to the Excluded Companies (as defined in the Circular) , identified 25 dormant subsidiaries and commenced liquidation proceedings. These subsidiaries were also excluded from the consolidated financial statements and were classified with the Excluded Companies as the Deconsolidated Subsidiaries.

Summary of the effects on deconsolidation of subsidiaries

	Period from 1 January 2016 to 31 March 2017	Year Ended 31 December 2015
	HK$ million	*HK$ million*
Net assets/(liabilities) deconsolidated of:		
Plant and equipment	**1**	–
Investment properties	**1**	–
Cash and bank balances	**5**	–
Prepayments, deposits and other receivables	**5**	–
Accounts and bills payables	**(5)**	–
Accrued liabilities and other payables	**(608)**	–
Release of reserves	**170**	–
	(431)	–
Gain on deconsolidation of subsidiaries *(Note (i))*	**131**	–
	(300)	–
Represented by:		
Accrued liabilities with deconsolidated subsidiaries *(Note (ii))*	**(300)**	–

Accrued liabilities with Deconsolidated Subsidiaries

	As at 31 March 2017	As at 31 December 2015
	HK$ million	*HK$ million*
At 1 January	**33**	33
Arising on deconsolidation of subsidiaries	**300**	–
At 31 March/31 December	**333**	33

Note (i) In the Unaudited Pro Forma Financial Information of the Group attached as Appendix III to the Circular, the Company had shown a gain on deconsolidation of subsidiaries of HK$586 million. The difference between this gain and the HK$131 million gain as shown above, is largely due to the Directors' view that the Group still has a remaining liability due to the Deconsolidated Subsidiaries amounting to HK$333 million and that this should be provided for, until such time as individual Deconsolidated Subsidiaries are fully liquidated or struck off.

Note (ii) The amounts due to Deconsolidated Subsidiaries recorded in the interim report for the six months ended 30 June 2016 was HK$490 million. One of the Deconsolidated Subsidiaries, ASPL, which was put into liquidation in March 2013 has substantially completed its liquidation by the end of the reporting period. As a result, the amount due to ASPL of HK$162 million was then written back in the gain on Deconsolidated Subsidiaries. The Directors expect that there will be a further write back in the consolidated income statement in the future when there are Deconsolidated Subsidiaries that are successfully dissolved or struck off.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company were suspended from trading on the Stock Exchange since 30 May 2011. Pursuant to an order of the High Court of Hong Kong, the Former Provisional Liquidators were appointed as the provisional liquidators of the Company on 31 May 2011. The Group were then under the control and management of the Former Provisional Liquidators to continue its operation from 31 May 2011 until 26 May 2016, the date of discharge and release of the Former Provisional Liquidators by the High Court. After several attempts at submitting resumption proposals to the Stock Exchange, on 28 May 2015, the Listing Committee of the Stock Exchange decided to allow the Company to resume trading of Shares if the Company could complete the restructuring of the Group and fulfill all resumption conditions imposed by the Stock Exchange. Details of events of the restructuring and fulfilment of resumption conditions up to the resumption of trading of Shares (the "Resumption") on 30 May 2016 ("Resumption Date") are set out in note 1 to the Consolidated Financial Statements of this announcement.

According to a resolution passed at the special general meeting of the shareholders of the Company held on 1 April 2016, the new board of directors of the Company (the "Directors") (the "Board") was formed with effect from the Resumption Date. As the Group has been under the control of the Former Provisional Liquidators for five years, there were numerous matters that the Board and the management had to attend to. Regaining control of the Company, all of its subsidiaries and the assets of all companies were immediate major tasks after Resumption. Placing those companies that had been identified as Excluded Companies (as defined in the Circular) in the restructuring into liquidation was also a major task for the Board. In addition, the Board also identified a number of dormant subsidiaries as deconsolidated subsidiaries that should be liquidated. These deconsolidated subsidiaries were either put into liquidation or struck off, as appropriate according to the laws applicable to the respective places of incorporation of these companies. Details of the gain on deconsolidation of subsidiaries were stated in note 19 to the consolidated financial statements. In addition, there were various litigation matters brought forward from the period under the control of the Former Provisional Liquidators, to which the Board had also allocated a lot of resources, in terms of management time and legal fees, to deal with.

In October 2016, the Board decided to change the financial year end date of the Group from 31 December to 31 March in order to align with the financial year end date of its major subsidiary, Emerson, a 56.3% owned subsidiary of the Company, whose shares are listed on the NYSE Alternext of the United States of America ("USA"). The Board considered that the change of the financial year end date would facilitate the preparation of the consolidated financial statements of the Group, and be more cost effective. As a result of the change, the Annual Result of the Group covers the fifteen months' results from 1 January 2016 to 31 March 2017. Going forward, the Group's financial year will be for 12 months ending on 31 March of the following year.

The revenue of the Group for the Period was HK$288 million as compared to HK$444 million for the Corresponding Year, a decrease of 35.1%. The significant decrease in revenue was mainly due to the decrease in the revenue generated from the distribution of household appliances and audio products of Emerson. The Group recorded a net profit attributable to shareholders of HK$2,813 million for the Period, as compared to a net loss attributable to shareholders of HK$163 million for the Corresponding Year. The turnaround from net loss to net profit was mainly due to (1) the significant gain of HK$2,636 million arising from the settlement of the Company's scheme creditors through the schemes of arrangement as set out in note 8 to the consolidated financial statements, which was offset partially by (2) an impairment loss of HK$192 million in respect of the trademark of Emerson, as set out in note 14 to the consolidated financial statements.

The operations of the Group include the Emerson operations and licensing operations for Akai, Sansui and Nakamichi brands.

Emerson operations

The revenue generated from the distribution of household appliances and audio products of Emerson for the Period was HK$194 million as compared to HK$361 million for the Corresponding Year. The major elements which contributed to the overall decrease in net product sales of HK$167 million or 46.3% was due to the loss of businesses from a key customer in the USA market. Emerson was informed in November 2015 by this key customer that, commencing with the spring of 2016, it would discontinue retailing in its stores the Emerson-branded microwave ovens and compact refrigeration products due to price competition. Emerson anticipates that the loss of these sales has had and is expected to continue to have a material adverse effect on Emerson's business and results of operations. Emerson will continue to expand the existing distribution channels and to develop and promote new products to regain shelf spaces in these retailers in the USA. Emerson is also investing in products and marketing activities to expand its sales through internet and ecommerce channels. These efforts would require investments in appropriate human resources, media marketing and development of products in various categories in addition to the traditional home appliances and audio products that Emerson had previously focused on.

Licensing revenue of Emerson for the Period was HK$37 million as compared to HK$39 million for the Corresponding Year, a decrease of HK$2 million, or 5.1%, driven by lower year-on-year sales by Emerson's licensees. Emerson's largest license agreement was with Funai Corporation, Inc. ("Funai"), which accounted for approximately 78% of Emerson's licensing revenue for the Period. As at 16 December 2015, Emerson received written notice from Funai stating its intention to terminate the license agreement which would end on 31 December 2016. As a result of such termination, unless Emerson is successful in securing a new licensee to replace the Funai licensing revenue, Emerson expects its licensing revenue in 2017 will significantly decline. At present, Emerson is actively seeking for a replacement licensee for Funai.

Emerson had taken active steps to further streamline its operations to reduce and control its operating costs. The operating costs for the Period was reduced to HK$75 million as compared to HK$85 million for the Corresponding Year.

Licensing operations

The revenue generated from this operation was HK$57 million for the Period as compared to HK$44 million for the Corresponding Year. The operating profit of this operation for the Period was HK$ 42 million as compared to HK$27 million for the Corresponding Year which represented the net licensing income received from the licensees.

Under the current licensing model, Akai, Sansui and Nakamichi will grant licensing rights to individual licensees around the world, authorising them to sell products under the respective trademark. In return, the licensees will pay a licensing fee ranging from 2% to 6%, depending on the respective brand involved, on the gross value of purchases made during the license period. All licensing agreements are subject to a minimum fee payable by the licensees, which varies with individual contracts and are non-refundable. This minimum fee corresponds to the guaranteed minimum gross purchase that each licensee commits. The licensee will have to pay an additional license fee in the case where the actual gross purchases for a license period is exceeding the guaranteed minimum gross purchases.

During the Period, there were a total of 30 contracts in force with licensees to distribute products in the brand names of Akai, Sansui and Nakamichi around the world.

The Group is subject to geo-political challenges in certain countries under political unrest, like the Middle-East. Currency fluctuation also effects those licensees operating with currencies depreciating against the US dollar, which is the currency of the fees under our licensing agreements. On the other hand, our licensees usually obtain their products from the People's Republic of China ("PRC") and as the RMB was relatively strong as compared to non-US denominated currencies, it also increased the cost of products for our licensees. The other major challenge comes from competitive consumer electronic brands offering licensing opportunities. However, we have built up and maintained a steady portfolio of licensees around the world since we started the licensing operation in 2007. The Company believes that we can continue to maintain very strong relationships with our licensees and are ready to work with these licensing partners to tackle these challenges and strengthen their businesses.

Liquidity and financial resources

Upon the completion of the restructuring, the Company has settled all its liabilities by the Schemes through cash offer and issue of Creditors Shares as defined in note 1 to the consolidated financial statements. As a result, the financial position and liquidity of the Group has significantly improved. The Group maintained a current ratio of 5.58 as at 31 March 2017 as compared to 0.15 as at 31 December 2015.

The Group's working capital requirements were entirely financed by internal resources as the Group continued to generate cash from its licensing business and the distribution of electrical appliances. As at 31 March 2017, the Group had accumulated cash and bank balances amounting to HK$502 million as compared to HK$473 million as at 31 December 2015.

Material acquisition and disposal of subsidiaries and affiliated companies

Save as the deconsolidation of subsidiaries as disclosed in note 19 to the consolidated financial statements, the Group did not make any material acquisition and disposal of subsidiaries and affiliated companies during the Period.

Significant investment

The Group did not make any new significant investment during the Period.

Future plan for material investments and capital assets

The Group does not have any concrete plan for material investments or capital assets acquisitions for the coming 12 months.

Gearing

In respect of the borrowings of the Company for the Corresponding Year, all interest-bearing borrowings of the Company have been accounted for as non-interesting bearing borrowings because of the winding up order issued to the Company on 13 September 2013; and all these borrowings, together with the creditors of the Company, have been settled by the Schemes through cash offer and issue of Creditors Shares as mentioned in the Business Review above. Therefore, there were no interest-bearing borrowings recorded in the consolidated financial statements of the Group for the Period and for the Corresponding Year respectively.

Charge on group assets

As at 31 March 2017, certain of the Group's assets with a total carrying value of approximately HK$176 million (HK$157 million as at 31 December 2015) were pledged to secure other borrowing facilities granted in previous years to certain Deconsolidated Subsidiaries and the Group.

Treasury policies

The Group's revenues are mainly in US dollars. The Group is not exposed to any significant currency risks since the HK dollar is linked with the US dollar.

Contingent liabilities

Except for the cases set out below, the Group did not have significant contingent liabilities as of 31 March 2017 and up to the date of this announcement.

(a) In an Order made by the High Court of Hong Kong on 9 May 2016 in respect of case HCCW 177/2011 the Company is required to:

  (i) Indemnify and keep indemnified the Former Provisional Liquidators in the event that the funds paid into Court (as set out in note 9 to the consolidated financial statements), are insufficient to meet the taxed fees and expenses of the Former Provisional liquidators: and

  (ii) Indemnify and keep indemnified Mr Fok Hei Yu, Vincent and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court of Hong Kong by Sino Bright against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this announcement, the Company has received no such requests for such fees, costs and expenses.

(b) As set out in note 17 to the consolidated financial statements the legal case in the High Court of Hong Kong under HCA 48/2014 was discontinued. However, there still remains a potential claim by SEC and SSPL to exercise the Share Pledge, that the claim is still in existence. However, the Company has the exact same view as the Former Provisional Liquidators that the debts and receivables purportedly secured by the Share Pledge are not genuine and bona fide, and therefore the Share Pledge should be rescinded or declared void. The Company will again rigorously defend this in Court should SEC and/or SSPL try and take action again, as they have unsuccessfully done in the past.

The management is of the view that no provision is necessary for any of the matters described above after having considered their respective merits.

Employees and remuneration

The number of employees of the Group as at 31 March 2017 was approximately 40 (50 as at 31 December 2015). The Group remunerates its employees mainly based on industry practice, individual 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 in the relevant financial year. Other benefits include medical and retirement schemes.

EVENTS AFTER THE REPORTING PERIOD

On 16 June 2017, Unijoy Limited, a wholly owned subsidiary of the Company, entered into an agreement to dispose of its 100% owned subsidiary, Tomei Kawa Electronics International Limited to a third party. This is not considered as a significant transaction.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2017 annual general meeting of the Company, the register of members of the Company will be closed. Details of such closure are set out below:

Latest times to lodge transfer documents for registration	4:30 p.m. on Wednesday, 9 August 2017
Closure of registers of members	Thursday, 10 August 2017 to Wednesday, 16 August 2017 (both days inclusive)
Record date	Wednesday, 16 August 2017

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2017 annual general meeting of the Company, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registrations with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 16 August 2017. The notice of annual general meeting will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

Before the resumption of trading of the Company's shares on 30 May 2016, the Company had only two executive directors on the Board and there were no independent non-executive directors appointed to the Board. The Directors are, therefore, unable to confirm that the Company fully complied with the Code prior to the Resumption.

After the adoption of reviewing and rectifying procedures on the compliance of the Code since Resumption, none of the directors of the Company (the "Directors") is aware of any information which would reasonably indicate that, during the period from its Resumption to 31 March 2017 (the "Relevant Period"), save for the following deviations, the Company was not in compliance with the Code which were in force during the Relevant Period:

Under code provision A.2.7 of the Code, the chairman of the Board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of executive directors. The Company did not appoint a full-time chairman after the removal of Mr. Tang Hoi Nam as director and chairman of the Company by a resolution passed at the special general meeting held on 11 November 2016. Since that date a chairman has been appointed at each individual Board meeting and all meetings have been chaired by an independent non-executive Director. Regarding code provision A.2.7 which requires that a chairman should at least annually hold meetings with the non-executive Directors without the presence of other executive Directors, Mr. Hon Tok Kwong has, in fact, acted in the capacity as chairman to meet all the non-executive Directors without the presence of executive Directors, either in the Nomination Committee or the Remuneration Committee and other occasions. As such, the Board considers the Company has complied with this code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all directors and each of them has confirmed that they have complied with the Model Code during the Relevant Period.

EXTRACTS FROM INDEPENDENT AUDITOR'S DRAFT REPORT

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of The Grande Holdings Limited (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 January 2016 to 31 March 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements, and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Scope limitation – Opening balances and corresponding figures

In respect of the consolidated financial statements of the Group for the year ended 31 December 2015, the predecessor auditor who were engaged to perform the audit had expressed a disclaimer of opinion as a result of the limitation of scope encountered in respect of their audit of (1) amounts due to former related companies, (2) amounts due to former associates and (3) accrued liabilities and other payables.

The predecessor auditor also disclaimed their opinion on the 2015 consolidated financial statements for scope limitations encountered by their predecessor auditor for the year ended 31 December 2013 in respect of the carrying amounts in the company level of the balances of several subsidiaries as at 31 December 2013, including the amount due from a subsidiary on the company level, as the audits of these several subsidiaries for the years ended 31 December 2011 and 2012 were not completed by the component auditors.

The opinion on the 2015 consolidated financial statements was disclaimed because of the possible effects of these matters on the figures presented in the consolidated financial statements.

In respect of the consolidated financial statements of the Group for the current financial period from 1 January 2016 to 31 March 2017, the matters which were the subject matter of the scope limitations referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2017. However, as the figures in the consolidated statement of financial position of the Group as at 31 December 2015 formed the opening balances of the respective elements of the current period's consolidated financial statements, any adjustments found to be necessary in respect of these matters may have significant effects on the results and cash flows of the Group for the current period ended 31 March 2017 and the related disclosures in the consolidated financial statements of the Group for the current period ended 31 March 2017. Furthermore, our opinion on the current period's consolidated financial statements is also disclaimed because of the possible effects of these matters on the comparability of the current period's figures and corresponding figures.

REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the Period have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the Period have been agreed by the Company's auditor, Moore Stephens CPA Limited ("MSCPA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by MSCPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by MSCPA on this preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandeholdings.com). The Group's Annual Report for the Period will be despatched to the shareholders of the Company and available on the above websites in due course.

ACCOUNTING TREATMENT OF GAIN ON DISCHARGE OF LIABILITIES

Reference is made to the announcement of the Company dated 2 June 2017 in relation to the accounting treatment of the gain on discharge of liabilities amounting to HK$2,636 million (the "Gain").

The Company reached an agreement with its auditor, Moore Stephens CPA Limited, that the Gain should be treated through the consolidated income statement of the Company. This is consistent with the Company's position as set out in the Company's announcements dated 10 August 2016 and 19 May 2017 and the interim report of the Company for the six months ended 30 June 2016.

Please refer to note 8 to the consolidated financial statements for details of the Gain.

By order of the Board
THE GRANDE HOLDINGS LIMITED
Francis Hui
Company Secretary

Hong Kong, 30 June 2017

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Mr. Hon Tak Kwong, Mr. Michael Andrew Barclay Binney and Mr. Manjit Singh Gill; one non-executive director, Mr. Eduard William Rudolf Helmuth Will; and three independent non-executive directors, namely, Mr. James Mailer, Mr. Lau Ho Kit, Ivan and Mr. Chen Xiaoping.