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)

Announcement of Annual Results For the year ended 31 December 2007

RESULTS

The Board of directors (the "Board") of The Grande Holdings Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2007** *HK$ million*	2006 *HK$ million* (Restated)
CONTINUING OPERATIONS:			
TURNOVER	2	**7,187**	8,755
Cost of sales		**(6,676)**	(7,813)
Gross profit		**511**	942
Other income		**178**	202
(Loss)/gain on partial disposal of subsidiaries		**(152)**	191
Distribution costs		**(209)**	(360)
Administrative expenses		**(552)**	(436)
Other operating expenses		**(708)**	(162)
Share of loss of associates		**(4)**	(5)
Finance costs		**(66)**	(92)
(LOSS)/PROFIT BEFORE TAX		**(1,002)**	280
Tax	3	**(19)**	(32)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,021)**	248

CONSOLIDATED INCOME STATEMENT ***(Continued)***

	Notes	**2007** ***HK$ million***	2006 *HK$ million* (Restated)
DISCONTINUING OPERATIONS:			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		**371**	84
(LOSS)/PROFIT FOR THE YEAR		**(650)**	332
ATTRIBUTABLE TO:			
Shareholders of the Company		**(595)**	360
Minority interests		**(55)**	(28)
		(650)	332
DIVIDENDS	4	**120**	110
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	5	***HK$***	*HK$*
From continuing and discontinued operations:			
Basic		**(1.29)**	0.78
Diluted		**(1.20)**	0.76
From continuing operations:			
Basic		**(2.10)**	0.60
Diluted		**(1.96)**	0.58

CONSOLIDATED BALANCE SHEET

	As at 31 December 2007 *HK$ million*	As at 31 December 2006 *HK$ million* (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**356**	512
Prepaid lease payments	**10**	223
Investment properties	**44**	404
Interests in associates	**–**	808
Investments available-for-sale	**166**	164
Deferred tax	**58**	47
Brands and trademarks	**1,785**	1,780
Other assets	**7**	262
Goodwill	**660**	179
	3,086	4,379
CURRENT ASSETS		
Inventories	**465**	953
Accounts, bills and other receivables	**538**	1,302
Amounts due from associates	**349**	242
Prepayments, deposits and other assets	**143**	293
Tax recoverable	**40**	44
Deferred tax	**40**	26
Investments held for trading	**138**	10
Derivative instruments	**2**	4
Pledged deposits with banks	**101**	33
Cash and bank balances	**701**	701
Assets of a disposal group held for distribution	**1,606**	–
	4,123	3,608
CURRENT LIABILITIES		
Accounts and bills payables	**716**	1,053
Amounts due to associates	**4**	32
Accrued liabilities and other payables	**439**	526
Tax liabilities	**11**	18
Trust receipt loans	**154**	564
Current portion of secured bank loans	**327**	115
Current portion of unsecured bank loans	**15**	149
Obligations under finance leases	**15**	1
Derivative instruments	**213**	93
Convertible debenture	**198**	–
Unsecured bank overdrafts	**540**	647
Liabilities of a disposal group held for distribution	**898**	–
	3,530	3,198
NET CURRENT ASSETS	**593**	410

CONSOLIDATED BALANCE SHEET *(Continued)*

	As at 31 December 2007 *HK$ million*	As at 31 December 2006 *HK$ million* (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,679**	4,789
NON-CURRENT LIABILITIES		
Non-current portion of secured bank loans	**58**	222
Non-current portion of unsecured bank loans	**32**	47
Obligations under finance leases	**25**	1
Convertible debenture	**–**	192
Exchangeable bonds issued by a subsidiary	**217**	310
Derivative instruments	**64**	–
Provision for retirement and long service	**8**	14
Accrued liabilities and other payables	**28**	47
	432	833
NET ASSETS	**3,247**	3,956
CAPITAL AND RESERVES		
Share capital	**46**	46
Share premium	**1,173**	1,173
Reserves	**1,169**	1,774
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS	**2,388**	2,993
MINORITY INTERESTS	**859**	963
TOTAL EQUITY	**3,247**	3,956

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 Hong Kong Financial Reporting Standards, amendments and interpretations (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new HKFRSs below does not result in substantial changes to the Group's accounting policies and has no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 "Financial reporting in hyperinflationary economies"
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	Interim financial reporting and impairment

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective for the year ended 31 December 2007, and is in the process of assessing their impact on future accounting periods.

HKAS 1 (Revised)	(i)	Presentation of financial statements
HKAS 23 (Revised)	(i)	Borrowing costs
HKFRS 3 (Revised)	(v)	Business Combinations
HKFRS 8	(i)	Operating segments
HK(IFRIC) – Int 11	(ii)	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – Int 12	(iii)	Service concession arrangements
HK(IFRIC) – Int 13	(iv)	Customer loyalty programmes
HK(IFRIC) – Int 14	(iii)	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

(i) Effective for annual periods beginning on or after 1 January 2009.
(ii) Effective for annual periods beginning on or after 1 March 2007.
(iii) Effective for annual periods beginning on or after 1 January 2008.
(iv) Effective for annual periods beginning on or after 1 July 2008.
(v) Effective for annual periods beginning on or after 1 July 2009.

2. Turnover

Turnover represents the net invoiced value of goods sold after allowances for returns and trade discounts, royalty income and securities trading, but excludes intra-group transactions.

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

	2007	2006
	HK$ million	HK$ million
By principal activity:		
Branded distribution	**4,326**	6,734
Electronics manufacturing services	**2,861**	2,021
Attributable to continuing operations	**7,187**	8,755
Attributable to discontinuing operations	**618**	557
	7,805	9,312

3. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) 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.

	2007	2006
	HK$ million	HK$ million
Continuing and Discontinuing Operations:		
The tax charge/(credit) comprises –		
Current year provision		
Hong Kong	**1**	6
Overseas	**(11)**	19
(Over)/under provision in prior year		
Hong Kong	**(1)**	–
Overseas	**43**	4
Deferred tax		
Hong Kong	**3**	–
Overseas	**(16)**	5
	19	34

4. Dividends

	2007 **HK$ million**	2006 HK$ million
Interim dividend of HK12 cents (2006: HK12 cents) per share on 460.2 million shares	**55**	55
2006 final dividend of HK14 cents (2005: HK12 cents) per share on 460.2 million shares	**65**	55
	120	110

On 9 January 2008, the Board declared a second interim dividend to be satisfied by way of a distribution in specie of seven Lafe Technology Limited ("Lafe") shares for every five ordinary shares of the Company held by the shareholders on the register of members on 31 January 2008. Definitive certificates for Lafe shares were despatched to the qualifying shareholders of the Company on 29 February 2008. The fair value at close of business on 29 February 2008 of Lafe shares was HK$ 1.10 each which equates to a dividend of HK$1.54 per share on 460.2 million shares amounting to a total of HK$708 million. The second interim dividend in specie was approved by the Board after the balance sheet date, and therefore it was not recognised as a liability as at 31 December 2007.

5. (Loss)/Earnings per share attributable to shareholders of the Company

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

	2007 **HK$ million**	2006 HK$ million
(Loss)/Earnings:		
(Loss)/profit attributable to shareholders of the Company used in the basic earnings per share calculations:		
– From continuing operations	**(966)**	276
– From discontinuing operations	**371**	84
	(595)	360
Effect of dilutive potential ordinary shares:		
Interest on convertible debenture	**9**	9
(Loss)/profit attributable to shareholders of the Company before interest on convertible debenture	**(586)**	369
Attributable to:		
– Continuing operations	**(957)**	285
– Discontinuing operations	**371**	84
	(586)	369

	2007	2006
	Number of ordinary shares million	Number of ordinary shares million
Shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**460.2**	460.2
Effect of dilutive potential ordinary shares:		
Convertible Debenture	**28.3**	28.3
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**488.5**	488.5

Discontinued operations:

Basic earnings per share for the discontinued operations is HK$0.81 per share (2006: HK$ 0.18) and the diluted earnings per share for the discontinued operations is HK$0.76 per share (2006: HK$0.17), based on the earnings from the discontinued operations and the weighted average numbers of ordinary shares presented above.

DIVIDEND

An interim cash dividend of HK12 cents per ordinary share was paid on 14 November 2007. On 9 January 2008, the Board declared a second interim dividend by way of a distribution in specie of seven shares of Lafe, a 64% owned subsidiary of the Group and which is listed on the Singapore Stock Exchange, for every five ordinary shares of the Company held by the shareholders on the register of members on 31 January 2008. Definitive certificates for Lafe shares were despatched to the qualifying shareholders of the Company on 29 February 2008.

The directors recommend the payment of a final dividend of HK8 cents per share in respect of the year to the shareholders on the register of members on 23 June 2008. The final dividend will be paid on or before 13 August 2008.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 24 June 2008 to 26 June 2008, both days inclusive, during which no transfer of shares will be effected.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company's shares registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year 2007, the loss attributable to shareholders was HK$595 million as compared to profit of HK$360 million for the year 2006.

The total turnover was HK$7,187 million for the year compared to HK$8,755million for 2006. The gross profit from operating activities was HK$511 million as compared to HK$942 million for 2006.

The core business segments of the Group comprise of The Branded Distribution Group and The Electronics Manufacturing Services Group. The Branded Distribution Group continues to be the major contributor to sales and profits of the Group representing 60% of consolidated sales in 2007 as compared to 76% in 2006.

The Branded Distribution Group

The Branded Distribution Group's turnover for 2007 was HK$4,326 million as compared to HK$6,734 million for 2006. The Group continues to focus on developing the licensing and distribution of Emerson, Akai, Sansui and Nakamichi trademarks. Emerson has been the Group's major revenue contributor in the North American markets. In addition to the conventional audio and themed electronic products, Emerson has also expanded into a variety of electrical appliances including microwave ovens, toaster ovens, compact fridges, wine coolers and ice makers. Akai and Sansui are targeting global customers looking for mid to high end audio, video and display products. Their major markets cover Asia, Middle East, Near East and Europe. Nakamichi is the Group's premium brand focusing on the top end lifestyle entertainment products including a full range of flat panel display products, audio, video and home theatre systems.

During the year under review, the consumer electronics products experienced extremely intense price pressures and exceptionally fast obsolescence rates in the global markets. In order to improve its competitive edge, the Group decided to selectively outsource its display products from qualified suppliers instead of developing and producing all the models with its own engineering and production facilities. The Group had also reduced its audio and video product range to cover only those models with unique design and features. As a result, the Group had undergone a restructuring program to reduce its manufacturing operations in both the PRC and Europe and made substantial provisions and write-offs against excessive facilities, obsolete inventories and other assets with a view to improve its overall operational efficiencies in the future.

The retailing markets for consumer electronics products in the PRC was extremely challenging during 2007. The prices for the video and display products continue to erode rapidly. During the year, the Group re-engineered its supply chain and distribution network in the PRC to maintaining only those distributors and licensees with satisfactory performance. The non-performing retailing outlets in the less prominent provinces were closed down. Both Sansui and Akai brands are now focusing only on marketing and selling higher end products through qualified distributors and licensees.

The Branded Distribution Group's operating loss for 2007 was HK$65 million as compared to a profit of HK$236 million in 2006. The loss for the year was attributable to the severe price pressure sustained in the global markets, the substantial provisions and write-offs made against various assets consequent upon the Group's decision to restructure its manufacturing and branded distribution operations.

The Group will continue to improve its operational efficiency and global distribution network to realize the full potential of its portfolio of international brands by continuing to seek ways to improve their competitive edge and distribution efficiency.

The Electronic Manufacturing Services Group

The Electronic Manufacturing Services Group ("EMS") used to comprise two primary divisions, Lafe Technology Limited ("Lafe") and Capetronic Group Limited ("Capetronic"). Lafe is a leading manufacture recording heads and related assemblies for hard disc drives and optical drives in the global storage market. Capetronic manufactures video products on behalf of major global brands. The Group's shareholding interest in Lafe was distributed in specie to the shareholders in February 2008 as a special second interim dividend of 2007. Consequently, Lafe was not considered as a subsidiary of the Group at 31 December 2007 and its turnover and operating results will be separately shown in the financial statements.

The EMS turnover, excluding Lafe, for 2007 was HK$2,861 million, as compared to HK$2,021 million in 2006. The increase was attributable to the production of higher valued products for the OEM customers during the year.

The EMS's operating loss for 2007 was HK$7 million as compared to an operating loss of HK$19 million in 2006. The sustained loss was attributable to the substantial increase in the production costs resulted from the rapid appreciation of the RMB against the USD, the escalation of the labor costs consequent upon the continuing shortage of workers in the Southern China and the new labor laws introduced in the PRC during the year. In order to stay competitive and reduce its dependence on the labor supply, the Group invested heavily in the newest model then available of Surface Mount Technology machines and the associated equipment to improve the overall production efficiency during the year. In addition to the production of finished products for the OEM customers, the Group is also diversifying its operations into the provision of sub-contracting services for the manufacture of electronic components.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year covered by the annual report.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Code during the year ended 31 December 2007.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2007, including the accounting principles and practices adopted by the Group, in conjunction with the Company external auditors. The financial information set out in this preliminary announcement represents an extract from these consolidated financial statements and have been agreed by the Company's auditors, Moore Stephens.

On behalf of the Board
Christopher W. Ho
Chairman

Hong Kong, 23 April 2007

As at the date of this announcement, the Board of the Company comprises: Mr. Christopher W. Ho, Mr. Adrian C. C. Ma, Mrs. Christine L. S. Asprey, Mr. Michael A. B. Binney, Mr. C. F. Lam and Mr. Paul K. F. Law as executive directors; and Mr. Herbert H. K. Tsoi, Mr. Johnny W. H. Lau and Mr. Martin I. Wright as independent non-executive directors.