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GRANDE

THE GRANDE HOLDINGS LIMITED

嘉域集團有限公司

(Provisional Liquidators Appointed)

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

(Stock Code: 186)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Continuing Operations (Unaudited) Six months ended		Discontinued Operations (Unaudited) Six months ended		Consolidated (Unaudited) Six months ended	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010	**30 June 2011**	30 June 2010
OPERATING RESULTS:						
Revenue (HK$ million)	**775**	980	**–**	65	**775**	1,045
(Loss)/profit for the period attributable to the shareholders of the Company (HK$ million)	**(636)**	20	**–**	(24)	**(636)**	(4)
PER SHARE DATA:						
Basic (loss)/earnings per share (HK$)	**(1.38)**	0.04	**–**	(0.05)	**(1.38)**	(0.01)
Diluted (loss)/earnings per share (HK$)	**(1.38)**	0.04	**–**	(0.05)	**(1.38)**	(0.01)

INTERIM RESULTS

The Board of directors of The Grande Holdings Limited (Provisional Liquidators Appointed) (the "Company") and the Provisional Liquidators to the Company are pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011, together with the comparative figures for the corresponding period and selected explanatory notes are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended	
		30 June 2011	30 June 2010
	Notes	***HK$ million***	*HK$ million*
CONTINUING OPERATIONS –			
REVENUE	5	**775**	980
Cost of sales		**(627)**	(780)
Gross profit		**148**	200
Other income		**27**	61
Gain on disposal of subsidiaries		**5**	3
Distribution costs		**(12)**	(16)
Administrative expenses		**(79)**	(101)
Other expenses		**(6)**	(72)
Finance costs		**(43)**	(35)
PROFIT BEFORE SETTLEMENT OF COURT PROCEEDINGS, PROVISION FOR LEGAL CLAIMS AND TAX		**40**	40
Settlement of court proceedings	17	**(273)**	–
Provision for legal claims	18	**(369)**	–
(LOSS)/PROFIT BEFORE TAX		**(602)**	40
Tax	6	**(27)**	(27)
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	7	**(629)**	13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Notes	(Unaudited) Six months ended 30 June 2011 HK$ million	30 June 2010 HK$ million
DISCONTINUED OPERATIONS – LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	9	**–**	(24)
LOSS FOR THE PERIOD	7	**(629)**	(11)
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Exchange differences on translating foreign operations		**1**	14
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	7	**(628)**	3
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company:			
(Loss)/profit for the period from continuing operations		**(636)**	20
(Loss) for the period from discontinued operations		**–**	(24)
		(636)	(4)
Non-controlling interests:			
Profit/(loss) for the period from continuing operations		**7**	(7)
		(629)	(11)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company:			
(Loss)/income for the period from continuing operations		**(635)**	29
Income/(loss) for the period from discontinued operations		**7**	(26)
		(628)	3
		HK$	*HK$*
(LOSS)/EARNINGS PER SHARE	10		
From continuing and discontinued operations –			
Basic		**(1.38)**	(0.01)
Diluted		**(1.38)**	(0.01)
From continuing operations –			
Basic		**(1.38)**	0.04
Diluted		**(1.38)**	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**(Unaudited) As at 30 June 2011** *HK$ million*	(Audited) As at 31 December 2010 *HK$ million*
NON-CURRENT ASSETS			
Property, plant and equipment		**24**	25
Investment properties		**1**	1
Available-for-sale investments		**–**	30
Deferred tax assets		**32**	57
Brands and trademarks		**1,611**	1,609
Other assets		**5**	7
Goodwill		**13**	13
		1,686	1,742
CURRENT ASSETS			
Inventories		**160**	189
Accounts and bills receivables	11	**263**	73
Amounts due from related companies	12	**3**	4
Prepayments, deposits and other receivables		**23**	36
Tax recoverable		**1**	1
Held-for-trading investments		**–**	6
Pledged deposits with banks		**52**	30
Cash and bank balances		**178**	158
		680	497
CURRENT LIABILITIES			
Accounts and bills payable	13	**134**	51
Amounts due to related companies	14	**1,885**	24
Accrued liabilities and other payables	15	**414**	390
Provision for retirement and long service payments		**–**	1
Tax liabilities		**4**	4
Secured bank loans		**–**	19
Debenture	16	**45**	45
		2,482	534
Provision for legal claims/settlement obligations of court proceedings	18, 17	**369**	870
		2,851	1,404
NET CURRENT LIABILITIES		**(2,171)**	(907)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(485)**	835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	**(Unaudited) As at 30 June 2011** *HK$ million*	(Audited) As at 31 December 2010 *HK$ million*
NON-CURRENT LIABILITIES			
Amounts due to related companies	14	**–**	671
Obligations under finance leases		**1**	–
Accrued liabilities and other payables	15	**43**	61
		44	732
NET (LIABILITIES)/ASSETS		**(529)**	103
CAPITAL AND RESERVES			
Share capital		**46**	46
Share premium		**1,173**	1,173
Reserves		**(2,454)**	(1,819)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**(1,235)**	(600)
NON-CONTROLLING INTERESTS		**706**	703
TOTAL (DEFICIENCY)/BALANCE OF EQUITY		**(529)**	103

NOTES:

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These interim consolidated financial statements have been prepared under the historical cost basis except for certain investment properties which are measured at revalued amounts.

On 31 May 2011, an Order was granted by the High Court of the Hong Kong Special Administrative Region to appoint Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited, to act as provisional liquidators to the Company (the "Provisional Liquidators"). The Provisional Liquidators would be undertaking an urgent assessment of the operations of the Company and its subsidiaries in consultation with the management, creditors, regulatory authorities and other relevant parties in order to determine the optimal strategy to maximize the return to stakeholders. Notwithstanding that the Group had net current liabilities of HK$2,171 million as at 30 June 2011, the Board and the Provisional Liquidators are of the view that the Group is able to continue its normal operation as usual. Accordingly, the Board and the Provisional Liquidators continue to adopt the going concern basis in preparing these consolidated financial statements.

The Provisional Liquidators have commenced but not yet completed an assessment of the operations of the Company and its subsidiaries from 1 June 2011, with a view to establishing the assets and liabilities of the Company. As such, the Provisional Liquidators have not had the opportunity to review or verify these accounts and adjustments to the Company's assets and liabilities may be required within the next reporting period.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in preparing the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (new "HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2011:

HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HKFRSs (Amendments)	Improvements to HKFRSs (2010)
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of right issues
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

The Group has assessed the impact of the adoption of the new HKFRSs above and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, except for as described below:

The improvements to HKFRSs 2010 consist of further amendments to existing standards, including an amendment to HKAS 34 "Interim Financial Reporting". HKAS 34 (Amendment) requires the update of relevant information related to significant events and transactions in the most recent annual financial report. HKAS 34 now specifies events and transactions for which disclosures are required, and guidance has been added covering the application of the requirements for financial instruments. It has had no financial impact on the Group's accounts.

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 2011, and is in the process of assessing their impact on future accounting periods:

HKFRS 1 (Amendment)	(i)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	(i)	Disclosures: Transfers of financial assets
HKFRS 9	(iii)	Financial instruments
HKFRS 10	(iii)	Consolidated financial statements
HKFRS 11	(iii)	Joint arrangements
HKFRS 12	(iii)	Disclosure of interests in other entities
HKFRS 13	(iii)	Fair value measurement
HKAS 12 (Amendment)	(ii)	Deferred tax: Recovery of underlying assets
HKAS 19 (2011)	(iii)	Employee benefits
HKAS 27 (2011)	(iii)	Separate financial statements
HKAS 28 (2011)	(iii)	Investments in associates and joint ventures

(i) Effective for annual periods beginning on or after 1 July 2011.
(ii) Effective for annual periods beginning on or after 1 January 2012.
(iii) Effective for annual periods beginning on or after 1 January 2013.

3. COMPARATIVE FIGURES

Certain comparative amounts have been represented to conform with the current period's presentation.

4. SEGMENT INFORMATION

The Group currently organises its operations into the following reportable operating segments. The Group disposed of its OEM manufacturing services business in December 2010 of which formed principally the Electronics Manufacturing Services Division of the Group. The results of the Electronics Manufacturing Services Division for the six months ended 30 June 2010 are presented as discontinued operations.

Operating segments	**Principal activities**
Continuing operations –	
Branded distribution	Distribution of audio and video products and licensing business
Emerson	– Comprising a group listed on the NYSE Alternext US
Distribution and licensing	– Comprising the brands and trademarks, namely, Akai, Sansui and Nakamichi
Discontinued operations –	
Electronics manufacturing services	Manufacture and trading of electronic products and subcontracting service

(a) Unaudited revenue and results of the Group by operating segments:

For the six months ended 30 June 2011:

	Branded Distribution					
	Emerson	**Distribution and licensing**	**Unallocated**	**Continuing operations**	**Discontinued operations**	**Consolidated**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Revenue						
Sales of goods and provision of services to external customers	700	6	–	706	–	706
Licensing income from external customers	26	43	–	69	–	69
Total revenue	726	49	–	775	–	775
Results						
Segment results	53	24		77		77
Unallocated corporate expenses			(20)	(20)		(20)
				57		57
Gain on disposal of available-for-sale investments	6	–	–	6	–	6
Gain on disposal of subsidiaries			5	5	–	5
Allowance for doubtful debts written back			2	2	–	2
Excessive provisions written back			12	12	–	12
Settlement of court proceedings			(273)	(273)	–	(273)
Provision for legal claims			(369)	(369)	–	(369)
Interest income			1	1	–	1
Finance costs			(43)	(43)	–	(43)
Tax			(27)	(27)	–	(27)
Loss for the period				(629)	–	(629)

For the six months ended 30 June 2010 (Restated):

	Branded Distribution					
	Emerson	Distribution and licensing	Unallocated	Continuing operations	Discontinued operations	Consolidated
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Revenue						
Sales of goods and provision of services to external customers	906	8	–	914	65	979
Licensing income from external customers	28	38	–	66	–	66
Total revenue	934	46	–	980	65	1,045
Results						
Segment results	90	11		101	(9)	92
Unallocated corporate expenses			(24)	(24)		(24)
				77		68
Loss on disposal of property, plant and equipment	(3)	(40)	–	(43)	–	(43)
Impairment loss recognised in respect of property, plant and equipment	–	–	–	–	(4)	(4)
Gain on disposal of subsidiaries			3	3	–	3
Allowance for doubtful debts written back			4	4	–	4
Provision for legal claims written back			52	52	–	52
Loss on financial derivatives			(19)	(19)	–	(19)
Interest income			1	1	–	1
Finance costs			(35)	(35)	(11)	(46)
Tax			(27)	(27)	–	(27)
Profit/(loss) for the period				13	(24)	(11)

(b) Geographical segments:

	(Unaudited) Six months ended		(Unaudited)	(Audited)
	30 June 2011	30 June 2010	**30 June 2011**	31 December 2010
	Revenue		**Carrying amount of segment assets**	
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Asia	**41**	42	**198**	83
North America	**732**	936	**467**	422
Europe	**2**	2	**–**	–
Unallocated	**–**	–	**1,611**	1,609
	775	980	**2,276**	2,114

5. REVENUE

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, sub-contracting service income and licensing income, but excludes intra-group transactions.

The Group disposed of its OEM manufacturing services business in December 2010, which formed principally the Electronics Manufacturing Services Division of the Group. The results of the Electronics Manufacturing Services Division for the six months ended 30 June 2010 are presented as discontinued operations.

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

	(Unaudited) Six months ended	
	30 June 2011	30 June 2010
	HK$ million	*HK$ million*
By principal activity:		
Sales of goods and services income	**706**	914
Licensing income	**69**	66
Attributable to continuing operations	**775**	980
Attributable to discontinued operations		
Sales of goods and services income	**–**	65
	775	1,045

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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.

	(Unaudited) Six months ended 30 June 2011 ***HK$ million***	30 June 2010 *HK$ million*
The tax charge/(credit) comprises:		
Current period provision		
Hong Kong	**(1)**	2
Overseas	**12**	22
Under/(over) provision in prior period		
Hong Kong	**1**	–
Overseas	**(10)**	(13)
Deferred tax		
Hong Kong	**–**	2
Overseas	**25**	14
	27	27

7. (LOSS)/PROFIT FOR THE PERIOD

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

	Continuing Operations (Unaudited) Six months ended		Discontinued Operations (Unaudited) Six months ended		Consolidated (Unaudited) Six months ended	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010	**30 June 2011**	30 June 2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Depreciation of property, plant and equipment:						
Owned assets	**2**	3	**–**	18	**2**	21
Leased assets	**–**	–	**–**	7	**–**	7
	2	3	**–**	25	**2**	28
Operating lease rentals:						
Land and buildings	**9**	11	**–**	2	**9**	13
Property, plant and equipment	**1**	–	**–**	2	**1**	2
	10	11	**–**	4	**10**	15
Finance costs:						
Interest on bank overdrafts and loans wholly repayable within five years	**–**	–	**–**	11	**–**	11
Interest on debenture	**3**	3	**–**	–	**3**	3
Interest on amounts due to related companies	**38**	14	**–**	–	**38**	14
Interest on settlement obligations of court proceedings	**–**	11	**–**	–	**–**	11
Others	**2**	7	**–**	–	**2**	7
	43	35	**–**	11	**43**	46
Staff costs:						
Salaries and other benefits	**38**	45	**–**	6	**38**	51
Retirement benefit costs	**2**	5	**–**	1	**2**	6
	40	50	**–**	7	**40**	57

	Continuing Operations (Unaudited) Six months ended		Discontinued Operations (Unaudited) Six months ended		Consolidated (Unaudited) Six months ended	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010	**30 June 2011**	30 June 2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Auditors' remuneration	**5**	5	**–**	–	**5**	5
Amortisation of other assets	**2**	1	**–**	–	**2**	1
Allowance for doubtful debts written back	**(2)**	(4)	**–**	–	**(2)**	(4)
Excessive provisions written back	**(12)**	(52)	**–**	–	**(12)**	(52)
Cost of inventories recognised as expenses	**627**	773	**–**	–	**627**	773
Loss on disposal of property, plant and equipment	**–**	43	**–**	–	**–**	43
Gain on disposal of available-for-sale investments	**(6)**	–	**–**	–	**(6)**	–
Impairment loss recognised in respect of property, plant and equipment	**–**	–	**–**	4	**–**	4
Net foreign exchange loss	**3**	6	**–**	1	**3**	7
Loss on financial derivatives	**–**	19	**–**	–	**–**	19
Interest income	**(1)**	(1)	**–**	–	**(1)**	(1)

8. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of material transactions between the Group and other related parties for the period are disclosed below:

	(Unaudited) Six months ended	
	30 June 2011	30 June 2010
	HK$ million	*HK$ million*
Related companies:		
Service fees income	**1**	3
Rental expenses	**–**	2
Interest expenses	**38**	14

9. DISCONTINUED OPERATIONS

The results of the discontinued operations for the period:

	(Unaudited) Six months ended **30 June 2011** ***HK$ million***	30 June 2010 *HK$ million*
Revenue	**–**	65
Cost of sales	**–**	(46)
Gross profit	**–**	19
Other income	**–**	8
Administrative expenses	**–**	(34)
Other expenses	**–**	(6)
Finance costs	**–**	(11)
	–	(24)

10. (LOSS)/EARNINGS PER SHARE

	(Unaudited) Six months ended **30 June 2011** ***HK$ million***	30 June 2010 *HK$ million*
(Loss)/profit:		
(Loss)/profit attributable to shareholders of the Company used in the basic (loss)/earnings per share calculation:		
From continuing operations	**(636)**	20
From discontinued operations	**–**	(24)
	(636)	(4)

	30 June 2011 Number of Ordinary Shares million	30 June 2010 Number of Ordinary Shares million
Shares:		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**460.2**	460.2

Discontinued operations:

Basic loss per share for the discontinued operations is nil (2010: HK$0.05) per share, based on the loss from the discontinued operations and the weighted average numbers of ordinary shares presented above.

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

11. ACCOUNTS AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 60 days to its trade customers. The aged analysis of accounts and bills receivables (net of allowance for doubtful debts) is as follows:

	(Unaudited) 30 June 2011 *HK$ million*	(Audited) 31 December 2010 *HK$ million*
0 – 3 months	**262**	72
3 – 6 months	**1**	–
Over 6 months	**–**	1
	263	73

12. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

13. ACCOUNTS AND BILLS PAYABLE

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

	(Unaudited) 30 June 2011 *HK$ million*	(Audited) 31 December 2010 *HK$ million*
0 – 3 months	**127**	42
3 – 6 months	**–**	1
Over 6 months	**7**	8
	134	51

14. AMOUNTS DUE TO RELATED COMPANIES

	(Unaudited) 30 June 2011 *HK$ million*	(Audited) 31 December 2010 *HK$ million*
Current portion	**1,885**	24
Non-current portion	**–**	671
	1,885	695

Included in the amounts due to related companies is an amount of HK$1,870 million (2010: HK$681 million) which is unsecured, bearing interest at 0.25% above the Hong Kong dollar prime rates per annum and repayable on demand. The remaining balance is unsecured, non-interest bearing and repayable on demand.

15. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 June 2011		(Audited) 31 December 2010	
	Current *HK$ million*	**Non-current** *HK$ million*	Current *HK$ million*	Non-current *HK$ million*
Accrued expenses and provisions	**125**	**32**	116	32
Other payables	**289**	**11**	273	29
Deposits received	**–**	**–**	1	–
	414	**43**	390	61

16. DEBENTURE

On 10 December 2008, the Company issued a principal amount of US$27.6 million (equivalent to HK$214 million) of Debenture ("Debenture") at par value to an independent third party, which is unsecured and bears an interest at 12% per annum on the outstanding principal. The maturity date of the Debenture pursuant to the agreement was 5 July 2011. Consequent upon the appointment of the Provisional Liquidators on 31 May 2011, the redemption of the outstanding principal of the Debenture will be subject to the terms of any scheme of arrangement that will eventually be binding on all the creditors of the Company.

The principal outstanding at the end of the reporting period was approximately US$5.8 million (2010: US$5.8 million).

17. SETTLEMENT OF COURT PROCEEDINGS

On 3 October 2009, the Company and all other defendants of the court proceedings in HCCL No. 37 of 2005 and HCCL No. 40 of 2005 entered into a settlement agreement (the "Settlement Agreement") with the plaintiffs, whereby the Company, without admission of liability, took up an amount of HK$969 million plus interest as its maximum obligations payable to the plaintiffs within twelve months from the date of the Settlement Agreement. The entire settlement amount was accrued and expensed in 2009.

On 23 November 2010, an amendment agreement relating to the Settlement Agreement was entered into with the plaintiffs, under which the plaintiffs had agreed to extend the date of final payment of approximately HK$801 million inclusive of an extension fee of approximately HK$47 million by another four months to February 2011. The extension fee and the related expenses up to 31 December 2010 were accrued and expensed in 2010.

On 31 January 2011, the Company discharged its entire outstanding settlement obligations in respect of these court proceedings with the financial assistance from the Company's ultimate holding company. The related financing and administration costs in an aggregate amount of approximately HK$273 million for discharging the settlement obligations was accrued and expensed during the period.

18. PROVISION FOR LEGAL CLAIMS

In 2005, certain plaintiffs (the "Plaintiffs") obtained a default judgment against a defunct entity, GrandeTel Technologies, Inc., which was an associate of the Group before its disposal in 2004, for approximately US$37 million in the United States of America ("USA"). In December 2006, an action was filed by these plaintiffs claiming that the Company should be responsible for the amount of the default judgment. The case went to trial in December 2010 and January 2011. On 16 May 2011, a Statement of Decision was handed down by the Superior Court for the State of California, under which the Company is obliged to settle a total amount of US$47 million (approximately HK$369 million) which includes the aforesaid default judgment amount and the related accrued interest. Such amount was accrued and expensed during the period.

19. 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:

		(Unaudited) **30 June** **2011** ***HK$ million***	(Audited) 31 December 2010 *HK$ million*
(a)	Legal charges over available-for-sale investments	**–**	30
(b)	Legal charges over plant and machineries	**1**	–
(c)	Pledge of listed shares of certain subsidiaries	**312**	312
(d)	Pledge of bank deposits	**52**	30
		365	372

DIVIDENDS

There will not be a payment of an interim dividend for the six months ended 30 June 2011 (2010: nil).

SUSPENSION OF TRADING OF THE COMPANY SHARES AND APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

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

On 31 May 2011, a substantial creditor of the Company filed an application to the High Court of Hong Kong (the "High Court") for the winding up petition against the Company. Accordingly, the High Court appointed Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited to act as the Provisional Liquidators to the Company on the same day.

The Provisional Liquidators have been granted the authority to sign, approve, publish and do all such acts in connection with this report pursuant to an order of the High Court.

BUSINESS REVIEW AND PROSPECTS

The revenue of the Group for the six months ended 30 June 2011 ("current period") was HK$775 million as compared to HK$980 million for 2010 ("corresponding period"). The Group recorded an unaudited net loss attributable to shareholders of HK$636 million for the current period, as compared to a loss of HK$4 million for the corresponding period.

The Group comprises the Branded Distribution Division only consequent upon the disposal of the Electronics Manufacturing Services Division in December 2010.

The Branded Distribution Division

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

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 period was HK$726 million as compared to HK$934 million for the corresponding period. It recorded an operating profit of HK$53 million for the current period as compared to HK$90 million for the corresponding period. 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.

Distribution and Licensing –

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

The revenue of this segment was HK$49 million for the current period as compared to HK$46 million for the corresponding period. The operating profit for the current period was HK$24 million which comprised mainly the net licensing income received from the licensees, as compared to a profit of HK$11 million for the corresponding period.

Notwithstanding the net loss of HK$636 million recorded by the Group during the period, the Board and 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.

KEY EVENT AFTER THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS

The Provisional Liquidators and the Company are in the process of negotiating with a potential investor independent to the Company (the "Investor") with a view to entering into a legally binding agreement for the implementation of a restructuring scheme which involves the acquisition of the control of the Company by the Investor and the payment to the Company's creditors with the cash injected by the Investor. The Investor has been granted with an exclusive period of nine months effective from 26 July 2011 for reaching a restructuring agreement with the Provisional Liquidators and Company. On 25 July 2011, Emperor Capital Limited was appointed by the Provisional Liquidators as the financial advisor to the Company regarding the restructuring of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had total assets of HK$2,366 million. The Group had a current ratio of approximately 0.24 as compared to that of approximately 0.35 at 31 December 2010.

As at 30 June 2011, the Group had HK$230 million cash and bank balances. The Group's working capital requirements were mainly financed by internal resources, borrowings from related companies and short-term borrowings which were charged by banks at floating interest rate.

The Group had inventories of approximately HK$160 million as at 30 June 2011 representing a decrease of HK$29 million as compared to that at 31 December 2010.

As at 30 June 2011, the Group had net current liabilities of HK$2,171 million as compared to HK$907 million at 31 December 2010.

TREASURY POLICIES

The Group's major borrowings are in US dollars and HK dollars. All borrowings are based on fixed rates or best lending rates of the underlying currencies. 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.

CHARGES ON GROUP ASSETS

As at 30 June 2011, certain of the Group's assets with a total carrying value of approximately HK$365 million were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 19.

CORPORATE GOVERNANCE

In the opinion of the directors and the Provisional Liquidators, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the period under review, except for the deviation in respect of the service term under code provision A.4.1 of the Listing Rules.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. Currently, non-executive directors are not appointed for a specific term. However, all directors are subject to retirement by rotation at least once every three years at each annual general meeting pursuant to the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

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 period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 directors of the Company. Having made specific enquiry to the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2011.

AUDIT COMMITTEE

Following the resignations of the majority of the Company's independent non-executive directors during the current financial period up to date of this report, 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 unaudited interim financial statements of the Group for the six months ended 30 June 2011 have not been reviewed by the audit committee.

For and on behalf of
The Grande Holdings Limited
(Provisional Liquidators Appointed)
Fok Hei Yu
and
Roderick John Sutton
Joint and Several Provisional Liquidators
who act without personal liabilities

By order of the Board
The Grande Holdings Limited
(Provisional Liquidators Appointed)
Ho Wing On, Christopher
Chairman

Hong Kong, 30 August 2011

As at the date of this announcement, the Board of Directors of the Company comprises: Mr. Ho Wing On Christopher, Mrs. Asprey Lai Shan Christine and Mr. Hon Tak Kwong as executive directors and Mr. Martin Ian Wright as independent non-executive director.