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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS

The board of directors of The Grande Holdings Limited (Provisional Liquidators Appointed) (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** ***HK$ million***	2010 *HK$ million* (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**1,484**	1,764
Cost of sales		**(1,188)**	(1,390)
Gross profit		**296**	374
Other income		**57**	43
Gain on disposal of subsidiaries		**6**	–
Distribution costs		**(24)**	(32)
Administrative expenses		**(134)**	(169)
Impairment loss recognised in respect of brands and trademarks	*10*	**(507)**	(72)
Other expenses		**(28)**	(28)
Finance costs	*7*	**(99)**	(48)
Share of results of associates		**1**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2011

	Notes	**2011** **HK$ million**	2010 HK$ million (Restated)
(LOSS)/PROFIT BEFORE PROVISION FOR LEGAL CLAIMS, SETTLEMENT OF COURT PROCEEDINGS AND TAX		**(432)**	68
Provision for legal claims	*15*	**(370)**	–
Settlement of court proceedings	*16*	**(288)**	(76)
LOSS BEFORE TAX		**(1,090)**	(8)
Tax	*6*	**(82)**	(36)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	*7*	**(1,172)**	(44)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	*8*	**(15)**	(138)
(Loss)/gain on deconsolidation of discontinued operations	*3(ii)*	**(110)**	76
Impairment loss recognised in respect of goodwill arising from discontinued operation		**–**	(516)
		(125)	(578)
LOSS FOR THE YEAR		**(1,297)**	(622)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX:			
Exchange differences on translating foreign operations		**(10)**	(4)
Share of other comprehensive income of associates		**1**	–
Reclassification adjustments relating to deconsolidation/disposal of foreign operations		**(11)**	(59)
		(20)	(63)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,317)**	(685)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company:			
– Loss for the year from continuing operations		**(1,206)**	(102)
– Loss for the year from discontinued operations		**(116)**	(526)
		(1,322)	(628)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2011

	Notes	**2011** *HK$ million*	2010 *HK$ million* (Restated)
Non-controlling interests:			
– Profit for the year from continuing operations		**34**	58
– Loss for the year from discontinued operations		**(9)**	(52)
		25	6
		(1,297)	(622)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company:			
– Loss for the year from continuing operations		**(1,215)**	(111)
– Loss for the year from discontinued operations		**(127)**	(586)
		(1,342)	(697)
Non-controlling interests:			
– Profit for the year from continuing operations		**34**	60
– Loss for the year from discontinued operations		**(9)**	(48)
		25	12
		(1,317)	(685)
		HK$	*HK$*
LOSS PER SHARE	*9*		
From continuing and discontinued operations			
Basic		**(2.87)**	(1.36)
Diluted		**(2.87)**	(1.36)
From continuing operations			
Basic		**(2.62)**	(0.22)
Diluted		**(2.62)**	(0.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$ million	2010 HK$ million
NON-CURRENT ASSETS			
Property, plant and equipment		**3**	25
Investment properties		**1**	1
Interests in associates		**109**	–
Available-for-sale investments		**–**	30
Deferred tax assets		**24**	57
Brands and trademarks	*10*	**1,101**	1,609
Other assets		**3**	7
Goodwill		**13**	13
		1,254	1,742
CURRENT ASSETS			
Inventories		**147**	189
Accounts and bills receivables	*11*	**135**	73
Amounts due from associates		**39**	–
Amounts due from related companies	*12*	**–**	4
Prepayments, deposits and other receivables		**30**	36
Tax recoverable		**4**	1
Held-for-trading investments		**–**	6
Pledged deposits with banks		**40**	30
Cash and bank balances		**345**	158
		740	497
CURRENT LIABILITIES			
Accounts and bills payable	*13*	**88**	51
Amounts due to associates		**576**	–
Amounts due to related companies	*12*	**–**	24
Accrued liabilities and other payables	*14*	**2,416**	390
Provision for retirement and long service payments		**–**	1
Tax liabilities		**46**	4
Secured bank loans		**–**	19
Debenture		**–**	45
		3,126	534
Provision for legal claims/Settlement obligations of court proceedings	*15, 16*	**370**	870
		3,496	1,404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2011

	Notes	2011 HK$ million	2010 HK$ million
NET CURRENT LIABILITIES		**(2,756)**	(907)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,502)**	835
NON-CURRENT LIABILITIES			
Obligations under finance leases		**1**	–
Amounts due to related companies	12	**–**	671
Accrued liabilities and other payables	14	**9**	61
		10	732
NET (LIABILITIES)/ASSETS		**(1,512)**	103
CAPITAL AND RESERVES			
Share capital		**46**	46
Share premium		**1,173**	1,173
Reserves		**(3,161)**	(1,819)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**(1,942)**	(600)
NON-CONTROLLING INTERESTS		**430**	703
TOTAL (DEFICIENCY)/BALANCE OF EQUITY		**(1,512)**	103

NOTES:

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for accounting periods beginning on or after 1 January 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 the adoption of HKAS 24 (Revised) described below:

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationship of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The revised standard has no financial impact on the Group.

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:

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	*(v)*	Financial instruments
HKFRS 10	*(iv)*	Consolidated financial statements
HKFRS 11	*(iv)*	Joint arrangements
HKFRS 12	*(iv)*	Disclosure of interests in other entities
HKFRS 13	*(iv)*	Fair value measurement
HKAS 1 (Amendment)	*(iii)*	Presentation of items of other comprehensive income
HKAS 12 (Amendment)	*(ii)*	Deferred tax: Recovery of underlying assets
HKAS 19 (2011)	*(iv)*	Employee benefits
HKAS 27 (2011)	*(iv)*	Separate financial statements
HKAS 28 (2011)	*(iv)*	Investments in associates and joint ventures
HKAS 32 (Amendment) and HKFRS 7 (Amendment)	*(iv)*	Offsetting financial assets and financial liabilities
HK(IFRIC) – Int 20	*(iv)*	Stripping costs in the production phase of a surface mine

(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 July 2012.
(iv) Effective for annual periods beginning on or after 1 January 2013.
(v) Effective for annual periods beginning on or after 1 January 2015.

The adoption of these new/revised HKFRSs will have no significant impact on the results and the financial position of the Group.

2. WINDING-UP PETITIONS, APPOINTMENT OF PROVISIONAL LIQUIDATORS AND GROUP RESTRUCTURING

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

The winding-up petition against the Company was originally scheduled to be heard by the High Court of Hong Kong on 3 August 2011. Upon application by the Provisional Liquidators, the High Court adjourned the hearing of winding-up petition against the Company to further date. On 19 March 2012, the High Court of Hong Kong had further adjourned the hearing of the petition to 9 July 2012.

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

The Company is presently in the first stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as at the date of these consolidated financial statements. The Company has submitted a resumption proposal, which was prepared by the Investor and accepted by the Provisional Liquidators, to the Stock Exchange on 5 March 2012 to address the following:

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

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

The resumption proposal is being reviewed by the Stock Exchange at the date of this report.

3. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(i) Going Concern

As at 31 December 2011, the Group had net current liabilities of approximately HK$2,756 million (2010 : HK$907 million) and net liabilities of approximately HK$1,512 million (2010 : net assets of approximately HK$103 million). Despite the significant deficiency of equity attributable to the shareholders of the Company, the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

(ii) Deconsolidation of subsidiary

The consolidated financial statements have been prepared based on the available books and records as maintained by the Company and its subsidiaries. The results, assets and liabilities of the Group's 40%-owned subsidiary, Sansui Electric Co., Ltd. ("SEC") were deconsolidated from the consolidated financial statements of the Group from 1 October 2011. SEC was considered and accounted for as the Group's subsidiary since June 2007 on the basis that the Group had gained control over SEC's financial and operating policies. Though there was no change in the Group's shareholding interest in SEC during the current financial year, SEC has been reclassified and accounted for as an associated company instead of a subsidiary of the Group with retroactive effect from 1 October 2011 as a result of the review by the Group of its structure for prospective restructuring purposes subsequent to the year end date. The Group is deemed to have lost its power to govern SEC's financial and operating policies in consequence of its the lack of majority representations in SEC's board of directors and its inability to provide SEC with continuing financial support since that time. The results of SEC for the 9-month period ended 30 September 2011 are presented as discontinued operations in 2011. In consequence of the deconsolidation of SEC, a loss of HK$110 million being the difference between the book value and the market value of the Group's shareholding in SEC as at 30 September 2011 was recognized in the current financial year.

4. 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 year ended 31 December 2010 are presented as discontinued operations.

SEC has been reclassified and accounted for as an associate instead of a subsidiary since 1 October 2011 as the Group has lost its control over SEC's financial and operating policies from that time. The results of SEC for the 9-month period ended 30 September 2011 are presented as discontinued operations in 2011.

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

	2011	2010
	HK$ million	*HK$ million*
		(Restated)
By principal activity:		
Sales of goods	**1,361**	1,641
Licensing income	**123**	123
Attributable to continuing operations	**1,484**	1,764
Attributable to discontinued operations		
Sales of goods and services income	**1**	149
	1,485	1,913

5. SEGMENT REPORTING

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 Electronics Manufacturing Services Division for the year ended 31 December 2010 are presented as discontinued operations.

SEC is considered as an associate because the Group has lost its control over SEC's financial and operating policies from 1 October 2011. The results of SEC for the 9-month period ended 30 September 2011 are presented as discontinued operations in 2011. The comparative amounts for 2010 have been restated to conform with the current year's presentation.

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) Segment information

2011	Emerson HK$ million	Branded Distribution Distribution and licensing HK$ million	Inter-segment elimination HK$ million	Unallocated HK$ million	Continuing operations HK$ million	Discontinued operations HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Revenue:								
Sales of goods to external customers	1,351	10	–	–	1,361	1	–	1,362
Licensing income from external customers	53	70	–	–	123	–	–	123
Total	1,404	80	–	–	1,484	1	–	1,485
Results:								
Segment results	113	52	–		165	(15)		150
Unallocated corporate expenses				(28)	(28)			(28)
					137			122
Gain on disposal of property, plant and equipment	3	–		–	3	–		3
Gain on disposal of available-for-sale investments	6	–		–	6	–		6
Impairment loss recognised in respect of –								
Property, plant and equipment	–	(1)		–	(1)	–		(1)
Brands and trademarks	–	(507)		–	(507)	–		(507)
Interests in associates	–	(2)		–	(2)	–		(2)
Loss on deconsolidation of discontinued operations	–	–		–	–	(110)		(110)
Gain on disposal of subsidiaries				6	6	–		6
Allowance for doubtful debts				(16)	(16)	–		(16)
Written back of accrued liabilities and other payables				27	27	–		27
Written back of provision for loss on financial derivatives				12	12	–		12
Provision for legal claims				(370)	(370)	–		(370)
Settlement of court proceedings				(288)	(288)	–		(288)
Interest income				1	1	–		1
Finance costs				(99)	(99)	–		(99)
Share of results of associates				1	1	–		1
Tax				(82)	(82)	–		(82)
Loss for the year					(1,172)	(125)		(1,297)
Assets:								
Segment assets	1,221	3,312	(2,666)	127	1,994	–	–	1,994
Liabilities:								
Segment liabilities	709	3,511	(3,646)	2,932	3,506	–	–	3,506
Other information:								
Depreciation and amortisation	7	–	–	–	7	–	–	7
Capital expenditure	2	–	–	–	2	–	–	2

2010 (Restated)	Emerson HK$ million	Branded Distribution: Distribution and licensing HK$ million	Branded Distribution: Inter-segment elimination HK$ million	Unallocated HK$ million	Continuing operations HK$ million	Discontinued operations HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Revenue:								
Sales of goods and provision of services to external customers	1,605	36	–	–	1,641	149	–	1,790
Licensing income from external customers	57	66	–	–	123	–	–	123
Total	1,662	102	–	–	1,764	149	–	1,913
Results:								
Segment results	154	57	4		215	(23)		192
Unallocated corporate expenses				(21)	(21)			(21)
					194			171
(Loss)/gain on disposal of property, plant and equipment	(3)	–	–	1	(2)	(50)		(52)
Gain on disposal of available-for-sale investments	7	–	–	–	7	–		7
Impairment loss recognised in respect of –								
Property, plant and equipment	–	–		–	–	(13)		(13)
Brands and trademarks	–	(72)		–	(72)	–		(72)
Goodwill				–	–	(516)		(516)
Available-for-sale investments				(1)	(1)	–		(1)
Gain on disposal of subsidiaries				–	–	74		74
Written back/(allowance) for doubtful debts				6	6	(1)		5
Provision for loss on financial derivatives				(18)	(18)	–		(18)
Settlement of court proceedings				(76)	(76)	–		(76)
Interest income				2	2	–		2
Finance costs				(48)	(48)	(49)		(97)
Tax				(36)	(36)	–		(36)
Loss for the year					(44)	(578)		(622)
Assets:								
Segment assets	1,085	1,662	(637)	125	2,235	564	(560)	2,239
Liabilities:								
Segment liabilities	677	3,723	(4,107)	1,834	2,127	21	(12)	2,136
Other information:								
Depreciation and amortisation	5	1	–	1	7	47	–	54
Capital expenditure	2	–	–	–	2	1	–	3

(b) Geographical information

	Revenue		Carrying amount of segment assets		Capital expenditure incurred during the year	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
		(Restated)		(Restated)		
Asia	**64**	81	**218**	79	**–**	–
North America	**1,413**	1,679	**548**	422	**2**	2
Europe	**7**	4	**–**	–	**–**	–
Unallocated	**–**	–	**1,101**	1,609	**–**	–
	1,484	1,764	**1,867**	2,110	**2**	2

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 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.

	Continuing Operations		Discontinued Operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
The tax charge/(credit) comprises:						
Current year provision						
Hong Kong	**(1)**	1	**–**	–	**(1)**	1
Overseas	**23**	10	**–**	–	**23**	10
Under/(over) provision in prior year						
Hong Kong	**1**	(3)	**–**	–	**1**	(3)
Overseas	**26**	1	**–**	–	**26**	1
Deferred tax						
Hong Kong	**–**	2	**–**	–	**–**	2
Overseas	**33**	25	**–**	–	**33**	25
	82	36	**–**	–	**82**	36

7. LOSS FOR THE YEAR

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

	Continuing Operations		Discontinued Operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
		(Restated)		(Restated)		
Depreciation of property, plant and equipment:						
Owned assets	**3**	6	**–**	41	**3**	47
Leased assets	**–**	–	**–**	6	**–**	6
	3	6	**–**	47	**3**	53
Operating lease rentals:						
Land and buildings	**17**	19	**1**	5	**18**	24
Property, plant and equipment	**1**	1	**–**	3	**1**	4
	18	20	**1**	8	**19**	28
Finance costs:						
Interest on bank overdrafts and loans wholly repayable within five years	**–**	1	**–**	28	**–**	29
Interest on debenture	**5**	6	**–**	–	**5**	6
Interest on amounts due to related companies	**30**	31	**–**	–	**30**	31
Others	**64**	10	**–**	21	**64**	31
	99	48	**–**	49	**99**	97
Auditors' remuneration:						
Current year	**6**	8	**2**	2	**8**	10
Under provision in prior year	**1**	–	**–**	2	**1**	2
	7	8	**2**	4	**9**	12
Staff costs:						
Salaries and other benefits	**67**	80	**3**	19	**70**	99
Retirement benefit costs	**5**	7	**–**	12	**5**	19
	72	87	**3**	31	**75**	118

	Continuing Operations		Discontinued Operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
		(Restated)		(Restated)		
Cost of inventories recognised as expenses	**1,188**	1,390	**1**	17	**1,189**	1,407
Amortisation of other assets included in other expenses	**4**	1	**–**	–	**4**	1
Allowance/(written back) for doubtful debts	**16**	(6)	**–**	1	**16**	(5)
(Gain)/loss on disposal of property, plant and equipment	**(3)**	2	**–**	50	**(3)**	52
Gain on disposal of available-for-sale investments	**(6)**	(7)	**–**	–	**(6)**	(7)
Loss on deconsolidation of discontinued operations	**–**	–	**110**	–	**110**	–
Impairment loss recognised in respect of interests in associates	**2**	–	**–**	–	**2**	–
Impairment loss recognised in respect of property, plant and equipment	**1**	–	**–**	13	**1**	13
Impairment loss recognised in respect of available-for-sale investments	**–**	1	**–**	–	**–**	1
Written back of accrued liabilities and other payables	**(27)**	–	**–**	–	**(27)**	–
(Written back)/provision for loss on financial derivatives	**(12)**	18	**–**	–	**(12)**	18
Interest income	**(1)**	(2)	**–**	–	**(1)**	(2)

8. DISCONTINUED OPERATIONS

The results of the discontinued operations for the year:

	2011	2010
	HK$ million	*HK$ million*
		(Restated)
Revenue	**1**	149
Cost of sales	**(1)**	(112)
Gross profit	**–**	37
Other income	**–**	20
Administrative expenses	**(15)**	(72)
Other expenses	**–**	(74)
Finance costs	**–**	(49)
Loss before non-controlling interests	**(15)**	(138)
Non-controlling interests	**9**	52
	(6)	(86)

9. LOSS PER SHARE

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

	2011	2010
	HK$ million	*HK$ million*
		(Restated)
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation:		
From continuing operations	**(1,206)**	(102)
From discontinued operations	**(116)**	(526)
	(1,322)	(628)

	2011	2010
	Number of ordinary shares million	*Number of ordinary shares million*
Shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	**460.2**	460.2

Discontinued operations:

Basic loss per share for the discontinued operations is HK$0.25 (2010: HK$1.14) 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 years.

10. BRANDS AND TRADEMARKS

	2011	2010
	HK$ million	*HK$ million*
Gross amount		
At 1 January	**1,837**	1,905
Foreign currency adjustment	**(1)**	4
Impairment	**(507)**	(72)
At 31 December	**1,329**	1,837
Accumulated amortization at 31 December	**(228)**	(228)
Carrying amount at 31 December	**1,101**	1,609

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

The various brands and trademarks held by the Group have been legally registered in the worldwide countries for certain years and the trademarks registration is renewable at minimal cost. The directors of the Company are 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$507 million associated with the partial provisions of its Nakamichi and Akai trademarks, being the difference between their respective book values and fair values as at 31 December 2011 with reference to the valuation reports prepared by independent professional valuers appointed by the Provisional Liquidators.

11. ACCOUNTS AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of accounts and bills receivables (net of allowance for doubtful debts) is as follows:

	2011	2010
	HK$ million	*HK$ million*
0 – 3 months	**133**	72
3 – 6 months	**2**	–
Over 6 months	**–**	1
	135	73

12. AMOUNTS DUE FROM/TO RELATED COMPANIES

In 2010, the amounts due from related companies were unsecured, non-interest bearing and had no fixed terms of repayment. Included in the amounts due to related companies was an amount of HK$681 million, which was unsecured, bearing interest at 0.25% above the Hong Kong dollar prime rates per annum and repayable on demand except for an amount of HK$671 million which was subject to repayment on 31 January 2012. The remaining balance was unsecured, non-interest bearing and repayable on demand. The balances due from and due to such companies have been reclassified and accounted for as other receivables and other payables respectively following the Company being put to provisional liquidation on 31 May 2011.

13. ACCOUNTS AND BILLS PAYABLE

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

	2011	2010
	HK$ million	*HK$ million*
0 – 3 months	**77**	42
3 – 6 months	**1**	1
Over 6 months	**10**	8
	88	51

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	2011		2010	
	Current	**Non-Current**	Current	Non-Current
	HK$ million	***HK$ million***	*HK$ million*	*HK$ million*
Accrued expenses and provisions	**105**	**6**	116	32
Other payables	**2,311**	**3**	273	29
Deposits received	**–**	**–**	1	–
	2,416	**9**	390	61

15. 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$48 million (approximately HK$370 million) which includes the aforesaid default judgment amount and the related accrued interest. Such amount was accrued and expensed during the year.

16. 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 had been 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$288 million for discharging the settlement obligations was accrued and expensed during the year.

17. BANKING AND OTHER BORROWING FACILITIES

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

		2011	2010
		HK$ million	*HK$ million*
(a)	Legal charges over available-for-sale investments	**–**	30
(b)	Legal charges over plant and machineries	**1**	–
(c)	Pledge of brands and trademarks	**19**	–
(d)	Pledge of listed shares of certain subsidiaries	**122**	312
(e)	Pledge of listed shares of certain associates	**109**	–
(f)	Pledge of bank deposits	**40**	30
		291	372

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2011.

BUSINESS REVIEW AND PROSPECTS

For the year 2011 (the "current year"), the revenue of the Group was HK$1,484 million as compared to HK$1,764 million for 2010 (the "corresponding year"). The Group recorded a net loss attributable to shareholders of HK$1,322 million for the current year, as compared to a loss of HK$628 million for the corresponding year.

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 year was HK$1,404 million as compared to HK$1,662 million for the corresponding year. It recorded an operating profit of HK$113 million for the current period as compared to HK$154 million for the corresponding year. Emerson has also entered into distribution and license agreements with third party licensees that allow the licensees to sell various products bearing the Emerson trademarks into defined geographic areas.

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$80 million for the current year as compared to HK$102 million for the corresponding period. The operating profit for the current year was HK$52 million which comprised mainly the net licensing income received from the licensees, as compared to a profit of HK$57 million for the corresponding year.

Notwithstanding the net loss of HK$1,322 million recorded by the Group during the current year, the directors are of the view that the loss does not affect the Group's existing business and its normal operation. The Group continues to operate its branded distribution business as usual.

CHARGES ON GROUP ASSETS

As at 31 December 2011, certain of the Group's assets with a total carrying value of approximately HK$291 million were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 17.

CORPORATE GOVERNANCE

In the opinion of the directors, 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 year 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. Details of corporate governance are set out in 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 of Listed Issuers (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 year ended 31 December 2011.

MODIFIED AUDITORS' OPINION IN RESPECT OF DISCLAIMER

The report of the auditors on the Group's consolidated financial statements will be modified to include the disclaimer of opinion about the Group's ability to continue as a going concern as below:

"Basis for disclaimer of opinion

In forming our opinion, we have considered the adequacy of the disclosure made in notes 2 and 3(i) which indicate that the Group incurred a loss of HK$1,322 million during the year ended 31 December 2011 and, as of that date, the Group's current liabilities exceeded its current assets by HK$2,756 million. Trading of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 30 May 2011. On 5 March 2012, a resumption proposal has been submitted by the Provisional Liquidators and an investor to the Stock Exchange.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the resumption proposal will be successfully approved by the Stock Exchange and that, following the proposed restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to implement the resumption proposal. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the approval of the resumption proposal, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

AUDIT COMMITTEE

Following the resignations of the majority of the Company's independent non-executive directors during the current year up to date of this results announcement, there has been no replacement of members at the audit committee. No audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the consolidated financial statements of the Group for the current year ended 31 December 2011 have not been reviewed by the audit committee.

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

Hong Kong, 28 March 2012

At the date of this announcement, the Board 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.