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# 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)**

### DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

#### SALE AND PURCHASE AGREEMENT

The Board announces that on 24 December 2010, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement in respect of the Disposal with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Company at the Sale Consideration.

The Board considers that the terms of the Sale and Purchase Agreement, which were arrived at after arm's length negotiations between the Vendor and the Purchaser, are fair and reasonable and are on normal commercial terms and the Disposal is in the interests of the Company and its Shareholders as a whole.

#### LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined under the Listing Rules) for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Company confirms that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

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#### SALE AND PURCHASE AGREEMENT

Date: 24 December 2010

Parties

Vendor: Unijoy Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

Purchaser:	A third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
Disposal:	The disposal of the Sale Company
Sale Company:	Capetronic Group Ltd, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
Sale Consideration:	The Sale Consideration payable under the Sale and Purchase Agreement is US\$1 million (equivalent to approximately HK\$7.8 million). The Sale Consideration was determined with reference to unaudited proforma consolidated statement of financial position of the Sale Company as at 31 October 2010 and the established skills of the manufacturing staff and workers, and after arm's length negotiations between the Vendor and the Purchaser.
Terms of payment:	The Sale Consideration shall be paid by the Purchaser in cash upon completion of the Sale and Purchase Agreement.
Completion date:	24 December 2010

#### **INFORMATION ON THE SALE COMPANY**

The Sale Company is an investment holding company. The Sale Company together with its operating subsidiaries (collectively, the "**Disposal Group**") form principally the existing Electronic Manufacturing Services Division ("**EMS**") of the Group.

The EMS operation, with its manufacturing plant at Zhongshan in the People's Republic of China ("PRC"), provides OEM manufacturing services to its overseas and domestic customers.

Upon completion of the Disposal, the Group will cease to have any interest in the Disposal Group.

#### **Financial Information on the Disposal Group:**

The following information is extracted from the unaudited proforma consolidated financial statements of the Disposal Group for the ten months ended 31 October 2010:

	<b>(Unaudited)</b> <b>10 months ended</b> <b>31 October 2010</b> HK\$ million
Revenue	74
Operating (loss) attributable to the Shareholders of the Company	(64)
Net (liabilities) attributable to the Shareholders of the Company	(1)

#### **INFORMATION ON THE GROUP**

The Group is principally engaged in the OEM manufacturing services and the distribution of consumer electronic products and licensing of trademarks.

Upon completion of the Disposal, the OEM manufacturing services will be ceased accordingly. The principal activities of the Group thereafter will comprise the distribution of consumer electronics products in the North America by its 56%-owned subsidiary, Emerson Radio Corp., and the worldwide distribution and licensing operations for its Akai, Sansui and Nakamichi brands by its Branded Distribution Division.

#### **INFORMATION ON THE PURCHASER**

The Purchaser is an investment holding company incorporated in the British Virgin Islands. The Company confirms that, to the best of the Directors' knowledge, information, and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

#### **REASONS FOR THE DISPOSAL AND USE OF PROCEEDS**

The Disposal Group is engaged in the EMS operation which has been reported as one of the operating segments of the Group.

The Disposal Group has been making operating losses consecutively for certain years. The unsatisfactory financial performance of the Disposal Group is attributable to the worldwide shrinkage of the consumer electronics industry, the continuing inflation of operating costs in the PRC and the consistent appreciation of RMB which is the principal currency for all its major costs and expenses.

The global market conditions for the consumer electronic products continue to be very challenging. The Directors do not anticipate that the Disposal Group would be able to turn around in the foreseeable future. The Disposal Group is expected to consume considerable resources of the Group for sustaining its operation due to its continuing loss-making performance.

The Directors consider that the Disposal serves as a corporate reorganization which enables the Group to improve its overall operational efficiency and profitability. The Disposal ceases a loss-making operation therefore allowing the Group to focus its resources and efforts on developing and expanding the other profitable operating segments.

The Board considers that the terms of the Sale and Purchase Agreement, which were arrived at after arm's length negotiations between the Vendor and the Purchaser, are fair and reasonable and are on normal commercial terms and the Disposal is in the interests of the Company and its Shareholders as a whole.

The proceeds from the Disposal will be used by the Group as its general working capital.

#### **FINANCIAL EFFECTS OF THE DISPOSAL**

The Company is expected to record an unaudited gain from the Disposal of approximately HK\$7.8 million, being the difference between the Sale Consideration and the deficit of the Disposal Group attributable to the Shareholders of the Company.

#### **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios (as defined under the Listing Rules) for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

*In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:*

“Board”	the board of Directors of the Company;
“Company”	The Grande Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the HKSE;
“Director(s)”	director(s) of the Company (including independent non-executive directors);
“Disposal”	the disposal of the Sale Company by the Vendor;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HKSE”	The Stock Exchange of Hong Kong Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on the HKSE;
“Purchaser”	the purchaser of the Sale Company pursuant to the Sale and Purchase Agreement;
“RMB”	Renminbi Yuan, the lawful currency of the People’s Republic of China;
“Sale and Purchase Agreement”	the formal agreement entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Vendor”	Unijoy Limited, the vendor of the Sale Company pursuant to the Sale and Purchase Agreement.

*For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.80 has been used for currency translation. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in US\$ or HK\$ has been, could have been or may be converted as such or any other rates.*

For and on behalf of  
**The Grande Holdings Limited**  
**Christopher W. Ho**  
*Chairman*

Hong Kong, 28 December 2010

*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 and Mr. Paul K. F. Law as executive directors and Mr. Henry C. S. Chong, Mr. Herbert H. K. Tsoi and Mr. Martin I. Wright as independent non-executive directors.*