

GRANDE

THE GRANDE HOLDINGS LIMITED

嘉城集團有限公司

(Provisional Liquidators Appointed)

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

(Stock code: 186)

INTERIM REPORT

2 0 1 2

FINANCIAL HIGHLIGHTS

Continuing Operations (Unaudited)		Discontinued Operations (Unaudited)		Consolidated (Unaudited)	
Six months ended		Six months ended		Six months ended	
30 June	30 June	30 June	30 June	30 June	30 June
2012	2011	2012	2011	2012	2011
	(Restated)		(Restated)		

OPERATING RESULTS:

Revenue (<i>HK\$ million</i>)	616	774	-	1	616	775
Loss for the period attributable to the shareholders of the Company (<i>HK\$ million</i>)	(125)	(632)	-	(4)	(125)	(636)

PER SHARE DATA:

Basic loss per share (<i>HK\$</i>)	(0.27)	(1.37)	-	(0.01)	(0.27)	(1.38)
Diluted loss per share (<i>HK\$</i>)	(0.27)	(1.37)	-	(0.01)	(0.27)	(1.38)

INTERIM RESULTS

The Board of directors of The Grande Holdings Limited (Provisional Liquidators Appointed) (the “Company”) is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012, 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	
	Notes	30 June 2012 <i>HK\$ million</i>	30 June 2011 <i>HK\$ million</i> (Restated)
CONTINUING OPERATIONS –			
REVENUE	7	616	774
Cost of sales		(477)	(626)
		<hr/>	<hr/>
Gross profit		139	148
Other income		5	27
Gain on disposal of subsidiaries		6	5
Distribution costs		(7)	(12)
Administrative expenses		(55)	(69)
Impairment loss recognised in respect of interests in an associate	14	(94)	–
Other expenses		(3)	(6)
Finance costs		(56)	(43)
Share of results of an associate	14	(3)	–
		<hr/>	<hr/>
(LOSS)/PROFIT BEFORE PROVISION FOR LEGAL CLAIMS, SETTLEMENT OF COURT PROCEEDINGS AND TAX		(68)	50
Provision for legal claims	23	–	(369)
Settlement of court proceedings	24	–	(273)
		<hr/>	<hr/>
LOSS BEFORE TAX		(68)	(592)
Tax	8	(34)	(27)
		<hr/>	<hr/>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	9	(102)	(619)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30 June 2012	30 June 2011
		HK\$ million	<i>HK\$ million</i>
			(Restated)
DISCONTINUED OPERATIONS –			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	<i>11</i>	–	(10)
		<hr/>	<hr/>
LOSS FOR THE PERIOD	<i>9</i>	(102)	(629)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX:			
Exchange differences on translating foreign operations		1	1
Share of other comprehensive loss of an associate	<i>14</i>	(2)	–
		<hr/>	<hr/>
		(1)	1
		<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<i>9</i>	(103)	(628)
		<hr/> <hr/>	<hr/> <hr/>
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company:			
Loss for the period from continuing operations		(125)	(632)
Loss for the period from discontinued operations		–	(4)
		<hr/>	<hr/>
		(125)	(636)
		<hr/>	<hr/>
Non-controlling interests:			
Profit for the period from continuing operations		23	13
Loss for the period from discontinued operations		–	(6)
		<hr/>	<hr/>
		23	7
		<hr/>	<hr/>
		(102)	(629)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30 June 2012	30 June 2011
		HK\$ million	<i>HK\$ million</i>
			(Restated)
TOTAL COMPREHENSIVE LOSS FOR			
THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company:			
Loss for the period from continuing operations		(126)	(631)
Loss for the period from discontinued operations		–	(4)
		<u> </u>	<u> </u>
		(126)	(635)
		<u> </u>	<u> </u>
Non-controlling interests:			
Profit for the period from continuing operations		23	13
Loss for the period from discontinued operations		–	(6)
		<u> </u>	<u> </u>
		23	7
		<u> </u>	<u> </u>
		(103)	(628)
		<u> </u>	<u> </u>
LOSS PER SHARE			
	12	HK\$	<i>HK\$</i>
From continuing and discontinued operations –			
Basic		(0.27)	(1.38)
		<u> </u>	<u> </u>
Diluted		(0.27)	(1.38)
		<u> </u>	<u> </u>
From continuing operations –			
Basic		(0.27)	(1.37)
		<u> </u>	<u> </u>
Diluted		(0.27)	(1.37)
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2012 <i>HK\$ million</i>	(Audited) As at 31 December 2011 <i>HK\$ million</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	13	3	3
Investment properties		1	1
Interests in an associate	14	–	109
Available-for-sale investments	14	10	–
Deferred tax assets		29	24
Brands and trademarks	15	1,099	1,101
Other assets		3	3
Goodwill		13	13
		<hr/> 1,158	<hr/> 1,254
CURRENT ASSETS			
Inventories	16	77	147
Accounts and bills receivable	17	211	135
Amounts due from an associate	18	–	39
Prepayments, deposits and other receivables	19	138	30
Tax recoverable		3	4
Pledged deposits with banks		37	40
Cash and bank balances		355	345
		<hr/> 821	<hr/> 740
CURRENT LIABILITIES			
Accounts and bills payable	20	107	88
Amounts due to an associate	21	–	576
Obligations under finance leases	27	1	–
Accrued liabilities and other payables	22,27	3,036	2,416
Tax liabilities		81	46
		<hr/> 3,225	<hr/> 3,126
Provision for legal claims	23	369	370
		<hr/> 3,594	<hr/> 3,496
NET CURRENT LIABILITIES		<hr/> (2,773)	<hr/> (2,756)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> (1,615)	<hr/> (1,502)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		(Unaudited) As at 30 June 2012 <i>HK\$ million</i>	(Audited) As at 31 December 2011 <i>HK\$ million</i>
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Obligations under finance leases	27	–	1
Accrued liabilities and other payables	22	–	9
		<u>–</u>	<u>10</u>
NET LIABILITIES		<u>(1,615)</u>	<u>(1,512)</u>
CAPITAL AND RESERVES			
Share capital	25	46	46
Share premium		1,173	1,173
Reserves		<u>(3,287)</u>	<u>(3,161)</u>
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		(2,068)	(1,942)
NON-CONTROLLING INTERESTS		<u>453</u>	<u>430</u>
TOTAL DEFICIENCY OF EQUITY		<u>(1,615)</u>	<u>(1,512)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Contributed reserve	Exchange fluctuation deficits	Other deficits	Accumulated deficits	Deficiency of equity attributable to the shareholders of the Company	Non- controlling interests	(Unaudited) Total deficiency of equity
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
At 1 January 2012	46	1,173	193	(148)	(7)	(3,199)	(1,942)	430	(1,512)
(Loss)/profit for the period	-	-	-	-	-	(125)	(125)	23	(102)
Other comprehensive loss	-	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive (loss)/ income for the period	-	-	-	(1)	-	(125)	(126)	23	(103)
At 30 June 2012	46	1,173	193	(149)	(7)	(3,324)	(2,068)	453	(1,615)
At 1 January 2011	46	1,173	193	(128)	(7)	(1,877)	(600)	703	103
(Loss)/profit for the period	-	-	-	-	-	(636)	(636)	7	(629)
Other comprehensive income	-	-	-	1	-	-	1	-	1
Total comprehensive income/ (loss) for the period	-	-	-	1	-	(636)	(635)	7	(628)
Disposal of subsidiaries	-	-	-	-	-	-	-	(4)	(4)
At 30 June 2011	46	1,173	193	(127)	(7)	(2,513)	(1,235)	706	(529)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
		(Restated)
Net cash generated from operating activities	6	33
Net cash generated from investing activities	4	14
Net cash used in financing activities	–	(19)
Net cash outflow from discontinued operations	–	(8)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	10	20
Cash and cash equivalents at 1 January	345	158
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	355	178
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	355	178
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in 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 and financial instruments classified as available-for-sale investments, which are measured at fair value as appropriate.

These interim consolidated financial statements are presented in Hong Kong dollar and all values are rounded to nearest million (HK\$ million) unless otherwise stated.

Certain comparative figures have been reclassified to conform with the presentation of 2011 annual financial statements.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, WINDING-UP PETITIONS AND GROUP RESTRUCTURING

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

On 31 May 2011, pursuant to an order of the High Court of the Hong Kong Special Administrative Region (the “High Court”), 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 on 3 August 2011. Upon several applications by the Provisional Liquidators, the High Court has consecutively adjourned the hearing of winding-up petition against the Company to a further date. As of the date of this report, the hearing of the petition has been rescheduled to 8 October 2012.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, WINDING-UP PETITIONS AND GROUP RESTRUCTURING (continued)

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. On 26 April 2012, the Provisional Liquidators and the Investors, by way of a side letter, agreed to extend the Exclusivity Period by a further nine-month period up to 25 January 2013.

On 8 September 2011, the Company was placed in the first stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on the Stock Exchange. On 31 May 2012, the Company submitted a resumption proposal, which was prepared by the Investor and accepted by the Provisional Liquidators, to the Stock Exchange to address the following:

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

The Stock Exchange was not satisfied with the Company’s resumption proposal submitted on 31 May 2012 and by a letter dated 5 July 2012 (the “Letter”), the Stock Exchange informed the Company its decision to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules with effect from that date.

The second stage of delisting will expire on 4 January 2013. At the end of the second stage of delisting, the Stock Exchange will determine whether to place the Company in the third stage of delisting.

According to the Letter, the Stock Exchange requested the Company to submit another resumption proposal which should address the following issues at least ten business days before the expiry of the second stage of delisting:

- (i) demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules;
- (ii) demonstrate sufficient working capital for at least twelve months from resumption date;
- (iii) address any concerns raised by the Company’s auditors through audit qualifications; and
- (iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

On 13 July 2012, the Company has requested for a review by the Listing Committee of the Listing Division’s decision to place the Company in the second stage of delisting. The outcome of the review is not certain at this time.

3. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2012, the Group had net current liabilities of approximately HK\$2,773 million (2011: HK\$2,756 million) and net liabilities of approximately HK\$1,615 million (2011: HK\$1,512 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 as current assets.

4. 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 2011, 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 2012:

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosures: Transfers of financial assets
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets

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 for the current or prior periods, nor any substantial changes in the Group's accounting policies.

4. ACCOUNTING POLICIES (continued)

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 2012, and is in the process of assessing their impact on future accounting periods:

HKFRS 1 (Amendment)	(ii)	Government loans
HKFRS 7 (Amendment)	(ii)	Disclosures: Offsetting financial assets and financial liabilities
HKFRS 9	(iv)	Financial instruments
HKFRS 10	(ii)	Consolidated financial statements
HKFRS 11	(ii)	Joint arrangements
HKFRS 12	(ii)	Disclosure of interests in other entities
HKFRS 13	(ii)	Fair value measurement
HKFRSs (Amendments)	(ii)	Improvements to HKFRSs 2009 – 2011 cycle
HKAS 1 (Amendment)	(i)	Presentation of items of other comprehensive income
HKAS 19 (2011)	(ii)	Employee benefits
HKAS 27 (2011)	(ii)	Separate financial statements
HKAS 28 (2011)	(ii)	Investments in associates and joint ventures
HKAS 32 (Amendment)	(iii)	Presentation: Offsetting financial assets and financial liabilities
HK(IFRIC) – Int 20	(ii)	Stripping costs in the production phase of a surface mine

(i) Effective for annual periods beginning on or after 1 July 2012.

(ii) Effective for annual periods beginning on or after 1 January 2013.

(iii) Effective for annual periods beginning on or after 1 January 2014.

(iv) Effective for annual periods beginning on or after 1 January 2015.

5. COMPARATIVE FIGURES

Certain comparative amounts have been represented to conform with the presentation of the most recent annual financial report.

6. SEGMENT INFORMATION

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

Operating segments	Principal activities
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

6. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2012:

	Branded Distribution			Continuing operations	Discontinued operations	Consolidated
	Emerson	Distribution and licensing	Unallocated			
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue						
Sales of goods to external customers	548	–	–	548	–	548
Licensing income from external customers	20	48	–	68	–	68
	<u>568</u>	<u>48</u>	<u>–</u>	<u>616</u>	<u>–</u>	<u>616</u>
Total revenue	<u><u>568</u></u>	<u><u>48</u></u>	<u><u>–</u></u>	<u><u>616</u></u>	<u><u>–</u></u>	<u><u>616</u></u>
Results						
Segment results	<u>48</u>	<u>38</u>		86		86
Unallocated corporate expenses			(8)	<u>(8)</u>		<u>(8)</u>
				78		78
Impairment loss recognised in respect of interests in an associate	–	(94)	–	(94)	–	(94)
Release of other comprehensive loss of an associate	–	(1)	–	(1)	–	(1)
Gain on disposal of subsidiaries			6	6	–	6
Allowance for doubtful debts written back			1	1	–	1
Interest income			1	1	–	1
Finance costs			(56)	(56)	–	(56)
Share of results of an associate			(3)	(3)	–	(3)
Tax			(34)	<u>(34)</u>	<u>–</u>	<u>(34)</u>
Loss for the period				<u>(102)</u>	<u>–</u>	<u>(102)</u>

6. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2011 (Restated):

	Branded Distribution			Continuing	Discontinued	Consolidated
	Emerson	Distribution	Unallocated	operations	operations	
	HK\$ million	and licensing	HK\$ million	HK\$ million	HK\$ million	HK\$ million
		HK\$ million				
Revenue						
Sales of goods to external customers	700	5	-	705	1	706
Licensing income from external customers	26	43	-	69	-	69
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	726	48	-	774	1	775
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results						
Segment results	53	34		87	(10)	77
	<u> </u>	<u> </u>				
Unallocated corporate expenses			(20)	(20)		(20)
				<u> </u>		<u> </u>
				67		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)
				<u> </u>	<u> </u>	<u> </u>
Loss for the period				(619)	(10)	(629)
				<u> </u>	<u> </u>	<u> </u>

6. SEGMENT INFORMATION (continued)

(b) Geographical segments:

	(Unaudited)		(Unaudited)	(Audited)
	Six months ended		30 June 2012	31 December 2011
	30 June 2012	30 June 2011	30 June 2012	31 December 2011
	Carrying amount of			
	Revenue		segment assets	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
		(Restated)		
Asia	43	40	321	218
North America	571	732	395	548
Europe	2	2	–	–
Unallocated	–	–	1,099	1,101
	<u>616</u>	<u>774</u>	<u>1,815</u>	<u>1,867</u>

7. REVENUE

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, and licensing income from the Group's brands and trademarks, but excludes the intra-group transactions.

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

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
		(Restated)
By principal activity:		
Sales of goods	548	705
Licensing income	68	69
	<u>616</u>	<u>774</u>
Attributable to continuing operations	616	774
Attributable to discontinued operations		
Sales of goods	–	1
	<u>616</u>	<u>775</u>

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
The tax charge/(credit) comprises:		
Current period provision		
Hong Kong	2	(1)
Overseas	3	12
(Over)/under provision in prior period:		
Hong Kong	(2)	1
Overseas	36	(10)
Deferred tax		
Overseas	(5)	25
	34	27
	34	27

Included in the under provision of overseas tax is an amount of HK\$33 million representing the estimated withholding tax obligations underprovided on certain cash distributions received by the Group from Emerson during 2010 as a result of a subsequent notice from the tax authority in the United States regarding its decision on the nature of such distribution and the corresponding withholding tax obligations of the recipients. While the Company would vigorously dispute against the decision of the tax authority, the management considers it prudent to make such provision in the current reporting period.

9. LOSS FOR THE PERIOD

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

	Continuing operations (Unaudited)		Discontinued operations (Unaudited)		Consolidated (Unaudited)	
	Six months ended		Six months ended		Six months ended	
	30 June 2012 <i>HK\$ million</i>	30 June 2011 <i>HK\$ million</i>	30 June 2012 <i>HK\$ million</i>	30 June 2011 <i>HK\$ million</i>	30 June 2012 <i>HK\$ million</i>	30 June 2011 <i>HK\$ million</i>
Depreciation of owned property, plant and equipment	-	2	-	-	-	2
Operating lease rentals:						
Land and buildings	5	9	-	-	5	9
Property, plant and equipment	-	1	-	-	-	1
	<u>5</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>10</u>
Finance costs:						
Interest on debenture	-	3	-	-	-	3
Interest on amounts due to related companies	-	38	-	-	-	38
Others	56	2	-	-	56	2
	<u>56</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>56</u>	<u>43</u>
Staff costs:						
Salaries and other benefits	29	36	-	2	29	38
Retirement benefit costs	3	2	-	-	3	2
	<u>32</u>	<u>38</u>	<u>-</u>	<u>2</u>	<u>32</u>	<u>40</u>
Auditors' remuneration	2	3	-	2	2	5
Amortisation of other assets	-	2	-	-	-	2
Allowance for doubtful debts written back	(1)	(2)	-	-	(1)	(2)
Excessive provisions written back	-	(12)	-	-	-	(12)
Cost of inventories recognised as expenses	477	626	-	1	477	627
Release of other comprehensive loss of an associate	1	-	-	-	1	-
Gain on disposal of available-for-sale investments	-	(6)	-	-	-	(6)
Net foreign exchange loss	-	3	-	-	-	3
Interest income	(1)	(1)	-	-	(1)	(1)

10. 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 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Related companies:		
Service fees income	–	1
Interest expenses	–	38
	<u> </u>	<u> </u>

11. DISCONTINUED OPERATIONS

Sansui Electric Co., Ltd. had ceased to be the Group's subsidiary since 1 October 2011 and its revenue and results for the six months ended 30 June 2011 had been restated as discontinued operations as follows:

(a) **The results of the discontinued operations for the period:**

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
		(Restated)
Revenue	–	1
Cost of sales	–	(1)
	<u> </u>	<u> </u>
Gross profit	–	–
Administrative expenses	–	(10)
	<u> </u>	<u> </u>
Loss before non-controlling interests	–	(10)
Non-controlling interests	–	6
	<u> </u>	<u> </u>
	–	(4)
	<u> </u>	<u> </u>

11. DISCONTINUED OPERATIONS (continued)

(b) Net cash outflow from discontinued operations:

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
		(Restated)
Operating activities	–	(8)
	<u> </u>	<u> </u>

12. LOSS PER SHARE

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

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation:		
From continuing operations	(125)	(632)
From discontinued operations	–	(4)
	<u> </u>	<u> </u>
	(125)	(636)
	<u> </u>	<u> </u>
	30 June 2012	30 June 2011
	Number of	Number of
	ordinary shares	ordinary shares
	<i>million</i>	<i>million</i>

Shares:

Weighted average number of ordinary shares for the purposes of basic loss per share	460.2	460.2
	<u> </u>	<u> </u>

Discontinued operations:

Basic loss per share for the discontinued operations is nil (2011: HK\$0.01) 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.

13. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Carrying value at beginning of year	3	25
Additions	–	1
Impairment	–	(1)
Disposals	–	(19)
Depreciation provided during the period/year	–	(3)
	<hr/>	<hr/>
Carrying value at the end of reporting period	3	3
	<hr/> <hr/>	<hr/> <hr/>

14. INTERESTS IN AN ASSOCIATE/AVAILABLE-FOR-SALE INVESTMENTS

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Carrying value of an associate at beginning of year	109	–
Cost of investment	–	109
Share of post-acquisition results and reserves	(5)	2
Impairment loss recognised during the period/year	(94)	(2)
Reclassified as available-for-sale investments	(10)	–
	<hr/>	<hr/>
Carrying value of an associate at the end of reporting period	–	109
	<hr/> <hr/>	<hr/> <hr/>
Listed investments in an associate outside Hong Kong, at market value	–	109
	<hr/> <hr/>	<hr/> <hr/>

14. INTERESTS IN AN ASSOCIATE/AVAILABLE-FOR-SALE INVESTMENTS (continued)

Particulars of the Group's former associate are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Group		Principal activities
		30 June 2012	31 December 2011	
Sansui Electric Co., Ltd. ("SEC") [#]	Japan	–	40%	Sale of audio, visual and other electronic products

[#] Listed on the First Section of the Tokyo Stock Exchange before being delisted on 3 May 2012

During 2007, the Group increased its shareholding interests in SEC from 30% at 31 December 2006 to 40% at 31 December 2007. Since the Group had gained control over SEC's financial and operating policies, the interests in SEC had since June 2007 been accounted for as a subsidiary. SEC had subsequently been reclassified as an associate as a result of the Group's loss of its control over SEC's financial and operating policies with effect from 1 October 2011.

SEC became delisted from the Tokyo Stock Exchange on 3 May 2012 and has been put into the Civil Rehabilitation Procedures ("CRP"), a process which is similar to provisional liquidation, in Japan with effect from 15 May 2012. Following the commencement of the CRP, SEC has been administered by the court appointed supervisor. In consequence of its complete loss of influence over the financial and operational matters of SEC, the Group has accordingly reclassified and accounted for its interests in SEC as available-for-sale investments instead of an associate since 15 May 2012.

The summarised financial information in respect of the Group's associate is set out below:

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Total assets	–	575
Total liabilities	–	(47)
Net assets	–	528
Group's share of net assets of an associate	–	210

14. INTERESTS IN AN ASSOCIATE/AVAILABLE-FOR-SALE INVESTMENTS (continued)

	(Unaudited)	
	Six months ended	
	30 June 2012	30 June 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	–	–
Loss	(8)	–
Group's share of results of an associate	(3)	–
Group's share of other comprehensive loss of an associate	(2)	–

The carrying value of the Group's interests in SEC was adjusted with an impairment provision of HK\$94 million to its fair value at HK\$10 million with reference to the latest development of SEC's CRP which is uncertain at this time and its latest available statement of financial position which exhibited a substantial shareholders' deficiency as at 30 June 2012.

15. BRANDS AND TRADEMARKS

	(Unaudited)	(Audited)
	30 June 2012	31 December 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
At beginning of year	1,101	1,609
Foreign currency adjustment	(2)	(1)
Impairment	–	(507)
At the end of reporting period	1,099	1,101

16. INVENTORIES

The amounts represent finished goods stated at net realisable values.

17. ACCOUNTS AND BILLS RECEIVABLE

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

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Gross amount	283	211
Less: Allowance for doubtful debts	(72)	(76)
	<hr/>	<hr/>
Net amount	211	135
	<hr/> <hr/>	<hr/> <hr/>

The carrying amount of accounts and bills receivable approximates their fair value.

The aged analysis of accounts and bills receivable (net of allowance for doubtful debts) is as follows:

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
0 – 3 months	211	133
3 – 6 months	–	2
	<hr/>	<hr/>
	211	135
	<hr/> <hr/>	<hr/> <hr/>

In addition, some of the unimpaired accounts and bills receivable are past due as at the end of the reporting period. The aged analysis of accounts and bills receivable past due but not impaired is as follows:

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
0 – 3 months	32	60
3 – 6 months	–	2
	<hr/>	<hr/>
	32	62
	<hr/> <hr/>	<hr/> <hr/>

17. ACCOUNTS AND BILLS RECEIVABLE (continued)

Before accepting any new customer, the management assesses the potential customer's credit quality with reference to the customer's reputation and market standing and defines the credit limits accordingly. Continuity of the credit limits to the customers is reviewed by management as and when necessary. Based on the aforesaid assessment, the above past due but not impaired accounts and bills receivable are still considered to be fully recoverable.

18. AMOUNTS DUE FROM AN ASSOCIATE

Included in the amounts due from an associate as at 31 December 2011 was an amount of HK\$30 million which was unsecured, bearing interest at 0.25% above the Japanese Yen Best Lending Rates per annum and repayable on demand. The remaining balance was unsecured, non-interest bearing and repayable on demand. The entire amounts have been accounted for and presented as part of the Group's other receivables following the reclassification of the Group's interests in SEC from interests in an associate to available-for-sale investments effective from 15 May 2012.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Prepayments	78	14
Deposits	2	3
VAT receivables	5	5
Amounts due from a former associate	39	–
Other receivables	14	8
	<hr/>	<hr/>
	138	30
	<hr/> <hr/>	<hr/> <hr/>

Included in the amounts due from a former associate is an amount of HK\$29 million which is unsecured, bearing interest at 0.25% above the Japanese Yen Best Lending Rates per annum and repayable on demand. The remaining balance is unsecured, non-interest bearing and repayable on demand.

20. ACCOUNTS AND BILLS PAYABLE

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

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
0 – 3 months	102	77
3 – 6 months	–	1
Over 6 months	5	10
	<u>107</u>	<u>88</u>

21. AMOUNTS DUE TO AN ASSOCIATE

The amounts due to an associate as at 31 December 2011 were secured, non-interest bearing and had no fixed terms of repayment.

22. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 June 2012		(Audited) 31 December 2011	
	Current <i>HK\$ million</i>	Non-current <i>HK\$ million</i>	Current <i>HK\$ million</i>	Non-current <i>HK\$ million</i>
Accrued expenses and provisions	117	–	105	6
Amounts due to a former associate	574	–	–	–
Amounts due to former related companies	2,002	–	1,950	–
Other payables	343	–	361	3
	<u>3,036</u>	<u>–</u>	<u>2,416</u>	<u>9</u>

The amounts due to a former associate are secured, non-interest bearing and have no fixed terms of repayment.

Included in the amounts due to former related companies is an amount of HK\$1,987 million (2011: HK\$1,935 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.

22. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

Included in the other payables are amounts in aggregate of HK\$252 million (2011: HK\$248 million) which have been overdue for payment since 2010. Such balances are secured by the Group's shareholding interest in its certain subsidiaries and available-for-sale investments.

23. PROVISION FOR LEGAL CLAIMS

In 2005, certain plaintiffs (the "Plaintiffs") obtained a default judgment against a defunct entity, GrandTel 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 approximately US\$48 million which includes the aforesaid default judgment amount and the related accrued interest. Such amount was accrued and expensed during the six months ended 30 June 2011.

24. 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\$273 million for discharging the settlement obligations was accrued and expensed during the six months ended 30 June 2011.

25. SHARE CAPITAL

	(Unaudited) 30 June 2012 <i>HK\$ million</i>	(Audited) 31 December 2011 <i>HK\$ million</i>
Authorised share capital:		
1,000,000,000 ordinary shares of HK\$0.10 each	<u>100</u>	<u>100</u>
Issued and fully paid share capital:		
460,227,320 ordinary shares of HK\$0.10 each	<u>46</u>	<u>46</u>

26. OPERATING LEASE COMMITMENTS

	(Unaudited)	(Audited)
	30 June 2012	31 December 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
The Group's future minimum lease payments under non-cancellable operating leases are as follows:		
Land and buildings:		
Not later than one year	8	9
Later than one year and not later than five years	2	7
	10	16
	10	16

27. 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)	(Audited)
	30 June 2012	31 December 2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
(a) Legal charges over plant and machineries	1	1
(b) Pledge of unlisted shares of a subsidiary	19	19
(c) Pledge of listed shares of a subsidiary	128	122
(d) Pledge of listed shares of an associate	–	109
(e) Pledge of available-for-sale investments	10	–
(f) Pledge of bank deposits	36	40
	194	291
	194	291

28. EVENTS AFTER THE REPORTING PERIOD

The winding-up petition against the Company was originally scheduled to be heard by the High Court on 3 August 2011. Upon the consecutive applications by the Provisional Liquidators on reasonable grounds, the hearing of winding-up petition against the Company has, with the permission of the Court, been adjourned to a further date. On 9 July 2012, the Court has permitted the hearing to be further adjourned to 8 October 2012.

By a letter dated 5 July 2012, the Stock Exchange informed the Company its decision to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules with effect from that date. The second stage of delisting will expire on 4 January 2013. At the end of the second stage of delisting, the Stock Exchange will determine whether to place the Company in the third stage of delisting.

29. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of directors of the Company on 29 August 2012.

DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: nil).

BUSINESS REVIEW AND PROSPECTS

The revenue of the Group for the six months ended 30 June 2012 (the “current period”) was HK\$616 million as compared to HK\$774 million for 2011 (the “corresponding period”). The Group recorded an unaudited net loss attributable to shareholders of HK\$125 million for the current period, as compared to HK\$636 million for the corresponding period.

The Group 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\$568 million as compared to HK\$726 million for the corresponding period. It recorded an operating profit of HK\$48 million for the current period as compared to HK\$53 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\$48 million for the current period as compared to also HK\$48 million for the corresponding period. The operating profit for the current period was HK\$38 million which comprised mainly the net licensing income received from the licensees, as compared to a profit of HK\$34 million for the corresponding period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group had a current ratio of approximately 0.23 as compared to that of approximately 0.21 at 31 December 2011.

As at 30 June 2012, the Group had HK\$392 million cash and bank balances. The Group's working capital requirements were mainly financed by internal resources and borrowings from third parties.

The Group had inventories of approximately HK\$77 million as at 30 June 2012 representing a decrease of HK\$70 million as compared to that at 31 December 2011.

As at 30 June 2012, the Group had net current liabilities of HK\$2,773 million as compared to HK\$2,756 million at 31 December 2011.

CHARGES ON GROUP ASSETS

As at 30 June 2012, certain of the Group's assets with a total carrying value of approximately HK\$194 million were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 27 to the condensed interim financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities as at 30 June 2012 were as follows:

- (a) Guarantee of trade finance banking facilities granted to former subsidiaries of approximately HK\$31 million.
- (b) 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 which includes the aforesaid default judgment amount and the related accrued interest. Such amount was accrued and expensed during the year 2011. In August 2009, there was another action filed in the Federal Court of California, USA against several defendants also claiming that the Company and several other companies were the alter egos of GrandeTel Technologies, Inc. The complaint was served in August 2009. The defendants were not successful in objecting to the jurisdiction of the Californian courts and the case will proceed.

TREASURY POLICIES

The Group's major borrowings are in US dollars and HK dollars. 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.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 June 2012 was approximately 100. The Group remunerates its employees mainly based on industry practice, individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance. Other benefits include medical and retirement schemes.

DIRECTORS

The directors of the Company during the period and up to the date of this report were:

Executive Directors:

Mrs. Christine L. S. Asprey
Mr. Christopher W. Ho
Mr. Duncan T. K. Hon

Independent Non-executive Director:

Mr. Martin I. Wright

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 June 2012, the interests of the directors and chief executives of the Company in the shares and underlying shares of the Company or its associated corporations, if any, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares:

Name of Director	Capacity	Number of issued ordinary shares of HK\$0.10 each in the Company held	% of the issued share capital
Mr. Christopher W. Ho ("Mr. Ho")	Beneficiary of a discretionary trust	328,497,822*	71.37%

* *Mr. Christopher W. Ho is deemed to have interests in these shares as he is one of the beneficiaries of a discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited that owns the entire issued share capital of Airwave Capital Limited, which in turn through its wholly owned subsidiary Barrican Investments Corporation, indirectly owns 328,497,822 ordinary shares in the Company.*

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the following persons (other than the directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of substantial shareholders	Capacity	Number of issued ordinary shares of HK\$0.10 each in the Company held	% of the issued share capital
	Interest as		
Ms. Rosy L. S. Yu	Mr. Ho's spouse	328,497,822*	71.37%
Barrican Investments Corporation	Beneficial owner	328,497,822 [#]	71.37%
Accolade (PTC) Inc	Trustee	328,497,822 [#]	71.37%

* *Ms. Rosy L. S. Yu is deemed to have interests in these shares by virtue of being the spouse to Mr. Christopher W. Ho.*

[#] *Accolade (PTC) Inc is deemed to have interests in these shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited that owns the entire issued share capital of Airwave Capital Limited, which in turn through its wholly owned subsidiary, Barrican Investments Corporation, indirectly owns 328,497,822 ordinary shares in the Company.*

Save as disclosed above, as at 30 June 2012, none of the directors knew of any person (other than the directors or chief executives of the Company) who had, or was deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

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.

CORPORATE GOVERNANCE

As the Company has been under the control of the Provisional Liquidators and a full board of directors has not been constituted, the current directors of the Company are therefore unable to comply with the Code on Corporate Governance Practices (the "CG Code"). However, upon resumption of trading in the shares of the Company, the Company will ensure that the CG Code shall be complied with.

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 2012.

AUDIT COMMITTEE

Following the resignations of the majority of the Company's independent non-executive directors during the last 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 2012 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, 29 August 2012