GRANDE

THE GRANDE HOLDINGS LIMITED

嘉城集團有限公司

(In Liquidation)

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

(Stock code: 186)

INTERIM REPORT 2013

FINANCIAL HIGHLIGHTS

	(Unaudited) Six months ended 30 June 2013	30 June 2012
OPERATING RESULTS:		
Revenue *(HK$ million)*	**411**	616
Loss for the period attributable to the shareholders of the Company *(HK$ million)*	**(111)**	(125)
PER SHARE DATA:		
Basic loss per share *(HK$)*	**(0.24)**	(0.27)
Diluted loss per share *(HK$)*	**(0.24)**	(0.27)

INTERIM RESULTS

The Provisional Liquidators of The Grande Holdings Limited (In Liquidation) (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 2013, together with the comparative figures for the corresponding period and selected explanatory notes are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended	
		30 June 2013	30 June 2012
	Notes	***HK$ million***	*HK$ million*
REVENUE	*6*	**411**	616
Cost of sales		**(312)**	(477)
Gross profit		**99**	139
Other income		**6**	5
Gain on disposal of subsidiaries		**–**	6
Distribution costs		**(7)**	(7)
Administrative expenses		**(52)**	(55)
Impairment loss recognised in respect of interests in an associate		**–**	(94)
Other expenses		**(1)**	(3)
Finance costs		**(135)**	(56)
Share of results of an associate		**–**	(3)
LOSS BEFORE TAX		**(90)**	(68)
Tax	*7*	**(21)**	(34)
LOSS FOR THE PERIOD	*8*	**(111)**	(102)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**14**	1
Share of other comprehensive loss of an associate		**–**	(2)
		14	(1)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(97)**	(103)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(continued)

	Notes	(Unaudited) Six months ended 30 June 2013 HK$ million	30 June 2012 HK$ million
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**(111)**	(125)
Non-controlling interests		**–**	23
		(111)	(102)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**(114)**	(126)
Non-controlling interests		**17**	23
		(97)	(103)
LOSS PER SHARE	9	**HK $**	HK $
Basic		**(0.24)**	(0.27)
Diluted		**(0.24)**	(0.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) As at 30 June 2013 HK$ million	(Audited) As at 31 December 2012 HK$ million
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**3**	3
Investment properties		**1**	1
Deferred tax assets		**19**	28
Brands and trademarks	*11*	**771**	771
Other assets		**1**	1
Goodwill		**13**	13
		808	817
CURRENT ASSETS			
Inventories	*12*	**47**	101
Accounts and bills receivable	*13*	**118**	61
Prepayments, deposits and other receivables	*14*	**46**	18
Tax recoverable		**3**	4
Pledged deposits with banks		**–**	1
Cash and bank balances	*15*	**568**	521
		782	706
CURRENT LIABILITIES			
Bank overdraft		**2**	2
Accounts and bills payable	*16*	**41**	31
Obligations under finance leases		**–**	1
Accrued liabilities and other payables	*17, 21*	**3,301**	3,173
Tax liabilities		**91**	83
Provision for legal claims	*18*	**445**	426
		3,880	3,716
NET CURRENT LIABILITIES		**(3,098)**	(3,010)
NET LIABILITIES		**(2,290)**	(2,193)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

	Notes	**(Unaudited) As at 30 June 2013** *HK$ million*	(Audited) As at 31 December 2012 *HK$ million*
CAPITAL AND RESERVES			
Share capital	*19*	**46**	46
Share premium		**1,173**	1,173
Reserves		**(3,951)**	(3,837)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**(2,732)**	(2,618)
NON-CONTROLLING INTERESTS		**442**	425
TOTAL DEFICIENCY OF EQUITY		**(2,290)**	(2,193)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$ million*	Share premium *HK$ million*	Contributed reserve *HK$ million*	Exchange fluctuation deficits *HK$ million*	Other deficits *HK$ million*	Accumulated deficits *HK$ million*	Deficiency of equity attributable to the shareholders of the Company *HK$ million*	Non-controlling interests *HK$ million*	(Unaudited) Total deficiency of equity *HK$ million*
At 1 January 2013	46	1,173	193	(152)	(7)	(3,871)	(2,618)	425	(2,193)
Loss for the period	–	–	–	–	–	(111)	(111)	–	(111)
Other comprehensive (loss)/income	–	–	–	(3)	–	–	(3)	17	14
Total comprehensive (loss)/ income for the period	–	–	–	(3)	–	(111)	(114)	17	(97)
At 30 June 2013	46	1,173	193	(155)	(7)	(3,982)	(2,732)	442	(2,290)
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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended	
	30 June 2013	30 June 2012
	HK$ million	*HK$ million*
Net cash generated from operating activities	**44**	6
Net cash (used in)/generated from investing activities	**(76)**	4
Net cash used in financing activities	**(1)**	–
Net (decrease)/increase in cash and cash equivalents	**(33)**	10
Cash and cash equivalents at 1 January	**247**	345
Cash and cash equivalents at 30 June	**214**	355
Analysis of balances of cash and cash equivalents –		
Cash	**1**	–
Bank balances	**148**	122
Deposit with maturing date within three months	**67**	233
Bank overdraft	**(2)**	–
	214	355

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated 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 unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value as appropriate.

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

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION 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. ("Sino Bright"), one of the 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.

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.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION AND GROUP RESTRUCTURING (continued)

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 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.

On 4 October 2012, the Provisional Liquidators announced that after a review hearing held by Listing Committee on 25 September 2012, the Listing Committee decided to uphold the Listing Divisions' decision to place the Company in the second stage of delisting. Accordingly, the Listing Committee further decided to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules with effect from 25 September 2012.

On 30 January 2013, The Provisional Liquidators announced that the exclusivity and escrow agreement dated 26 July 2011 has lapsed. The Provisional Liquidators and the Investor have discussed and agreed to submit a revised resumption proposal to the Stock Exchange prior to the expiry of the second stage of the delisting.

On 13 March 2013, a revised resumption proposal was submitted to the Stock Exchange. On 21 June 2013, the Company provided further information to the Stock Exchange.

By a letter dated 28 June 2013 (the "Letter"), the Stock Exchange informed the Company that the resumption proposal dated 21 June 2013 has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Stock Exchange has decided to place the Company in the third stage of delisting under Practice Note 17 to the Listing Rules with effect from 11 July 2013. The third stage of delisting will expire on 10 January 2014. At the end of the third stage of delisting, the Stock Exchange intends to cancel the listing if the Company fails to provide a viable resumption proposal.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION AND GROUP RESTRUCTURING (continued)

It is set out in the Letter that the Stock Exchange requests the Company to submit a viable resumption proposal to address the following issues at least 10 business days before the aforesaid expiry date of the third stage of delisting, among other things, that:

(i) demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules;

(ii) publish outstanding financial results and address any audit qualifications;

(iii) demonstrate sufficient working capital for at least twelve months from resumption date; and

(iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

According to an announcement made by the Stock Exchange on 11 July 2013, the Company has a period of six months to submit a viable resumption proposal to the Stock Exchange. If the Company has not submitted a viable resumption proposal as requested, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six months from the date of that announcement (i.e. by 10 January 2014).

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. The hearing of the petition was finally rescheduled to 3 September 2013 and a winding-up order was granted against the Company by the High Court on 12 September 2013.

On 12 November 2013, the Provisional Liquidators received a preliminary restructuring proposal from Sino Bright. The Provisional Liquidators received a revised restructuring proposal from Sino Bright on 2 December 2013.

On 20 December 2013, the Company submitted the resumption proposal of Sino Bright to the Stock Exchange. During January 2014 to June 2014, the Company on various occasions and at the request of the Stock Exchange submitted further information to the Stock Exchange in respect of the resumption proposal.

2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION AND GROUP RESTRUCTURING (continued)

On 2 May 2014, the Company, the Provisional Liquidators and Sino Bright entered into the Restructuring Agreement to implement the Restructuring Proposal. Under the terms of the Restructuring Agreement, all existing businesses and operations of the Group, including the operations of Emerson and the licensing operations related to the Akai, Nakamichi and Sansui trademarks, will be retained.

On 9 July 2014, the Provisional Liquidators submitted an updated resumption proposal (the "Updated Resumption Proposal") to the Stock Exchange, involving, *inter alia*, the capital reorganisation, creditors' schemes of arrangement in accordance with Section 99 of the Company Act and section 670 of the Companies Ordinance and a proposed open offer. The Updated Resumption Proposal consolidates the Resumption Proposal and subsequent submissions made by the Company to the Stock Exchange, to reflect the terms of the Restructuring Agreement as amended from time to time in implementing the Restructuring Proposal.

3. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2013, the Group had net current liabilities of approximately HK$3,098 million (As at 31 December 2012: HK$3,010 million) and net liabilities of approximately HK$2,290 million (As at 31 December 2012: HK$2,193 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. The effect of these adjustments has not been reflected in the consolidated financial statements.

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 2012, 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 2013:

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

Except for the adoption of HKAS 1 (Amendment) "Presentation of financial statement" and HKAS 34 "Interim financial reporting" (as part of the Improvements to HKFRSs 2009 – 2011 cycle) which affected the Group's presentation and required additional disclosures, 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 2013, and is in the process of assessing their impact on future accounting periods:

HKFRS 9	(i)	Financial instruments
Amendments to HKFRS 9 and HKFRS 7	(i)	Mandatory effective date of HKFRS 9 and transition disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	(ii)	Investment entities
HKFRS 14	(iv)	Regulatory deferral accounts
HKFRSs (Amendments)	(iii)	Improvements to HKFRSs 2010 – 2012 cycle
HKFRSs (Amendments)	(iii)	Improvements to HKFRSs 2011 – 2013 cycle
HKAS 19 (Amendment)	(iii)	Defined benefit plans: Employees contributions
HKAS 32 (Amendment)	(ii)	Presentation: Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	(ii)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	(ii)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	(ii)	Levies

(i) Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
(ii) Effective for annual periods beginning on or after 1 January 2014.
(iii) Effective for annual periods beginning on or after 1 July 2014.
(iv) Effective for annual periods beginning on or after 1 January 2016.

5. SEGMENT INFORMATION

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

Operating segments	**Principal activities**
Emerson	Distribution of audio and video products and licensing business – Comprising a group listed on the NYSE Alternext US
Licensing	Licensing business – Comprising the brands and trademarks, namely, Akai, Sansui and Nakamichi

5. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2013:

	Emerson *HK$ million*	Licensing *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:				
Sales of goods to external customers	356	–	–	356
Licensing income from external customers	18	37	–	55
Total revenue	374	37	–	411
Results:				
Segment results	16	32		48
Unallocated corporate expenses			(5)	(5)
				43
Allowance for doubtful debts			(1)	(1)
Interest income			3	3
Finance costs			(135)	(135)
Tax			(21)	(21)
Loss for the period				(111)

5. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2012:

	Emerson *HK$ million*	Licensing *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:				
Sales of goods to external customers	548	–	–	548
Licensing income from external customers	20	48	–	68
Total revenue	568	48	–	616
Results:				
Segment results	48	38		86
Unallocated corporate expenses			(8)	(8)
				78
Impairment loss recognised in respect of interests in an associate	–	(94)	–	(94)
Release of other comprehensive loss of an associate	–	(1)	–	(1)
Gain on disposal of subsidiaries			6	6
Reversal of allowance for doubtful debts			1	1
Interest income			1	1
Finance costs			(56)	(56)
Share of results of an associate			(3)	(3)
Tax			(34)	(34)
Loss for the period				(102)

5. SEGMENT INFORMATION (continued)

(b) Geographical segments:

	(Unaudited) Six months ended 30 June 2013 HK$ million	(Unaudited) Six months ended 30 June 2012 HK$ million
Revenue:		
Asia	**34**	43
North America	**376**	571
Europe	**1**	2
	411	616

6. 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 2013 HK$ million	(Unaudited) Six months ended 30 June 2012 HK$ million
By principal activity:		
Sales of goods	**356**	548
Licensing income	**55**	68
	411	616

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 2013	30 June 2012
	HK$ million	*HK$ million*
The tax charge/(credit) comprises:		
Current period provision		
Hong Kong	**(10)**	2
Overseas	**22**	3
Under/(over) provision in prior period:		
Hong Kong	**10**	(2)
Overseas	**(10)**	36
Deferred tax		
Overseas	**9**	(5)
	21	34

8. LOSS FOR THE PERIOD

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

	(Unaudited) Six months ended	
	30 June 2013	30 June 2012
	HK$ million	*HK$ million*
Operating lease rentals:		
Land and buildings	**4**	5
Finance costs	**135**	56
Staff costs:		
Salaries and other benefits	**19**	29
Retirement benefit costs	**4**	3
	23	32
Auditors' remuneration	**3**	2
Allowance/(reversal of allowance) for doubtful debts	**1**	(1)
Cost of inventories recognised as expenses	**312**	477
Release of other comprehensive loss of an associate	**–**	1
Interest income	**(3)**	(1)

9. LOSS PER SHARE

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

	(Unaudited) Six months ended 30 June 2013 HK$ million	30 June 2012 HK$ million
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation	**(111)**	(125)

	30 June 2013 Number of ordinary shares million	30 June 2012 Number of ordinary shares million
Shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	**460.2**	460.2

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

10. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Carrying value at beginning of year	**3**	3
Additions	**–**	1
Depreciation provided during the period/year	**–**	(1)
Carrying value at the end of reporting period	**3**	3

11. BRANDS AND TRADEMARKS

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Carrying value at beginning of year	**771**	1,101
Foreign currency adjustment	**–**	(3)
Impairment loss recognised during the period/year	**–**	(327)
Carrying value at the end of reporting period	**771**	771

12. INVENTORIES

The inventories represent finished goods stated at lower of cost and net realisable values.

13. ACCOUNTS AND BILLS RECEIVABLE

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

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Gross amount	**182**	129
Less: Allowance for doubtful debts	**(64)**	(68)
Net amount	**118**	61

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

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

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
0 – 3 months	**117**	61
3 – 6 months	**1**	–
	118	61

13. ACCOUNTS AND BILLS RECEIVABLE (continued)

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 2013 HK$ million	(Audited) 31 December 2012 HK$ million
0 – 3 months	**16**	13
3 – 6 months	**1**	–
	17	13

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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Prepayments	**37**	8
Deposits	**2**	2
Other receivables	**7**	8
	46	18

15. CASH AND BANK BALANCES

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Cash	**1**	–
Bank balances	**148**	202
Money market deposit with maturing date within three months	**67**	47
Bank certificates of deposit with maturing date more than three months	**352**	272
	568	521

16. ACCOUNTS AND BILLS PAYABLE

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

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
0 – 3 months	**36**	22
3 – 6 months	**–**	4
Over 6 months	**5**	5
	41	31

To the extent of HK$36 million of accounts and bills payable of Emerson, the Provisional Liquidators considered that the carrying amounts of accounts and bills payable approximate to their fair value.

17. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 June 2013 HK$ million	(Audited) 31 December 2012 HK$ million
Accrued expenses and provisions	**138**	114
Amounts due to a former associate	**573**	578
Amounts due to former related companies	**2,260**	2,149
Other payables	**330**	332
	3,301	3,173

17. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

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

On 9 January 2014 the Provisional Liquidators caused the subsidiaries of the Company, to commence legal proceedings against (1) Sansui Electric Co. Limited, registered in Japan ("Sansui Japan") and (2) Sansui Sales Pte. Limited ("SSPL"). Both Sansui Japan and SSPL were former associates of the Group.

The legal proceedings are to set aside or rescind a deed of share pledge between Sansui Electric Co. Limited, registered in the BVI ("Sansui BVI"), a wholly owned subsidiary of the Group, and Sansui Japan dated 3 March 2009 (the "Share Pledge") which purports to pledge to Sansui Japan all of the shares of Sansui Acoustics Research Corporation, registered in the BVI ("SARC"), a wholly owned subsidiary of the Group. SARC owns worldwide rights to the Sansui trademarks. In parallel, the Provisional Liquidators are also prosecuting a summons under section 221 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) against former members of the management and accounting functions of the Company and its subsidiaries to obtain information and documents relating to the Share Pledge (the "Section 221 Summons").

Based on the material currently available to us and subject to any further information or documents to be obtained from the Section 221 Summons, the Provisional Liquidators are of the view that the deposits and debts that the Share Pledge purports to secure are not genuine and bona fide and therefore the Share Pledge should be rescinded or declared void.

A Concurrent Writ of Summons is being served on Sansui Japan and has been served on SSPL. The Provisional Liquidators anticipate that the statement of claim will be filed in the near future. Both Sansui Japan and SSPL have indicated that they intend to challenge the jurisdiction of the Hong Kong Court to hear the dispute. In the meantime, the Provisional Liquidators have obtained an injunction order prohibiting Sansui Japan and SSPL from dealing with or exercising any right in the shares of SARC, whether under the Share Pledge or otherwise. The injunction order will remain in place until further order of the court.

On 4 July 2014, a bankruptcy petition was presented against Sansui Japan. On 9 July 2014, Sansui Japan was put into bankruptcy and Ms. Aizawa Mitsue was appointed its bankruptcy trustee on the same date.

Included in the amounts due to former related companies is an amount of HK$2,246 million (As at 31 December 2012: HK$2,135 million), which is unsecured, bearing interest at 0.25% (As at 31 December 2012: 0.25%) above the Hong Kong dollar prime rates per annum plus a default interest rate at 5% (As at 31 December 2012: 5%) p.a. The remaining balance is unsecured, non-interest bearing and repayable on demand.

Included in the other payables are amounts in aggregate of HK$258 million (As at 31 December 2012: HK$254 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, in which HK$88 million (As at 31 December 2012: HK$85 million) is bearing interest at 5.599% (As at 31 December 2012: 5.599%) p.a. and HK$45 million (As at 31 December 2012: HK$45 million) is bearing interest at 14% (As at 31 December 2012: 14%) p.a.

Certain claims and liabilities would be subject to the determination of the Court in accordance with section 194 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and rule 45 of the Companies (Winding-Up) Rules.

18. PROVISION FOR LEGAL CLAIMS

In 2005, certain 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 with interest at the rate of 10% per annum.

The amount was allegedly sold to another party, by way of an assignment dated 10 January 2014, who then filed their claim against the Company in place of the aforesaid creditor. The amount would be subject to the determination of the Court in accordance with section 194 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and rule 45 of the Companies (Winding-Up) Rules.

19. SHARE CAPITAL

	(Unaudited) **30 June 2013** ***HK$ million***	(Audited) 31 December 2012 *HK$ million*
Authorised share capital:		
1,000,000,000 ordinary shares of HK$0.10 each	**100**	100
Issued and fully paid share capital:		
460,227,320 ordinary shares of HK$0.10 each	**46**	46

20. OPERATING LEASE COMMITMENTS

	(Unaudited) **30 June 2013** ***HK$ million***	(Audited) 31 December 2012 *HK$ million*
The Group's future minimum lease payments under non-cancellable operating leases are as follows:		
Land and buildings:		
Not later than one year	**3**	6
Later than one year and not later than five years	**1**	–
	4	6

21. BANKING AND OTHER BORROWING FACILITIES

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

		(Unaudited) 30 June 2013 *HK$ million*	(Audited) 31 December 2012 *HK$ million*
(a)	Legal charges over plant and machineries	–	1
(b)	Pledge of unlisted shares of a subsidiary	**19**	19
(c)	Pledge of listed shares of a subsidiary	–	130
(d)	Pledge of bank deposits	–	1
		19	151

22. EVENTS AFTER THE REPORTING PERIOD

On 30 January 2013, The Provisional Liquidators announced that the exclusivity and escrow agreement dated 26 July 2011 has lapsed. The Provisional Liquidators and the Investor have discussed and agreed to submit a revised resumption proposal to the Stock Exchange prior to the expiry of the second stage of the delisting.

On 13 March 2013, a revised resumption proposal was submitted to the Stock Exchange. On 21 June 2013, the Company provided further information to the Stock Exchange.

By a letter dated 28 June 2013 (the "Letter"), the Stock Exchange informed the Company that the resumption proposal dated 21 June 2013 has not satisfactorily demonstrated sufficiency of operations or assets under Rule 13.24 of the Listing Rules and the Stock Exchange has decided to place the Company in the third stage of delisting under Practice Note 17 to the Listing Rules with effect from 11 July 2013. The third stage of delisting will expire on 10 January 2014. At the end of the third stage of delisting, the Stock Exchange intends to cancel the listing if the Company fails to provide a viable resumption proposal.

It is set out in the Letter that the Stock Exchange requests the Company to submit a viable resumption proposal to address the following issues at least 10 business days before the aforesaid expiry date of the third stage of delisting, among other things, that:

(i) demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules;

(ii) publish outstanding financial results and address any audit qualifications;

(iii) demonstrate sufficient working capital for at least twelve months from resumption date; and

(iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

22. EVENTS AFTER THE REPORTING PERIOD (continued)

According to an announcement made by the Stock Exchange on 11 July 2013, the Company has a period of six months to submit a viable resumption proposal to the Stock Exchange. If the Company has not submitted a viable resumption proposal as requested, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six months from the date of that announcement (i.e. by 10 January 2014).

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. The hearing of the petition was finally rescheduled to 3 September 2013 and a winding-up order was granted against the Company by the High Court on 12 September 2013.

On 12 November 2013, the Provisional Liquidators received a preliminary restructuring proposal from Sino Bright. The Provisional Liquidators received a revised restructuring proposal from Sino Bright on 2 December 2013.

On 20 December 2013, the Company submitted the resumption proposal of Sino Bright to the Stock Exchange. During January 2014 to June 2014, the Company on various occasions and at the request of the Stock Exchange submitted further information to the Stock Exchange in respect of the resumption proposal.

On 2 May 2014, the Company, the Provisional Liquidators and Sino Bright entered into the Restructuring Agreement to implement the Restructuring Proposal. Under the terms of the Restructuring Agreement, all existing businesses and operations of the Group, including the operations of Emerson and the licensing operations related to the Akai, Nakamichi and Sansui trademarks, will be retained.

On 9 July 2014, the Provisional Liquidators submitted an updated resumption proposal (the "Updated Resumption Proposal") to the Stock Exchange, involving, *inter alia*, the capital reorganisation, creditors' schemes of arrangement in accordance with Section 99 of the Company Act and section 670 of the Companies Ordinance and a proposed open offer. The Updated Resumption Proposal consolidates the Resumption Proposal and subsequent submissions made by the Company to the Stock Exchange, to reflect the terms of the Restructuring Agreement as amended from time to time in implementing the Restructuring Proposal.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Provisional Liquidators on 31 July 2014.

DIVIDENDS

The Provisional Liquidators do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (for the year ended 31 December 2012: nil).

BUSINESS REVIEW AND PROSPECTS

The revenue of the Group for the six months ended 30 June 2013 (the "current period") was HK$411 million as compared to HK$616 million for 2012 (the "corresponding period"). The Group recorded an unaudited net loss attributable to shareholders of HK$111 million for the current period, as compared to HK$125 million for the corresponding period.

The Group comprises the Emerson operations 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$374 million as compared to HK$568 million for the corresponding period. It recorded an operating profit of HK$16 million for the current period as compared to HK$48 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.

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$37 million for the current period as compared to HK$48 million for the corresponding period. The operating profit for the current period was HK$32 million which comprised mainly the net licensing income received from the licensees, as compared to a profit of HK$38 million for the corresponding period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had a current ratio of approximately 0.20 as compared to that of approximately 0.19 at 31 December 2012.

As at 30 June 2013, the Group had HK$568 million cash and bank balances. The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of approximately HK$47 million as at 30 June 2013 representing a decrease of HK$54 million as compared to that at 31 December 2012.

As at 30 June 2013, the Group had net current liabilities of HK$3,098 million as compared to HK$3,010 million at 31 December 2012.

CHARGES ON GROUP ASSETS

As at 30 June 2013, certain of the Group's assets with a total carrying value of approximately HK$19 million were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 21 to the unaudited condensed consolidated interim financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities as at 30 June 2013 were guarantee of trade finance banking facilities granted to former subsidiaries of approximately HK$3 million.

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 2013 was approximately 60. 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	(resigned on 1 February 2013)
Mr. Christopher W. Ho	
Mr. Duncan T. K. Hon	(resigned on 11 March 2013)

Independent Non-executive Director:

Mr. Martin I. Wright	(resigned on 12 March 2013)

DIRECTOR'S 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.

DIRECTOR'S INTERESTS IN SHARE CAPITAL

As at 30 June 2013, the interests of the director 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 of Hong Kong Limited (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 2013, the following persons (other than the director 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
Ms. Rosy L. S. Yu	Interest as 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 2013, none of the Provisional Liquidators knew of any person (other than the director 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 director of the Company is 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 SOLE DIRECTOR

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 director of the Company. Given that the Company is in liquidation and the trading of the Company's shares were suspended from trading since 30 May 2011, the Company is not aware of any non-compliance with the required standards as set out in the Model Code during the six months ended 30 June 2013.

AUDIT COMMITTEE

Following the resignations of all 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 condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 have not been reviewed by the audit committee.

For and on behalf of
The Grande Holdings Limited
(In Liquidation)
Fok Hei Yu
and
Roderick John Sutton
Joint and Several Provisional Liquidators
acting as agents without personal liability

Hong Kong, 31 July 2014