

# GRANDE

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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

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## **CORPORATE INFORMATION**

### **JOINT AND SEVERAL PROVISIONAL LIQUIDATORS**

Mr. Roderick John Sutton  
Mr. Fok Hei Yu

### **FOUNDING CHAIRMAN**

Dr. Stanley Ho

### **SOLE DIRECTOR**

Mr. Christopher W. Ho

### **INDEPENDENT AUDITOR**

Jonten Hopkins CPA Limited

### **COMPANY SECRETARY**

Mr. Francis Y.L. Hui

### **ASSISTANT COMPANY SECRETARY**

Ms. Linda Longworth  
International Managers Bermuda Ltd.

### **COMPANY'S WEBSITE**

<http://www.grandeholdings.com>

### **OFFICE OF THE PROVISIONAL LIQUIDATORS**

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99 Queen's Road Central,  
Central, Hong Kong

### **CORPORATE OFFICE IN HONG KONG**

Level 22, The Center,  
99 Queen's Road Central,  
Central, Hong Kong

### **CORPORATE OFFICE IN SINGAPORE**

1 Commonwealth Lane,  
#06-19, One Commonwealth,  
Singapore 149544

### **REGISTERED OFFICE**

#2 Reid Street,  
Hamilton HM 11, Bermuda

### **SHARE REGISTRAR**

Tricor Tengis Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## INTERIM RESULTS

The Provisional Liquidators of The Grande Holdings Limited (In Liquidation) (the “Company”) are pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period and selected explanatory notes are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	(Unaudited)	
		Six months ended	
		30 June 2015	30 June 2014
		<i>HK\$ million</i>	<i>HK\$ million</i>
REVENUE	8	276	344
Cost of sales		(209)	(251)
		<hr/>	<hr/>
Gross profit		67	93
Other income		2	3
Distribution costs		(6)	(6)
Administrative expenses		(70)	(59)
Allowance for doubtful debts		(1)	–
Other expenses		(104)	–
		<hr/>	<hr/>
(LOSS)/PROFIT BEFORE TAX		(112)	31
Tax	9	(15)	–
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE PERIOD	10	(127)	31
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		2	(3)
		<hr/>	<hr/>
		2	(3)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(125)	28
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	<b>30 June 2015</b>	30 June 2014
		<b><i>HK\$ million</i></b>	<i>HK\$ million</i>
(LOSS)/PROFIT FOR THE PERIOD			
ATTRIBUTABLE TO:			
Shareholders of the Company		(122)	25
Non-controlling interests		(5)	6
		<u>          </u>	<u>          </u>
		(127)	31
		<u>          </u>	<u>          </u>
TOTAL COMPREHENSIVE (LOSS)/INCOME			
FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		(122)	26
Non-controlling interests		(3)	2
		<u>          </u>	<u>          </u>
		(125)	28
		<u>          </u>	<u>          </u>
(LOSS)/EARNINGS PER SHARE			
	<i>11</i>	<b><i>HK\$</i></b>	<i>HK\$</i>
Basic		(0.27)	0.05
		<u>          </u>	<u>          </u>
Diluted		(0.27)	0.05
		<u>          </u>	<u>          </u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at <b>30 June 2015</b>	(Audited) As at 31 December 2014
	<i>Notes</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		1	1
Investment properties		1	1
Deferred tax assets		12	14
Brands and trademarks		663	663
Other assets		1	1
Goodwill		13	13
		<u>691</u>	<u>693</u>
<b>CURRENT ASSETS</b>			
Inventories	12	35	35
Accounts and bills receivable	13	87	109
Prepayments, deposits and other receivables	14	28	40
Tax recoverable		1	9
Pledged deposits with banks		4	4
Cash and bank balances	15	504	472
		<u>659</u>	<u>669</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft		2	2
Accounts and bills payable	16	11	16
Accrued liabilities and other payables	17	3,385	3,274
Tax liabilities		90	83
Provision for legal claims	18	452	452
		<u>3,940</u>	<u>3,827</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,281)</u>	<u>(3,158)</u>
<b>NET LIABILITIES</b>		<u>(2,590)</u>	<u>(2,465)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		(Unaudited) As at 30 June 2015	(Audited) As at 31 December 2014
	Notes	HK\$ million	HK\$ million
CAPITAL AND RESERVES			
Share capital	20	46	46
Share premium		1,173	1,173
Reserves		(4,208)	(4,086)
DEFICIENCY OF EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY			
		(2,989)	(2,867)
NON-CONTROLLING INTERESTS			
		399	402
TOTAL DEFICIENCY OF EQUITY			
		(2,590)	(2,465)

## CONDENSED 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 2015	46	1,173	193	(159)	(7)	(4,113)	(2,867)	402	(2,465)
Loss for the period	-	-	-	-	-	(122)	(122)	(5)	(127)
Other comprehensive income	-	-	-	-	-	-	-	2	2
Total comprehensive loss for the period	-	-	-	-	-	(122)	(122)	(3)	(125)
At 30 June 2015	46	1,173	193	(159)	(7)	(4,235)	(2,989)	399	(2,590)
At 1 January 2014	46	1,173	193	(156)	(7)	(4,062)	(2,813)	441	(2,372)
Profit for the period	-	-	-	-	-	25	25	6	31
Other comprehensive income/(loss)	-	-	-	1	-	-	1	(4)	(3)
Total comprehensive income for the period	-	-	-	1	-	25	26	2	28
At 30 June 2014	46	1,173	193	(155)	(7)	(4,037)	(2,787)	443	(2,344)



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Six months ended	
	30 June 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net cash generated from/(used in) operating activities	31	(49)
Net cash generated from investing activities	1	289
	<hr/>	<hr/>
Net increase in cash and cash equivalents	32	240
Cash and cash equivalents at 1 January	353	229
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	385	469
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents:		
Cash	1	1
Bank balances	296	229
Deposit with maturing date within three months	90	241
Bank overdraft	(2)	(2)
	<hr/>	<hr/>
	385	469
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2015

## 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 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, which is the same as the functional currency of the Company, and all values are rounded to nearest million (HK\$ million) unless otherwise stated.

## 2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION, GROUP RESTRUCTURING AND REMOVAL SUMMONSES

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 power 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 the financial adviser to the Company regarding the restructuring of the Group.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION, GROUP RESTRUCTURING AND REMOVAL SUMMONSES (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:

- (i) 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
- (ii) 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 Division's 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 the Escrow Agreement 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 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 2. SUSPENSION OF TRADING OF THE COMPANY SHARES, APPOINTMENT OF JOINT AND SEVERAL PROVISIONAL LIQUIDATORS, WINDING-UP PETITION, GROUP RESTRUCTURING AND REMOVAL SUMMONSES (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, Sansui and Nakamichi trademarks, will be retained.

On 11 June 2014, the Company received a summons issued by Sino Bright which seeks an order for the removal of the Provisional Liquidators of the Company. A summons seeking equivalent orders has also been served by another creditor of the Company on 17 June 2014 (collectively, the "Removal Summonses").

The hearing for the Removal Summonses scheduled to be heard on 16 November 2015 has been vacated.

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 Companies Act and section 670 of the Hong Kong 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.

By a letter dated 29 May 2015, the Stock Exchange has decided to allow the Company to proceed with the Updated Resumption Proposal subject to satisfying the following conditions by 21 December 2015:

- (i) completion of all transaction contemplated under the Updated Resumption Proposal, including the open offer, the creditors' schemes of arrangements and the appointment of compliance officer; and
- (ii) inclusion in the Shareholders' Circular:
  - (a) the Group's profit forecast for the year ending 31 December 2015 together with reports from the auditor and the financial adviser under paragraph 29(2) of Appendix 1b; and
  - (b) an audited balance sheet of the Group as at 31 December 2014 adjusted to reflect the effects of completion of the Updated Resumption Proposal and a comfort letter from its auditor under Rule 4.29.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

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

The Listing Committee may modify the resumption conditions as set out above if the Company's situation changes.

Up to the date of this report, the Shareholders' Circular is expected to be dispatched to the shareholders on or before 30 September 2015.

### 3. GOING CONCERN BASIS OF PREPARATION OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at 30 June 2015, the Group had net current liabilities of approximately HK\$3,281 million (As at 31 December 2014: HK\$3,158 million) and net liabilities of approximately HK\$2,590 million (As at 31 December 2014: HK\$2,465 million). Despite the significant deficiency of equity attributable to the shareholders of the Company, the unaudited condensed consolidated interim 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 to continue its business as a going concern, adjustments would have to be made to the unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements.

### 4. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 4. ACCOUNTING POLICIES (continued)

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in preparing the Group's annual financial statements for the year ended 31 December 2014, 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 2015:

HKAS 19 (Amendment)	Defined Benefit Plans
Annual Improvement 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014
Annual Improvement 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014

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 and prior periods, nor any substantial changes in the Group's accounting policies.

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 2015, and is in the process of assessing their impact on future accounting periods:

HKAS 1 (Amendment) <sup>(1)</sup>	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment) <sup>(1)</sup>	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendment) <sup>(1)</sup>	Property, Plant and Equipment and Agriculture
HKAS 27 (Amendment) <sup>(1)</sup>	Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendment) <sup>(1)</sup>	Consolidated Financial Statements and Investments in Associates
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment) <sup>(1)</sup>	Investment entities: applying the consolidation exception
HKFRS 9 <sup>(3)</sup>	Financial Instruments
HKFRS 11 (Amendment) <sup>(1)</sup>	Joint Arrangements
HKFRS 14 <sup>(1)</sup>	Regulatory Deferred Accounts
HKFRS 15 <sup>(2)</sup>	Revenue from Contracts with Customers
Annual Improvement 2012 – 2014 Cycle <sup>(1)</sup>	Amendments to a number of HKFRSs issued in October 2014

<sup>(1)</sup> Effective for financial periods beginning on or after 1 January 2016

<sup>(2)</sup> Effective for financial periods beginning on or after 1 January 2017

<sup>(3)</sup> Effective for financial periods beginning on or after 1 January 2018

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated interim financial statements, the critical accounting judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

### 6. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments:

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
Financial assets –		
Loans and receivables (including cash and bank balances)	613	602
Financial liabilities –		
At amortised cost	3,850	3,744

#### (b) Financial risk management objectives and policies:

The Group's major financial instruments include equity investments, accounts receivable, accounts payable and other borrowings. Details of these financial instruments are disclosed in respective notes.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

There have been no changes in the policies on how to mitigate these risks since the year ended 31 December 2014.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 7. 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 of, Akai, Sansui and Nakamichi

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

For the six months ended 30 June 2015

	Emerson HK\$ million	Licensing HK\$ million	Unallocated HK\$ million	Consolidated HK\$ million
<b>Revenue:</b>				
Sale of goods to external customers	236	–	–	236
Licensing income from external customers	22	18	–	40
Total	258	18	–	276
<b>Results:</b>				
Segment results	2	13		15
Unallocated corporate expenses			(25)	(25)
				(10)
Other expenses			(102)	(102)
Allowance for doubtful debts			(1)	(1)
Interest income			1	1
Tax			(15)	(15)
Loss for the period				(127)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 7. SEGMENT INFORMATION (continued)

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

*For the six months ended 30 June 2014*

	Emerson <i>HK\$ million</i>	Licensing <i>HK\$ million</i>	Unallocated <i>HK\$ million</i>	Consolidated <i>HK\$ million</i>
<b>Revenue:</b>				
Sale of goods to external customers	283	–	–	283
Licensing income from external customers	31	30	–	61
	<hr/>	<hr/>	<hr/>	<hr/>
Total	314	30	–	344
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Results:</b>				
Segment results	11	19		30
	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>
Unallocated corporate expenses			(1)	(1)
				<hr/>
				29
Interest income			2	2
				<hr/>
Profit for the period				31
				<hr/> <hr/>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 7. SEGMENT INFORMATION (continued)

#### (b) Geographical segments:

	(Unaudited)	
	Six months ended	
	30 June 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>Revenue:</b>		
Asia	15	23
North America	258	314
Europe	3	7
	<u>          </u>	<u>          </u>
Total	276	344
	<u>          </u>	<u>          </u>

### 8. 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 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 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
By principal activity:		
Sales of goods	236	283
Licensing income	40	61
	<u>          </u>	<u>          </u>
	276	344
	<u>          </u>	<u>          </u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
The tax charge/(credit) comprises:		
Current period provision		
Overseas	–	1
Under/(over) provision in prior period		
Overseas	13	(8)
Deferred tax		
Overseas	2	7
	15	–
	15	–

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 10. (LOSS)/PROFIT FOR THE PERIOD

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

	(Unaudited)	
	Six months ended	
	30 June 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Operating lease rentals in respect of land and buildings	5	4
	<hr/>	<hr/>
Staff costs:		
Salaries and other benefits	19	19
Retirement benefits costs	2	3
	<hr/>	<hr/>
	21	22
	<hr/>	<hr/>
Auditor's remuneration	6	2
Cost of inventories recognised as expense	209	251
Interest income	(1)	(2)
	<hr/>	<hr/>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the following data:

	(Unaudited)	
	Six months ended	
	30 June 2015	30 June 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
(Loss)/earnings:		
(Loss)/earnings attributable to shareholders of the Company		
used in the basic (loss)/earnings per share calculation	(122)	25
	<u>                    </u>	<u>                    </u>
	<b>30 June 2015</b>	30 June 2014
	<b>Number of</b>	Number of
	<b>ordinary shares</b>	ordinary shares
	<i>million</i>	<i>million</i>
Shares:		
Weighted average number of ordinary shares for the		
purposes of calculating basic (loss)/earnings per share	460.2	460.2
	<u>                    </u>	<u>                    </u>

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

### 12. INVENTORIES

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 13. ACCOUNTS AND BILLS RECEIVABLE

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

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
Gross amount	144	167
Less: allowance for doubtful debts	(57)	(58)
Net amount	<u>87</u>	<u>109</u>

The Provisional Liquidators considered that the carrying amounts of accounts and bills receivable approximate to their fair values.

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

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
0 – 3 months	<u>87</u>	<u>109</u>

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 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
0 – 3 months	<u>35</u>	<u>4</u>

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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
Prepayments	11	24
Deposits	2	2
Other receivables	15	14
	28	40
	28	40

### 15. CASH AND BANK BALANCES

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
Cash	1	1
Bank balances	296	264
Money market deposit with maturing date within three months	90	90
Bank certificates of deposit with maturing date more than three months	117	117
	504	472
	504	472



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 16. ACCOUNTS AND BILLS PAYABLE

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

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
0 – 3 months	6	10
3 – 6 months	–	1
Over 6 months	5	5
	<u>11</u>	<u>16</u>

To the extent of HK\$6 million (As at 31 December 2014: HK\$11 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 values.

### 17. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
Accrued expenses and provisions	194	79
Amounts due to a former associate ( <i>Note (i)</i> )	565	566
Amounts due to former related companies ( <i>Note (ii)</i> )	2,306	2,306
Other payables ( <i>Note (iii)</i> )	320	323
	<u>3,385</u>	<u>3,274</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 17. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

*Note (i)*

The amounts due to a former associate in aggregate of HK\$565 million (As at 31 December 2014: HK\$566 million) 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 ("SEC") and (2) Sansui Sales Pte. Limited ("SSPL"). Both SEC 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 SEC dated 3 March 2009 (the "Share Pledge") which purports to pledge to SEC 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. Based on the material currently available, 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. Accordingly, the Provisional Liquidators have obtained an injunction order prohibiting SEC 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 9 January 2014, the Provisional Liquidators took out 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"). The respondents opposed the action as set out in the Section 221 Summons. On 2 July 2014, the Court adjourned the Section 221 Summons sine die pending determination of the Removal Summons.

A Concurrent Writ of Summons is being served on SEC and has been served on SSPL. The statement of claims was filed with the High Court on 13 August 2014. Both SEC and SSPL had issued their Summons on 9 December 2014 contesting the jurisdiction of the Hong Kong Court to try these proceedings.

*Note (ii)*

All the interest bearing borrowings of the Company have been accounted for as non-interest bearing borrowings with effect from 12 September 2013, the date of the winding-up order.

The amounts due to former related companies in aggregate of HK\$2,306 million (As at 31 December 2014: HK\$2,306 million) are unsecured, non-interest bearing and repayable on demand.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 17. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

*Note (iii)*

Included in the other payables are amounts in aggregate of HK\$262 million (As at 31 December 2014: HK\$262 million) which have been overdue for payment since 2010. Such balances are non-interest bearing, in which HK\$88 million (As at 31 December 2014: HK\$88 million) are secured by the Group's available-for-sale investments.

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. 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 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.

### 19. CONTINGENT LIABILITIES

On 31 May 2011, Sino Bright presented a winding-up petition against the Company in the High Court and Mr Roderick John Sutton and Mr Fok Hei Yu were appointed Joint and Several Provisional Liquidators of the Company. On 20 March 2013, the High Court ordered that another group of creditors be substituted as petitioners ("Substituted Petitioners") in place of Sino Bright ("Substitution Order"). On 12 September 2013, the Company was wound up. On 21 October 2013, the High Court ordered that the costs incurred by the Petitioners (being Sino Bright prior to 20 March 2013 and the Substituted Petitioners after 20 March 2013) in respect of the various adjournments of the petition prior to the Substitution Order and a directions hearing after the Substitution Order be paid out of the assets the Company as an expense of the liquidation ("Costs Order"). The Petitioners have not yet made a claim against the Company pursuant to the Costs Order or informed the Company of the quantum of their claim.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 20. SHARE CAPITAL

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
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

### 21. OPERATING LEASE COMMITMENTS

	(Unaudited) 30 June 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
The future minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:		
Not later than one year	2	1
Later than one year and not later than five years	2	–
	4	1

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 22. 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 2015 <i>HK\$ million</i>	(Audited) 31 December 2014 <i>HK\$ million</i>
(a) Pledge of unlisted shares of a subsidiary	19	19
(b) Pledge of bank deposits	4	4
	<u>23</u>	<u>23</u>

### 23. EVENTS AFTER THE REPORTING PERIOD

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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 23. 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 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, Sansui and Nakamichi trademarks, will be retained.

On 11 June 2014, the Company received a summons issued by Sino Bright which seeks an order for the removal of the Provisional Liquidators of the Company. A summons seeking equivalent orders has also been served by another creditor of the Company on 17 June 2014 (collectively, the "Removal Summonses").

The hearing for the Removal Summonses scheduled to be heard on 16 November 2015 has been vacated.

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 Companies Act and section 670 of the Hong Kong 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2015

### 23. EVENTS AFTER THE REPORTING PERIOD (continued)

By a letter dated 29 May 2015, the Stock Exchange has decided to allow the Company to proceed with the Updated Resumption Proposal subject to satisfying the following conditions by 21 December 2015:

- (i) completion of all transaction contemplated under the Updated Resumption Proposal, including the open offer, the creditors' schemes of arrangements and the appointment of compliance officer; and
- (ii) inclusion in the Shareholders' Circular:
  - (a) the Group's profit forecast for the year ending 31 December 2015 together with reports from the auditor and the financial adviser under paragraph 29(2) of Appendix 1b; and
  - (b) an audited balance sheet of the Group as at 31 December 2014 adjusted to reflect the effects of completion of the Updated Resumption Proposal and a comfort letter from its auditor under Rule 4.29.

The Listing Committee may modify the resumption conditions as set out above if the Company's situation changes.

Up to the date of this report, the Shareholders' Circular is expected to be dispatched to the shareholders on or before 30 September 2015.

### 24. 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 August 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

30 June 2015

### BUSINESS REVIEW

The revenue of the Group for the six months ended 30 June 2015 (the “current period”) was HK\$276 million as compared to HK\$344 million for the six months ended 30 June 2014 (the “corresponding period”), decreased by 19.8%. The Group recorded an unaudited net loss attributable to shareholders of the Company of HK\$122 million for the current period, as compared to an unaudited net profit attributable to shareholders of the Company of HK\$25 million for the corresponding period.

The operations of the Group can be divided into 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\$258 million as compared to HK\$314 million for the corresponding period. It recorded an operating profit of HK\$2 million for the current period as compared to HK\$11 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 respective markets.

The revenue of this segment was HK\$18 million for the current period as compared to HK\$30 million for the corresponding period, a drop of 40%. The operating profit for the current period was HK\$13 million which comprised mainly the net licensing income received from the licensees, as compared to a operating profit of HK\$19 million for the corresponding period.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 June 2015

### PROSPECT

The Company has been under the control of the Provisional Liquidators since 31 May 2011. However, it does not, in large extent, affect the daily business operations of the Group, as the major income of the Group are generated by its overseas subsidiaries. The Group has generated HK\$1,115 million, HK\$741 million and HK\$663 million of revenue during the years of 2012, 2013 and 2014 respectively. Although the revenue of the Group is decreasing, the loss attributable to shareholders of the Company is reducing from the loss of HK\$672 million in 2012 to HK\$191 million and HK\$51 million in 2013 and 2014 respectively. It was mainly due to the decrease of finance costs and impairment loss recognised in respect of brands and trademarks of the Group. However, the Group has made a loss of HK\$122 million attributable to the shareholders of the Company for the six months ended 30 June 2015 which was mainly caused by the recognition of certain non-recurring other expenses, *inter alia*, liquidation and restructuring costs. As announced on 1 June 2015, by a letter dated 29 May 2015, the Stock Exchange has decided to allow the Company to proceed with the Updated Resumption Proposal subject to satisfying the certain conditions by 21 December 2015. The Group is not expected to incur further liquidation and restructuring costs once the Resumption Proposal has been successfully implemented and the liquidation proceedings have been permanently stayed.

Up to the date of this report, the Shareholders' Circular is expected to be dispatched to the shareholders on or before 30 September 2015.

Should the proposed restructuring of the Company have been successfully implemented and completed and that the resumption in trading of the shares of the Company have been approved by the Stock Exchange, (i) all existing businesses and operations of the Group, including the operations of Emerson and licensing operations of Akai, Nakamichi and Sansui trademarks, would be retained; (ii) all the claims of the creditors against the Company, and the liabilities of the Company will be discharged and released in full; (iii) the winding up order against the Company would be kept in a permanent stay and the Provisional Liquidators of the Company would be discharged and released; and (iv) a full board of directors would be restored to manage the Company; then the operations of the Group could be resumed back to normal.

## **OTHER INFORMATION**

*30 June 2015*

### **DIVIDENDS**

The Provisional Liquidators do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2015, the Group had a current ratio of approximately 0.17 as compared to that of approximately 0.17 at 31 December 2014.

As at 30 June 2015, the Group had HK\$504 million cash and bank balances. The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of approximately HK\$35 million as at 30 June 2015, no change as compared to that at 31 December 2014.

As at 30 June 2015, the Group had net current liabilities of HK\$3,281 million as compared to HK\$3,158 million at 31 December 2014.

### **CHARGES ON GROUP ASSETS**

As at 30 June 2015, certain of the Group's assets with a total carrying value of approximately HK\$23 million (As at 31 December 2014: HK\$23 million) were pledged to secure banking and other borrowing facilities granted to the Group. Details are set out in note 22 to the unaudited condensed consolidated interim financial statements.

### **TREASURY POLICIES**

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 2015 was approximately 50. 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.

## OTHER INFORMATION (continued)

30 June 2015

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 June 2015, the Company or any of its subsidiaries a party to any arrangement to enable the Company's director, his 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 2015, 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 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	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.*

## OTHER INFORMATION (continued)

30 June 2015

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, 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 <sup>†</sup>	71.37%
Accolade (PTC) Inc	Trustee	328,497,822 <sup>†</sup>	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.*

<sup>†</sup> *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 2015, 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.

## OTHER INFORMATION (continued)

30 June 2015

### 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 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 2015.

### AUDIT COMMITTEE

Following the resignation of the Company's sole independent non-executive director on 12 March 2013, 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 2015 have not been reviewed by an audit committee.

For and on behalf of  
**The Grande Holdings Limited**  
(In Liquidation)  
**Roderick John Sutton**  
and  
**Fok Hei Yu**

*Joint and Several Provisional Liquidators  
acting as agents without personal liabilities*

Hong Kong, 31 August 2015