THE GRANDE HOLDINGS LIMITED
嘉域集團有限公司

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

(Stock Code: 186)

INTERIM REPORT
2017

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Michael Andrew Barclay Binney
Mr. Manjit Singh Gill
Mr. Hon Tak Kwong

NON-EXECUTIVE DIRECTOR

Mr. Eduard William Rudolf Helmuth Will

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Xiaoping
Mr. Lau Ho Kit, Ivan

AUDIT COMMITTEE

Mr. Lau Ho Kit, Ivan *(Chairman)*
Mr. Chen Xiaoping

REMUNERATION COMMITTEE

Mr. Lau Ho Kit, Ivan *(Chairman)*
Mr. Chen Xiaoping
Mr. Hon Tak Kwong

NOMINATION COMMITTEE

Mr. Chen Xiaoping *(Chairman)*
Mr. Hon Tak Kwong
Mr. Lau Ho Kit, Ivan

COMPANY SECRETARY

Mr. Hui Yick Lok, Francis

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

LEGAL ADVISOR

Simmons & Simmons
Johnnie Yam, Jackie Lee & Co.

AUDITOR

Moore Stephens CPA Limited

COMPLIANCE ADVISOR

GF Capital (Hong Kong) Limited

REGISTERED OFFICE

Wessex House, 5th Floor,
45 Reid Street,
Hamilton HM 12, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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STOCK CODE

186

COMPANY'S WEBSITE

www.grandeholdings.com

INTERIM RESULTS

The board of directors (the "Board") of The Grande Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2017 (the "Period"), together with the comparative figures for the six months ended 30 September 2016 (the "Corresponding Period") and selected explanatory notes, are stated as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended	
		30 September 2017	30 September 2016
	Notes	***HK$ million***	*HK$ million*
REVENUE	*8*	**81**	123
Cost of sales		**(42)**	(69)
Gross profit		**39**	54
Other income		**2**	14
Distribution costs		**(2)**	(2)
Administrative expenses		**(39)**	(40)
Allowance for doubtful debts		**–**	(1)
Impairment loss recognised in respect of brands and trademarks	*15*	**–**	(191)
Gain on discharge of liabilities	*9*	**–**	2,636
Gain on deconsolidation of subsidiaries	*11*	**–**	54
Write back of accrued liabilities with Deconsolidated Subsidiaries	*21*	**44**	–
Provisional liquidators' fees	*10*	**–**	(2)
Restructuring costs	*10*	**–**	(18)
Other expenses		**(2)**	–
PROFIT BEFORE TAX	*12*	**42**	2,504
Tax	*13*	**1**	36
PROFIT FOR THE PERIOD		**43**	2,540

CONDENSED CONSOLIDATED INCOME STATEMENT
(continued)

		(Unaudited) Six months ended	
		30 September 2017	30 September 2016
	Notes	***HK$ million***	*HK$ million*
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**48**	2,673
Non-controlling interests		**(5)**	(133)
		43	2,540
EARNINGS PER SHARE	*14*	***HK$***	*HK$*
Basic		**0.01**	0.67
Diluted		**0.01**	0.67

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended	
		30 September 2017	30 September 2016
	Notes	***HK$ million***	*HK$ million*
PROFIT FOR THE PERIOD		**43**	2,540
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**3**	(10)
Reclassification adjustments relating to deconsolidation of overseas subsidiaries	*11*	**–**	88
		3	78
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**46**	2,618
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**50**	2,760
Non-controlling interests		**(4)**	(142)
		46	2,618

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) As at 30 September 2017 HK$ million	(Audited) As at 31 March 2017 HK$ million
NON-CURRENT ASSETS			
Deferred tax assets		**6**	8
Brands and trademarks	*15*	**301**	299
Other assets		**1**	1
		308	308
CURRENT ASSETS			
Inventories		**27**	6
Accounts and bills receivable	*16*	**14**	11
Prepayments, deposits and other receivables	*17*	**9**	10
Tax recoverable		**2**	7
Cash and bank balances	*18*	**459**	502
		511	536
CURRENT LIABILITIES			
Accounts and bills payable	*19*	**1**	–
Accrued liabilities and other payables	*20*	**75**	77
Tax liabilities		**19**	19
		95	96
NET CURRENT ASSETS		**416**	440
NON-CURRENT LIABILITIES			
Accrued liabilities with Deconsolidated Subsidiaries	*21*	**291**	333
NET ASSETS		**433**	415

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	(Unaudited) As at 30 September 2017 HK$ million	(Audited) As at 31 March 2017 HK$ million
CAPITAL AND RESERVES			
Share capital	22	**55**	55
Share premium		**386**	386
Reserves		**(156)**	(219)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**285**	222
NON-CONTROLLING INTERESTS		**148**	193
TOTAL EQUITY		**433**	415

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$ million*	Share premium *HK$ million*	Contributed reserve *HK$ million*	Exchange fluctuation reserve *HK$ million*	Other reserve *HK$ million*	Accumulated deficits *HK$ million*	Equity/(Deficiency of equity) attributable to the shareholders of the Company *HK$ million*	Non-controlling interests *HK$ million*	Total equity/(Total deficiency of equity) *HK$ million*
At 1 April 2017 (audited)	55	386	193	(1)	(7)	(404)	222	193	415
Profit/(loss) for the period	–	–	–	–	–	48	48	(5)	43
Other comprehensive income	–	–	–	2	–	–	2	1	3
Total comprehensive income/(loss) for the period	–	–	–	2	–	48	50	(4)	46
Deemed acquisition of a listed subsidiary's equity interests	–	–	–	–	13	–	13	(41)	(28)
At 30 September 2017 (unaudited)	55	386	193	1	6	(356)	285	148	433
At 1 April 2016 (unaudited)	46	1,173	193	(155)	(7)	(4,433)	(3,183)	302	(2,881)
Profit/(loss) for the period	–	–	–	–	–	2,673	2,673	(133)	2,540
Other comprehensive income/(loss)	–	–	–	87	–	–	87	(9)	78
Total comprehensive income/(loss) for the period	–	–	–	87	–	2,673	2,760	(142)	2,618
Capital reduction	(41)	–	–	–	–	41	–	–	–
Share premium reduction	–	(1,173)	–	–	–	1,173	–	–	–
Shares issued for open offer	11	87	–	–	–	–	98	–	98
Shares issued for schemes	39	299	–	–	–	–	338	–	338
At 30 September 2016 (unaudited)	55	386	193	(68)	(7)	(546)	13	160	173

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended	
	30 September 2017	30 September 2016
	HK$ million	*HK$ million*
Net cash (used in)/generated from operating activities	**(20)**	45
Net cash (used in)/generated from investing activities	**(72)**	10
Net cash used in financing activities	**(28)**	(8)
Net (decrease)/increase in cash and cash equivalents	**(120)**	47
Cash and cash equivalents at 1 April	**307**	336
Effect of foreign exchange rate changes, net	**2**	–
Cash and cash equivalents at 30 September	**189**	383
Analysis of balances of cash and cash equivalents:		
Bank balances	**149**	228
Deposit with maturity date within three months	**40**	155
	189	383

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is 11th Floor, The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Formerly, the Company's immediate holding company was Sino Bright Enterprises Co., Ltd. ("Sino Bright"), a company incorporated in the British Virgin Islands and wholly owned by The Ho Family Trust Limited; and the Company's ultimate holding company was Accolade (PTC) Inc., which is the trustee of a discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited. On 22 September 2017, Sino Bright (the "Vendor"), entered into a sales and purchase agreement with an independent third party, Wealth Warrior Global Limited ("Wealth Warrior" or the "Purchaser") to sell 3,616,495,378 Shares, representing 65.85% of the issued Shares of the Company to the Purchaser. The consideration for the transaction of approximately HK$650,969,168 (equivalent to HK$0.18 per sale Share) was agreed between the Purchaser and the Vendor after arm's length negotiation. The transaction was completed on 26 September 2017. The sole legal and beneficial owner and the sole director of Wealth Warrior is Mr. Tan Bingzhao ("Mr. Tan"). As such, the immediate holding company of the Company is Wealth Warrior and the ultimate beneficial owner of the Company is Mr. Tan.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are holding and licensing of brands and trademarks on a worldwide basis, and distribution of household appliances and audio products in the United States of America.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars, the functional currency of the Company, and all values are rounded to the nearest million (HK$ million) unless otherwise stated.

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

For the six months ended 30 September 2017

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the fifteen months ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

3. ACCOUNTING POLICIES

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 audited financial statements for the fifteen months ended 31 March 2017, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("new HKFRSs") issued by HKICPA, which are effective for accounting periods beginning on or after 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to HKFRSs 2014-2016 cycle	Amendments to a number of HKFRSs

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 any new standard or interpretation that is not yet effective for the current accounting period.

4. COMPARATIVE FIGURES

As a result of the change of financial year end date of the Company from 31 December to 31 March as announced on 17 October 2016, the figures as per the Interim Report for the six months ended 30 June 2016 are not adopted as comparative figures in these unaudited condensed consolidated interim financial statements. Instead, the consolidated results of the Group for the six months ended 30 September 2016 are used.

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

For the six months ended 30 September 2017

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 are the same as those that were applied to the audited consolidated financial statements for the fifteen months ended 31 March 2017.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments:

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Financial assets		
– Loans and receivables (including cash and bank balances)	**476**	515
Financial liabilities		
– At amortised cost	**15**	13

(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 the 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 audited consolidated financial statements for the fifteen months ended 31 March 2017.

There have been no changes in the policies on how to mitigate these risks since the fifteen months ended 31 March 2017.

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

For the six months ended 30 September 2017

7. SEGMENT INFORMATION

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

Operating segments	Principal activities
Emerson	Distribution of household appliances and audio products and licensing business – Comprising a group listed on the NYSE American US
Licensing	Licensing business on a worldwide basis – Comprising the brands and trademarks of Akai, Sansui and Nakamichi

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

For the six months ended 30 September 2017

	Emerson *HK$ million*	Licensing *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:				
Sale of goods to external customers	**51**	–	–	**51**
Licensing income from external customers	**3**	**27**	–	**30**
Total	**54**	**27**	–	**81**
Results:				
Segment results	**(17)**	**19**		**2**
Reconciliation:				
Unallocated corporate expenses			**(6)**	**(6)**
Write back of accrued liabilities with Deconsolidated Subsidiaries			**44**	**44**
Interest income			**2**	**2**
Profit before tax				**42**

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

For the six months ended 30 September 2017

7. SEGMENT INFORMATION (continued)

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

For the six months ended 30 September 2016

	Emerson *HK$ million*	Licensing *HK$ million*	Unallocated *HK$ million*	Consolidated *HK$ million*
Revenue:				
Sale of goods to external customers	82	–	–	82
Licensing income from external customers	18	23	–	41
Total	100	23	–	123
Results:				
Segment results	1	18		19
Reconciliation:				
Unallocated corporate expenses			(1)	(1)
Impairment loss recognised in respect of brands and trademarks	(191)			(191)
Allowance for doubtful debts			(1)	(1)
Gain on discharge of liabilities			2,636	2,636
Gain on deconsolidation of subsidiaries			54	54
Write back of long outstanding liabilities			7	7
Provisional liquidators' fees			(2)	(2)
Restructuring costs			(18)	(18)
Interest income			1	1
Profit before tax				2,504

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

For the six months ended 30 September 2017

7. SEGMENT INFORMATION (continued)

(b) Geographical segments:

	(Unaudited) Six months ended	
	30 September 2017	30 September 2016
	HK$ million	*HK$ million*
Revenue:		
Asia	**21**	19
North America	**56**	102
Europe	**4**	2
Total	**81**	123

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 September 2017	30 September 2016
	HK$ million	*HK$ million*
By principal activities:		
Sales of goods	**51**	82
Licensing income	**30**	41
	81	123

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

For the six months ended 30 September 2017

9. GAIN ON DISCHARGE OF LIABILITIES

The shares of the Company (the "Shares") were suspended from trading since 30 May 2011. Mr. Fok Hei Yu and Mr. Roderick John Sutton were then appointed as the joint provisional liquidators of the Company (the "Former Provisional Liquidators") on 31 May 2011. During the Corresponding Period, the Company completed the restructuring of the Group and fulfilled all resumption conditions imposed by the Stock Exchange on 26 May 2016 and trading of the Shares resumed on 30 May 2016.

Pursuant to the schemes of arrangement under the restructuring, all the liabilities of the Company totaling HK$3,080 million were discharged by the cash consideration of approximately HK$106 million and the issuance of 3,881,437,269 Shares to the schemes creditors at an issue price of HK$0.087 per Share during the Corresponding Period. The gain on discharge of liabilities of HK$2,636 million in the Corresponding Period then represented the excess of liabilities discharged over the cash consideration of approximately HK$106 million and the issuance of Shares to creditors valued at approximately HK$338 million.

10. PROVISIONAL LIQUIDATORS' FEES AND RESTRUCTURING COSTS

As mentioned in note 9 of the above, the Company was under the control of the Former Provisional Liquidators from 31 May 2011 to 25 May 2016 (the "Relevant Period"). As at the date of this report, the Company has not received all the required information and analyses from the Former Provisional Liquidators regarding the total restructuring costs and provisional liquidators' fees incurred by the Company for the Relevant Period. For prudence sake, the Company had recorded all the unpaid invoices relating to the restructuring as restructuring costs or provisional liquidators' fees in the unaudited condensed consolidated interim financial statements for the Corresponding Period. In fact, the Former Provisional Liquidators had transferred a sum of HK$34 million from the bank account of the Group to the High Court of Hong Kong before the completion of the restructuring. It was also understood that Sino Bright, a creditor of the Company under the scheme, has deposited HK$20 million with the High Court of Hong Kong to settle the restructuring costs, in return for Shares. The Company has accounted for these two amounts as part of the payment of the provisional liquidators' fees and restructuring costs for the Corresponding Period. The Company had already filed a summons on 29 May 2017 to request the Former Provisional Liquidators to provide details of the restructuring costs and liquidators' fees and a Court hearing has been fixed for 24 January 2018. Upon receipt of documentary evidence from the Former Provisional Liquidators, the Company will conduct a review and make appropriate adjustments, if necessary, to ascertain the amounts of the provisional liquidators' fees and restructuring costs to be included in future financial statements accordingly.

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

For the six months ended 30 September 2017

11. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

According to the restructuring mentioned in note 9 of the above, certain subsidiaries or associated companies of the Company were excluded from the Group (the "Excluded Companies"). Their results, assets and liabilities are no longer consolidated into the Group's financial statements after the completion of the restructuring. In addition to the Excluded Companies, 23 dormant subsidiaries commenced liquidation proceedings. These subsidiaries were classified with the Excluded Companies as the Deconsolidated Subsidiaries as of 30 September 2016. The gain on deconsolidation of subsidiaries for the Corresponding Period is analysed as follows:

	(Unaudited) Six months ended 30 September 2016 *HK$ million*
Net assets/(liabilities) deconsolidated of:	
Plant and equipment	1
Investment properties	1
Cash and bank balances	5
Prepayments, deposits and other receivables	5
Accounts and bills payable	(5)
Accrued liabilities and other payables	(606)
Release of reserves	88
	(511)
Gain on deconsolidation of subsidiaries	54
	(457)
Represented by:	
Accrued liabilities with Deconsolidated Subsidiaries	(457)

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

For the six months ended 30 September 2017

11. GAIN ON DECONSOLIDATION OF SUBSIDIARIES (continued)

In the Unaudited Pro Forma Financial Information of the Group attached as Appendix III to a circular dated 9 March 2016, the Company had shown a gain on deconsolidation of subsidiaries of HK$586 million. The difference between this gain and the HK$54 million gain as shown above, is largely due to the Directors' view as at 30 September 2016 that the Group still has a remaining liability due to the Deconsolidated Subsidiaries amounting to HK$457 million and that this should be provided for, until such time as individual Deconsolidated Subsidiaries are fully liquidated or struck off. Accordingly, this amount has been reduced to HK$333 million as at 31 March 2017 and further reduced to HK$291 million as at 30 September 2017 as per note 21.

12. PROFIT BEFORE TAX

The profit before tax is arrived at after charging/(crediting):

		(Unaudited) Six months ended	
		30 September 2017	30 September 2016
		HK$ million	*HK$ million*
(a)	Staff costs		
	Directors' and Chief Executive Officer's emoluments	**5**	4
	Other staff costs:		
	Salaries and other benefits	**14**	16
	Retirement benefits costs	**2**	2
		21	22
(b)	Other items		
	Operating lease rentals in respect of land and buildings	**3**	4
	Auditor's remuneration – current period	**1**	1
	Carrying amount of inventories sold	**42**	67
	Write down of inventories	**–**	2
	Write back of long outstanding liabilities	**–**	(7)
	Interest income	**(2)**	(1)

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

For the six months ended 30 September 2017

13. TAX

No Hong Kong profits tax has been provided for the period in the unaudited condensed consolidated interim financial statements, as there is no assessable profits arising in Hong Kong during both the period ended 30 September 2017 and 2016.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	(Unaudited) Six months ended	
	30 September 2017	30 September 2016
	HK$ million	*HK$ million*
The tax credit/(charge) comprises:		
Current tax – Overseas	**6**	–
(Under)/Overprovision in prior period – Overseas	**(4)**	37
Deferred tax – Overseas	**(1)**	(1)
	1	36

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

For the six months ended 30 September 2017

14. EARNINGS PER SHARE

(a) Basic earnings per share:

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

	(Unaudited) Six months ended	
	30 September 2017	30 September 2016
	HK$ million	*HK$ million*
Profit:		
Profit attributable to shareholders of the Company used in the basic earnings per share calculation	**48**	2,673

	30 September 2017	30 September 2016
	Number of ordinary shares	Number of ordinary shares
	million	*million*
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**5,492.2**	3,979.9

(b) Diluted earnings per share:

Diluted earnings per share equals basic earnings per share as the Company has no dilutive potential ordinary shares in existence during both the period ended 30 September 2017 and 2016.

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

For the six months ended 30 September 2017

15. BRANDS AND TRADEMARKS

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Gross amount		
At the beginning of the reporting period	**2,006**	2,001
Foreign currency adjustment	**11**	5
At balance sheet date	**2,017**	2,006
Accumulated amortisation and impairment		
At the beginning of the reporting period	**1,707**	1,551
Foreign currency adjustment	**9**	4
Impairment loss recognised during the period	**–**	152
At balance sheet date	**1,716**	1,707
Carrying amount at balance sheet date	**301**	299

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

For the six months ended 30 September 2017

15. BRANDS AND TRADEMARKS (continued)

Brands and trademarks are allocated to the Group's cash-generating units identified according to operating segment as follows:

	(Unaudited) 30 September 2017 HK$ million	(Audited) 31 March 2017 HK$ million
Emerson	**91**	90
Licensing		
Akai	**147**	146
Nakamichi	**44**	44
Sansui	**19**	19
Sub-total	**210**	209
Total	**301**	299

In light of the loss of a major licensee in December 2016 and the significant decrease in the distribution of household appliances and audio products of Emerson during the Corresponding Period, the Directors of the Company decided to perform an independent professional valuation of the Emerson trademark as of 30 June 2016. Based on the independent valuation report dated 10 August 2016, a write down of HK$191 million was charged to the unaudited condensed consolidated interim financial statements for the Corresponding Period.

As there were no significant changes to the operation of the Company's licensing business for the Period, and as no significant deterioration of licensing income for Akai, Sansui and Nakamichi is anticipated, the Directors do not expect there to be any impairment in the value of the trademarks of these three brands.

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

For the six months ended 30 September 2017

16. ACCOUNTS AND BILLS RECEIVABLE

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

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Gross amount	**16**	13
Less: allowance for doubtful debts	**(2)**	(2)
Net amount	**14**	11

The Directors consider that the carrying amounts of accounts and bills receivable approximate to their fair values.

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

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
0 – 3 months	**14**	11

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

For the six months ended 30 September 2017

16. 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 ageing analysis of accounts and bills receivable past due but not impaired is as follows:

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
0 – 3 months	**3**	2

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 accounts and bills receivable which are past due but not impaired are still considered to be fully recoverable.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Prepayments	**7**	9
Other receivables	**2**	1
	9	10

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

For the six months ended 30 September 2017

18. CASH AND BANK BALANCES

	(Unaudited)	(Audited)
	30 September	31 March
	2017	2017
	HK$ million	*HK$ million*
Bank balances	**149**	151
Money market deposit with maturity date within three months	**40**	156
Cash and cash equivalents	**189**	307
Bank certificates of deposit with maturity date more than three months	**270**	195
	459	502

19. ACCOUNTS AND BILLS PAYABLE

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

	(Unaudited)	(Audited)
	30 September	31 March
	2017	2017
	HK$ million	*HK$ million*
0 – 3 months	**1**	–

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

For the six months ended 30 September 2017

20. ACCRUED LIABILITIES AND OTHER PAYABLES

	(Unaudited) **30 September** **2017** ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Accrued expenses	**42**	42
Deferred income *(Note (i))*	**29**	32
Other payables	**4**	3
	75	77

Note (i)

Deferred income represents licensing income received in advance that relates to periods subsequent to 30 September 2017 and the corresponding period respectively.

21. ACCRUED LIABILITIES WITH DECONSOLIDATED SUBSIDIARIES

	(Unaudited) **30 September** **2017** ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
At the beginning of the reporting period	**333**	33
Foreign currency adjustment	**2**	–
Arising from deconsolidation of subsidiaries	**–**	300
Liabilities written back	**(44)**	–
At balance sheet date	**291**	333

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

For the six months ended 30 September 2017

21. ACCRUED LIABILITIES WITH DECONSOLIDATED SUBSIDIARIES (continued)

As stated in note 11, the Deconsolidated Subsidiaries have been excluded from the consolidated financial statements of the Group. As at 31 March 2017, there were accrued liabilities in aggregate of HK$333 million with these Deconsolidated Subsidiaries. The Directors of the Company decided to classify these liabilities as long term liabilities for the reasons that (i) the liquidation of these companies is at the very initial stage, and substantiation of claims will normally take quite some time to complete; (ii) even if claims have been established by the liquidators of these companies, the Group will definitely defend what is supposingly owing to these companies against the debts they owed to the Group; and that (iii) these liabilities are unlikely to become due and payable within the next 12 months.

During the Period, due to the disposal of a subsidiary and completion of liquidations, the balance of accrued liabilities with Deconsolidated Subsidiaries has been reduced to HK$291 million as at 30 September 2017.

Included in the amount accrued as at 30 September 2017 is HK$155 million that is due to a former subsidiary that held its final liquidation meeting on 4 September 2017. Following that meeting, the Company is informed that subject to approval of the relevant authorities, the former subsidiary will be officially dissolved as of 4 December 2017, at which point the Company will be legally entitled to write back the accrued liability in its accounts.

22. SHARE CAPITAL

	Number of Shares	**Share Capital**
	'000	*HK$ million*
Authorised:		
Ordinary shares of HK$0.01 each at 30 September 2017 and 31 March 2017	20,000,000	200
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 30 September 2017 and 31 March 2017	5,492,233	55

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

For the six months ended 30 September 2017

23. CONTINGENT LIABILITIES

Except for the cases set out below, the Group did not have significant contingent liabilities as of 30 September 2017 and up to the date of this report.

(a) In an Order made by the High Court of Hong Kong on 9 May 2016 in respect of case HCCW 177/2011 the Company is required to:

(i) Indemnify and keep indemnified the Former Provisional Liquidators in the event that the funds paid into Court (as set out in note 10), are insufficient to meet the taxed fees and expenses of the Former Provisional Liquidators; and

(ii) Indemnify and keep indemnified Mr. Fok Hei Yu, Vincent and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court of Hong Kong by Sino Bright against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this report, the Company has received no such requests for such fees, costs and expenses.

(b) The legal case with the High Court of Hong Kong under HCA 48/2014 against the former associates of the Company, Sansui Electric Co., Ltd. ("SEC") and Sansui Sales Pte. Limited ("SSPL") was discontinued in the preceding financial period. However, there still remains a potential claim by SEC and SSPL to exercise the share pledge *(see note 25)* that the claim is still in existence. However, the Company has the exact same view as the Former Provisional Liquidators that the debts and receivables purportedly secured by the share pledge are not genuine and bona fide, and therefore the share pledge should be rescinded or declared void. The Company will rigorously defend this in Court should SEC and/or SSPL try and take action again, as they have unsuccessfully done in the past.

The management is of the view that no provision is necessary for any of the matters described above, after having considered their respective merits.

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

For the six months ended 30 September 2017

24. OPERATING LEASE COMMITMENTS

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
At the respective balance sheet dates, the total future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	**3**	3
Later than one year and not later than five years	**2**	3
	5	6

25. OTHER BORROWING FACILITIES

Certain other borrowing facilities available to the Deconsolidated Subsidiaries and the Group in previous years were secured by assets for which the aggregate carrying values were as follows:

	(Unaudited) 30 September 2017 ***HK$ million***	(Audited) 31 March 2017 *HK$ million*
Pledge of unlisted shares of a subsidiary	**188**	176

26. MATERIAL EVENTS AFTER THE REPORTING PERIOD

Included in the accrued liabilities with Deconsolidated Subsidiaries *(see note 21)* is HK$155 million that is due to a former subsidiary that held its final liquidation meeting on 4 September 2017. Following that meeting, the Company is informed that subject to approval of the relevant authorities, the former subsidiary will be officially dissolved as of 4 December 2017, at which point the Company will be legally entitled to write back the accrued liability in its accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

30 September 2017

BUSINESS REVIEW AND PROSPECTS

The Company was under the control of the Former Provisional Liquidators from 31 May 2011 up to their discharge on 26 May 2016. Since the formation of the new Board on 30 May 2016, the major tasks of the Company were regaining control of the Company, all of its subsidiaries and the assets of all companies. Placing those companies that had been identified as Excluded Companies (as defined in the shareholders' circular dated 9 March 2016) in the restructuring into liquidation was also a major task for the Board. In addition, the Board identified a number of dormant subsidiaries to be liquidated. These dormant subsidiaries and Excluded Companies are grouped together as Deconsolidated Subsidiaries. These Deconsolidated Subsidiaries were either put into liquidation or struck off, as appropriate according to the laws applicable to the respective places of incorporation of these companies. Moreover, there were various litigation matters brought forward from the period under the control of the Former Provisional Liquidators, to which the Board has allocated a lot of resources, in terms of management time and legal fees, to deal with.

The revenue of the Group for the Period was HK$81 million as compared to HK$123 million for the Corresponding Period, a decrease of 34.1%. The significant decrease in revenue was mainly due to the decrease in the revenue generated from the distribution of household appliances and audio products of Emerson, along with its drop in licensing revenue, as noted further below. The Group recorded an unaudited net profit attributable to shareholders of HK$48 million for the Period, as compared to an unaudited net profit attributable to shareholders of HK$2,673 million for the Corresponding Period. The difference in net profit was mainly attributable to a significant gain of HK$2,636 million arising from the settlement of the Company's scheme creditors through the schemes of arrangement *(see note 9)*, which was offset partially by an impairment loss of HK$191 million in respect of the trademark of Emerson *(see note 15)*, both of which were recorded in the Corresponding Period. During the Corresponding Period, the Group also recorded a gain of HK$54 million on the deconsolidation of subsidiaries as well as restructuring costs of HK$18 million, for which there were no such gain or costs in the Period.

Since the revenue from Emerson is decreasing as compared to the previous period, then management do not expect any significant improvement in the Group's operating profit in the second half of the financial year. However, management do expect additional income will be derived from the future write back of accrued liabilities with Deconsolidated Subsidiaries *(see note 21)* and as noted below in the paragraph headed "Material Events After The Reporting Period". As the liquidation of the Deconsolidated Subsidiaries takes time, management do not foresee any other significant write back of accrued liabilities over the next 12 months.

The operations of the Group include the Emerson operations and licensing operations for Akai, Sansui and Nakamichi brands.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2017

BUSINESS REVIEW AND PROSPECTS (continued)

Emerson operations

The revenue generated from the distribution of household appliances and audio products of Emerson for the Period was HK$51 million as compared to HK$82 million for the Corresponding Period. The major elements which contributed to the overall decrease in net product sales of HK$31 million or 38% was a decrease in sales of Emerson-branded microwave ovens and compact refrigerators, partly offset by an increase in toaster ovens and wine products. Emerson anticipates that the loss of these sales has had and is expected to continue to have a material adverse effect on Emerson's business and results of operations. Emerson will continue to expand the existing distribution channels and to develop and promote new products to regain shelf spaces in these retailers in the USA. Emerson is also investing in products and marketing activities to expand its sales through internet and ecommerce channels. These efforts will require investments in appropriate human resources, media marketing and development of products in various categories, in addition to the traditional home appliances and audio products which Emerson has historically focused on.

Licensing revenue of Emerson for the Period was HK$3 million as compared to HK$18 million for the Corresponding Period, a decrease of HK$15 million or 83%. This is primarily due to the termination of Emerson's largest license agreement with Funai Corporation, Inc. ("Funai"), which ended on 31 December 2016. Emerson is continuing to find licensees and to negotiate for a replacement licensee to Funai. However, given the current status of the worldwide TV consumer market, it is doubtful as to when a new contract will be concluded. As a result, the loss of this licensing income has had and is expected to continue to have a material adverse effect on Emerson's business and results of operations. Emerson is analyzing the impacts to its business of these events and is identifying strategic courses of action for consideration.

Emerson continues to take active steps to further streamline its operations to reduce and control its operating costs. Excluding legal fees of HK$3 million attributable to an infringement suit taken by Emerson against a third party, the ongoing operating costs for the Period was reduced to HK$26 million as compared to HK$29 million for the Corresponding Period.

During the Period, Emerson's board of directors approved the repurchase of up to US$10 million of Emerson's common stock under a new stock repurchase plan. Up to 30 September 2017 a total of approximately 2.5 million shares have been repurchased which has resulted in the Company's shareholding in Emerson being increased from 56.3% as at 31 March 2017 to 62.0% as at 30 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2017

BUSINESS REVIEW AND PROSPECTS (continued)

Licensing operations

The revenue generated from this operation was HK$27 million for the Period as compared to HK$23 million for the Corresponding Period, an increase of 17%. The operating profit of this operation for the Period was HK19 million as compared to HK18 million for the Corresponding Period, which represented the net licensing income received from the licensees.

Under the current licensing model, Akai, Sansui and Nakamichi will grant licensing rights to individual licensees around the world, authorising them to sell products under the respective trademark. In return, the licensees will pay a licensing fee ranging from 2% to 6%, depending on the respective brand involved, on the gross value of purchases made during the license period. All licensing agreements are subject to a minimum fee payable by the licensees, which varies with individual contracts and are non-refundable. This minimum fee corresponds to the guaranteed minimum gross purchase that each licensee commits. The licensee will have to pay an additional license fee in the case where the actual gross purchase for a license period is exceeding the guaranteed minimum gross purchase, unless the contract is based on a fixed fee structure.

During the Period, there were a total of 32 contracts in force with licensees to distribute products in the brand names of Akai, Sansui and Nakamichi around the world.

The Group is subject to geo-political challenges in certain countries under political unrest, like the Middle-East. Currency fluctuation also effects those licensees operating with currencies depreciating against the US dollars, which is the currency of the fees under our licensing agreements. On the other hand, our licensees usually obtain their products from the People's Republic of China ("PRC") and as the RMB was relatively strong as compared to non-US denominated currencies, it also increased the cost of products for our licensees.

The other major challenge comes from competitive consumer electronic brands offering licensing opportunities. However, we have built up and maintained a steady portfolio of licensees around the world since we started the licensing operation in 2007. The Company believes that it can continue to maintain very strong relationships with our licensees and is ready to work with these licensing partners to tackle challenges and strengthen their businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2017

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had a current ratio of approximately 5.38 (5.58 as at 31 March 2017).

As at 30 September 2017, the Group had HK$459 million cash and bank balances (HK$502 million as at 31 March 2017). The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of approximately HK$27 million as at 30 September 2017 (HK$6 million as at 31 March 2017).

As at 30 September 2017, the Group had net current assets of HK$416 million as compared to net current assets of HK$440 million as at 31 March 2017.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition and disposal of subsidiaries and affiliated companies during the Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Details of the material events after the reporting period are set out in note 26.

SIGNIFICANT INVESTMENT

The Group did not enter into any new significant investment during the Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming 12 months.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

30 September 2017

GEARING RATIO

As the Group does not have any interest bearing debts, the gearing ratio as at 30 September 2017 was nil.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 23.

CHARGES ON GROUP ASSETS

Certain of the Group's assets with a total carrying value of approximately HK$188 million (HK$176 million as at 31 March 2017) were pledged to secure other borrowing facilities granted in previous years to certain Deconsolidated Subsidiaries and the Group as set out in note 25.

TREASURY POLICIES

The Group's revenues are mainly in US dollars. The Group is not exposed to any significant currency risks since the HK dollar is linked with the US dollar.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2017 and 31 March 2017 was approximately 40. The Group remunerates its employees mainly based on industry practice, individual 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 in the relevant financial year. Other benefits include medical and retirement schemes.

OTHER INFORMATION

30 September 2017

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the Period (2016: nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, none of the Directors nor Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2017, so far as known to any Directors or Chief Executive of the Company, the following parties (other than the Directors or Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in ordinary shares of HK$0.01 each of the Company (the "Shares")

Name of Shareholder	Capacity	Number of Shares held/interested	Approximate percentage of shareholding
Wealth Warrior Global Limited	Beneficial owner	3,616,495,378	65.85%
Tan Bingzhao	Interest of controlled corporation	3,616,495,378	65.85%
Sino Bright Enterprises Co., Ltd.	Beneficial owner and person having a security interest in shares	1,023,463,423 *(Note 1)*	18.63%

OTHER INFORMATION (continued)

30 September 2017

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Long positions in ordinary shares of HK$0.01 each of the Company (the "Shares") (continued)

Name of Shareholder	Capacity	Number of Shares held/interested	Approximate percentage of shareholding
Accolade (PTC) Inc.	Trustee	1,428,769,939 *(Note 1, 2)*	26.01%
Airwave Capital Limited	Interest of controlled corporation	398,650,372 *(Note 3)*	7.25%
Barrican Investments Corporation	Beneficial owner, Interest of controlled corporation	398,650,372 *(Notes 2, 4)*	7.25%
Splendid Brilliance (PTC) Limited	Trustee	439,180,000 *(Notes 5)*	8.00%

Notes:

(1) Sino Bright owns 23,463,423 Shares, representing approximately 0.42% of the total issued share capital of the Company. Sino Bright is deemed to be interested in 1,000,000,000 Shares pursuant to the legal charge under the share mortgage dated 26 September 2017 in favour of Sino Bright (as mortgagee) granted by Wealth Warrior Global Limited ("Wealth Warrior") (as mortgagor) as security for the deferred consideration of HK$587,851,913 under the sale and purchase agreement dated 22 September 2017.

OTHER INFORMATION (continued)

30 September 2017

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Long positions in ordinary shares of HK$0.01 each of the Company (the "Shares") (continued)

Notes: (continued)

(2) Accolade (PTC) Inc. is deemed to have interests in 1,428,769,939 Shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited ("The Ho Family Trust"). The Ho Family Trust directly holds 15,939 Shares. The Ho Family Trust is deemed to be interested in the Shares held by Barrican Investments Corporation ("Barrican"), McVitie Capital Limited ("McVitie"), Grosvenor Fair Limited and Sino Bright, which are wholly-owned subsidiaries of The Ho Family Trust and directly hold 335,042,717 Shares, 70,045,671 Shares, 5,738 Shares and 1,023,463,423 Shares, respectively. The Ho Family Trust owns a 58.78% indirect interest in Lafe Corporation Limited ("Lafe") and is therefore deemed to be interested in 141,547 Shares directly held by Lafe. The Ho Family Trust is also deemed to be interested in 19,127 Shares and 35,777 Shares directly held by The Grande Properties Management Limited ("Grande Properties") and Vigers Group Pte. Ltd. ("Vigers"), respectively, as Lafe holds the entire interest in Grande Properties and Vigers.

(3) Barrican is a wholly owned subsidiary of Airwave Capital Limited ("Airwave") and owns a 100% interest in McVitie. Accordingly, Airwave is deemed to be interested in the Shares held by Barrican and McVitie.

(4) McVitie is a wholly owned subsidiary of Barrican. Accordingly, Barrican is deemed to be interested in the Shares held by McVitie.

(5) Splendid Brilliance (PTC) Limited ("Splendid Brilliance"), being a party acting in concert with Wealth Warrior, is deemed to have interests in 439,180,000 Shares as the trustee to the discretionary trust which indirectly owns the entire issued share capital of Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 Shares. Mr. Tan Bingzhao is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a discretionary beneficiary of the discretionary trust. Ms. He Guichai is the sole director and sole shareholder of Splendid Brilliance.

Save as disclosed above, as at 30 September 2017, none of the Directors nor Chief Executive of the Company was aware of any other person or corporation who had an interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

OTHER INFORMATION (continued)

30 September 2017

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

The Directors confirmed that the Company has complied with all principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules during the Period, except for the code provisions of the CG Code as noted hereunder.

Meetings with Non-executive Directors

Under code provision A.2.7 of the Code, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors. The Company did not appoint a full-time chairman after the removal of Mr. Tang Hoi Nam as director and chairman of the Company by the resolution passed at the Special General Meeting (the "SGM") held on 11 November 2016. Since that date a chairman has been appointed at each individual Board meeting. Regarding Code Provision A.2.7 which requires that a chairman should at least annually hold meetings with the non-executive Directors without the presence of other executive Directors, Mr. Hon Tak Kwong has, in fact, acted in the capacity as chairman to meet all the non-executive Directors without the presence of executive Directors, either in the Nomination Committee ("NC") or the Remuneration Committee ("RC") and other occasions. As such, the Board considers the Company has complied with this Code Provision.

OTHER INFORMATION (continued)

30 September 2017

CORPORATE GOVERNANCE PRACTICES (continued)

Appointments of Independent Non-executive Directors and member of audit committee

Mr. James Mailer retired as an independent non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 16 August 2017 (the "AGM"), and ceased to be a member of the audit committee of the Company. Since that date, the Company only has two independent non-executive Directors and two members in its audit committee, which according to Rules 3.10(1) and 3.21 of the Listing Rules respectively, the minimum number of both cases should be three. Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Company should appoint a sufficient number of independent non-executive Directors and members of the audit committee of the Company within three months after failing to meet the requirements under Rules 3.10(1) and 3.21 of the Listing Rules respectively. The Company subsequently submitted a waiver application to the Stock Exchange in early November 2017. As disclosed in the Company's announcement dated 21 November 2017, in view of the change in the shareholding structure of the Company, the Stock Exchange has granted a waiver to the Company from strict compliance with Rules 3.10 and 3.21 of the Listing Rules, and an extension of time to one month from the close of the Offer. Further announcements will be made by the Company as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the date of the annual report 2016/17 of the Company are set out below:

Name of Director	Details of Changes
Mr. James Mailer	– was not re-elected as an independent non-executive Director in the annual general meeting held on 16 August 2017 and ceased to be the chairman of the remuneration committee and a member of both the nomination committee and audit committee.
Mr. Lau Ho Kit, Ivan	– was appointed as the chairman of the remuneration committee and as a member of the nomination committee of the Company.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION (continued)

30 September 2017

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") which comprises of the two independent non-executive Directors is for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee has reviewed and confirmed with the management of the Company the unaudited consolidated results of the Group for the Period and the Corresponding Period, the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters.

By order of the Board
The Grande Holdings Limited
Francis Hui
Company Secretary

Hong Kong, 22 November 2017