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GRANDE

THE GRANDE HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda)

(Stock Code: 186)

Executive Directors:

Christopher W. Ho (*Chairman*)

Adrian C. C. Ma (*Managing Director*)

Christine L. S. Asprey

Michael A. B. Binney

C. F. Lam

Paul K. F. Law

Independent Non-executive Directors:

Herbert H. K. Tsoi

Anita S. C. Chiu

Registered Office:

Bank of Bermuda Building,

6 Front Street,

Hamilton HM 11, Bermuda

Principal Place of Business:

12th Floor, The Grande Building,

398 Kwun Tong Road,

Kowloon, Hong Kong

31 May 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR
SPECIAL DIVIDEND DISTRIBUTION IN SPECIE**

INTRODUCTION

It was announced on 26 April 2004 that the Directors of the Company recommended a proposal for payment of a final dividend of HK10 cents per share and a special dividend by way of distribution in specie.

LETTER FROM THE BOARD OF DIRECTORS

The purpose of this circular is to provide you with details regarding the special dividend.

The Directors recommended a special dividend to be satisfied by way of a distribution in specie of the Distribution Shares to Qualifying Shareholders in the proportion of one Distribution Share for every two Shares held on the Record Date, fractional entitlements will be disregarded. The market value at the close of business on 23 April 2004 of the Distribution Shares was ¥40 which equates to a dividend of HK\$1.45 per Share before Distribution (at the exchange rate of ¥1 = HK\$0.0725 on 23 April 2004).

As the Company will not be complying with possible registration requirement in the respective jurisdiction of the Overseas Shareholders, no distribution of the Distribution Shares will be made to Overseas Shareholders under the Distribution. Any Distribution Shares which would otherwise be distributed to Overseas Shareholders (as if they were local Shareholders) will be sold in the market as soon as reasonably practical (after posting of the share certificates of the Distribution Shares on or before 30 September 2004). Any proceeds of sale of such entitlements of Overseas Shareholders, after deduction of expenses, will be sent by post in Japanese Yen to such persons at their own risk pro rata to their respective entitlements, save that individual amounts of less than ¥1,600 will be retained for the benefit of the Company.

CONDITION

The Distribution is subject to the compliance with regulatory requirements, if any, and the approval by the Shareholders in AGM.

INFORMATION ON SANSUI

Sansui is principally engaged in the manufacture and sale of audio and visual equipment and Sansui Shares are listed on the Tokyo Stock Exchange. The Company currently owns 47.26% of the listed shares of Sansui through a wholly owned subsidiary before the Distribution. In addition, the Company is in the process of entering into an agreement with third parties to dispose of further Sansui Shares. Subsequent to the above disposal and assuming full Distribution, the Company's holding in Sansui would be decreased to below 20%.

REASONS FOR THE DISTRIBUTION

The Distribution will provide an opportunity for the Qualifying Shareholders to hold a direct investment in Sansui.

REGISTRATION OF SANSUI SHARES

The Sansui Shares to be despatched to Qualifying Shareholders may not be registered in the name of the relevant Qualifying Shareholders as Sansui Shares are tradable in bearer form. Qualifying Shareholders can register their names in the shareholder list of Sansui and to change the names on the bearer share certificates. Tsubaki & Partners whose address is P.O. Box 48, Roppongi Hills Mori Tower 34/F, 10-1, Roppongi 6-chome, Minato-ku, Tokyo 106-6134 (Contact person : Mr. Yasuo Tsubaki, contact no: 81-3-3505-4600, fax no: 81-3-3505-4635) has been appointed to register the names of the Qualifying

LETTER FROM THE BOARD OF DIRECTORS

Shareholders in the shareholder list and to change the names on the bearer share certificates. All registration charges will be borne solely by Sansui. Qualifying Shareholders can at their own cost and risk send their share certificates by registered mail to Tsubaki & Partners for registration and an administrative charge of about HK\$500 per share certificate will be charged to each Qualifying Shareholder. Qualifying Shareholders are advised that for the purpose of receiving notice for general meeting and to exercise the voting right, a proxy or standing agent, who must be a Japanese resident, must be appointed to act as representative.

DEALINGS OF SANSUI SHARES

Qualifying Shareholders who intend to sell the Sansui Shares need not register their names in the shareholder list and change the names on the bearer share certificates. Qualifying Shareholders can sell their Sansui Shares through Wocom Securities Limited whose address is Room 1002, Wing On Centre, 111 Connaught Road, Central, Hong Kong.

SHARE CERTIFICATES FOR SANSUI SHARES

Definitive certificates for Sansui Shares are expected to be despatched to the Qualifying Shareholders on or before 30 September 2004. Share certificates for Sansui Shares will only be issued in the denomination of 1,000 shares or its whole multiple. Fractional shares will not be issued.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of the Distribution to the Qualifying Shareholders, the register of members of the Company will be closed from 14 June 2004 to 16 June 2004 (both dates inclusive), during which period no transfer of Shares will be registered on the register of members of the Company. All transfers of Shares, accompanied by the relevant share certificate(s) must be lodged with the Company's share registrars in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by not later than 4:30 p.m. on Friday, 11 June 2004.

RECOMMENDATION

The Directors believe that the Distribution is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolution relating to such matter to proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Mr Christopher W Ho
Chairman

EXPECTED TIMETABLE

Expected date of despatch of the circular	31 May 2004
Last day of dealings in Shares on a cum-entitlement basis	9 June 2004
First day of dealings in Shares on an ex-entitlement basis	10 June 2004
Latest time for lodging transfer of the Shares in order to qualify for entitlement pursuant to the Distribution	4:30 p.m. on 11 June 2004
Closure of the register of members of the Company	14 to 16 June 2004
Record Date	16 June 2004
Re-opening of the register of members of the Company	17 June 2004
Posting of the Share Certificates of Sansui	30 September 2004

Note: The above timetable is an indication only. A further announcement will be made on any major changes to the above timetable.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held on 29 June 2004 at 11th Floor, The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong at 8:30 a.m.
“Board”	the board of Directors
“Company”	The Grande Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda
“Directors”	includes any person who occupies the position of a director, by whatever name called, of the Company
“Distribution”	the distribution by the Company by way of dividend in specie of the Distribution Shares (subject to the arrangements regarding Overseas Shareholders as mentioned above) to the Qualifying Shareholders on the register of members on the Record Date in the proportion of one Distribution Share for every two Shares
“Distribution Shares”	the Company’s Sansui Shares to be distributed under the Distribution, the estimated total of which is 230,113,660 Sansui Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Overseas Shareholders”	Shareholders whose addresses as shown in the Hong Kong branch register of members of the Company at the close of business on the Record Date are outside Hong Kong
“Qualifying Shareholders”	Shareholders other than the Overseas Shareholders
“Record Date”	16 June 2004, being the record date for determining the entitlement of the Shareholders to the Distribution
“Sansui”	Sansui Electric Co. Ltd., a company listed on the First Section of the Tokyo Stock Exchange
“Sansui Shares”	share(s) of no par value of Sansui
“Shares”	means ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“¥”	Japanese Yen, the lawful currency of Japan

Set out below is a summary of the audited results of Sansui for each of the two financial years ended 31 December 2002 and 31 December 2003:

	Year ended 2002	Year ended 2003
	<i>¥million</i>	<i>¥million</i>
Turnover	120	854
Profit/(Loss) for the financial year ended 31 December	(267)	1