
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tysan Holdings Limited, you should at once hand this circular and the accompanying forms of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

PROPOSED GRANT OF RECOMMENDED OPTIONS

AND

REFRESHMENT OF THE SCHEME MANDATE LIMIT

UNDER THE SHARE OPTION SCHEME

A notice convening a special general meeting of the Company to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 am. on 27 September 2007 to approve the ordinary resolution in relation to the proposed grant of option is set out on pages 19 to 21 of this circular.

A notice convening a special general meeting of the Company to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 am. on 28 September 2007 to approve the ordinary resolutions in relation to the refreshing of the mandate limit of the existing share option scheme of the Company is set out on pages 22 to 23 of this circular.

Whether or not you are able to attend the meetings in person, you are requested to complete and return the accompanying forms of proxy in accordance with the instructions printed thereon to the Company's head office and principal place of business in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the relevant meetings (or any adjournment thereof).

Completion and return of the forms of proxy will not preclude you from attending and voting in person at the relevant meetings (or any adjournment thereof) should you so wish.

10 September 2007

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DEFINITIONS

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

“2002 AGM”	the annual general meeting of the Company held on 28 August 2002
“2003 Mandate Limit”	the mandate limit of the Share Option Scheme, being 10% (equivalent to 73,186,590 Shares) of the 731,865,903 Shares in issue as at the date of the 2003 SGM when the ordinary resolutions in relation to the refreshing of the Initial Limit was refreshed by the Shareholders
“2004 SGM”	the special general meeting of the Company held on 13 May 2004
“Approved Grantees”	being four executive Directors and eight Eligible Employees, being Eligible Persons who were granted Options to subscribe for a total of 19,000,000 Shares (representing about 2.27% of the 837,465,903 Shares in issue as at the Date of Grant) under the Share Option Scheme
“associate(s)”	bears the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“connected person(s)”	bears the meaning ascribed thereto in the Listing Rules
“Date of Grant”	24 August 2007, being the date on which the Board conditionally approved the grant of the Recommended Options to the Recommended Grantees and approved the grant of the Approved Options to the Approved Grantees
“Director(s)”	the director(s) of the Company, including the non-executive directors, and “Director” means any one of the Directors
“Eligible Employees”	eight employees of the Company, being Eligible Persons who were granted Options to subscribe for a total of 5,000,000 Shares (representing about 0.6% of the 837,465,903 Shares in issue as at the Date of Grant) under the Share Option Scheme
“Eligible Person(s)”	any director (including both executive directors and non-executive directors), executive or employee of the Company or a Subsidiary
“Enlarged Share Capital”	the issued share capital of the Company as may be enlarged if the Recommended Options were exercised in full, being 853,465,903 Shares

DEFINITIONS

“Exercise Price”	HK\$0.82 per Share (subject to such adjustment as may from time to time be required pursuant to the Share Option Scheme), being the price per Share payable by the Grantees to the Company as decided upon by the Directors (and proposed to the Shareholders for approval at the First Special General Meeting) on the exercise of the Options
“Existing Share Capital”	the issued share capital of the Company as at the Latest Practicable Date, being 837,465,903 Shares
“First Special General Meeting”	the special general meeting of the Company to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 27 September 2007 for the purpose of seeking approval from the independent Shareholders on the proposed grant of the Options to the Grantees, the notice of which is set out on pages 19 to 21 of this circular
“Grantees”	the Approved Grantees and the Recommended Grantees collectively
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Individual Limit”	the limit under rule 5.5 of the Share Option Scheme whereby the total number of Shares issued and to be issued upon the exercise of Options granted to each Eligible Person (including both exercised and outstanding Options) under the Share Option Scheme in any 12-month period must not exceed 1% of the Shares in issue at the time of the granting of the Options in question
“Initial Limit”	the initial mandate limit under rule 5.2 of the Share Option Scheme, being 10% (equivalent to 73,186,590 Shares) of the 731,865,903 Shares then in issue as at the date of the 2002 AGM when the Share Option Scheme was approved by the Shareholders
“Latest Practicable Date”	7 September 2007, the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Cheung”	Mr. Francis Cheung, being an Eligible Person who, subject to the approval by the independent Shareholders in the First Special General Meeting (with all connected persons of the Company abstaining from voting in favour), will be granted an Option to subscribe for 8,000,000 Shares (representing about 0.955% of the 837,465,903 Shares in issue as at the Date of Grant) under the Share Option Scheme
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, being an Eligible Person who, subject to the approval by the independent Shareholders in the First Special General Meeting (with all connected persons of the Company abstaining from voting in favour), will be granted an Option to subscribe for 8,000,000 Shares (representing about 0.955% of the 837,465,903 Shares in issue as at the Date of Grant) under the Share Option Scheme
“Old Scheme”	the share option scheme of the Company approved by the Shareholders in the general meeting held on 27 September 2000, which was terminated on 28 August 2002
“Option(s)”	option(s) to subscribe for Shares granted to Eligible Person(s) on terms determined by the Directors from time to time pursuant to the Share Option Scheme and for the time being subsisting
“Option Period”	the period during which the Option may be exercised
“Overall Limit”	the overall total limit of the Options under rule 5.1 of the Share Option Scheme, being the limit whereby the total number of Shares which may be issued upon the exercise of all outstanding Options granted under the Share Option Scheme, when aggregated with any Shares which may be issued under any outstanding Options granted under any other schemes of the Company, must not exceed 30% of the Shares in issue at the time of the granting of the Options in question

DEFINITIONS

“Prescribed Minimum Exercise Price”	in respect of any particular Option, pursuant to the rules of the Share Option Scheme, the minimum price per Share payable to the Company on the exercise of the Options such that the exercise price as may be decided upon by the Directors upon the grant of the Options must be at least the highest of the following: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a business day; and (c) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) business days immediately preceding the date of grant of the Options
“Recommended Grantees”	Mr. Cheung and Mr. Fung
“Recommended Options”	Options recommended by the Directors to be granted to the Recommended Grantees subject to the approval of the Shareholders
“Refreshed Mandate Limit”	the mandate limit of the Share Option Scheme proposed by the Directors and to be approved by the Shareholders at the Second Special General Meeting, being 10% of the Shares in issue as at the date of passing by the Shareholders at the Second Special General Meeting of the ordinary resolutions in relation to the refreshing of the Scheme Mandate Limit
“Scheme Limit”	the effective mandate limit of the Share Option Scheme from time to time
“Scheme Mandate Limit”	the existing mandate limit of the Share Option Scheme, being 10% (equivalent to 75,196,590 Shares) of the 751,965,903 Shares in issue as at the date of the 2004 SGM when an ordinary resolution in relation to the refreshing of the 2003 Mandate Limit was passed by the Shareholders
“Scheme Period”	the period of ten (10) years commencing from 28 August 2002 and expiring on 27 August 2012, both dates inclusive
“Second Special General Meeting”	the special general meeting of the Company to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 28 September 2007 for the purpose of seeking approval from the Shareholders on the refreshing of the Scheme Mandate Limit, the notice of which is set out on pages 22 to 23 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme of the Company approved by the Shareholders in the 2002 AGM
“SSID Limit”	<p>the limit under rule 5.7 of the Share Option Scheme whereby any proposed grant of Option to an Eligible Person who is a substantial Shareholder or an independent non-executive Director or any of their respective associates which would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:-</p> <p>(a) representing in aggregate over 0.1% of the total number of Shares in issue at the date of such grant; and</p> <p>(b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the Date of Grant of the relevant Options, in excess of HK\$5 million,</p> <p>such proposed grant of Options must be approved by the Shareholders in general meeting with all connected persons of the Company abstaining from voting in favour of the proposed resolution, and that any vote taken at the meeting to approve the grant of such Options must be taken on a poll</p>
“Shareholders”	registered holders of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary of the Company within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or Section 86 of The Companies Act 1981 of Bermuda (as amended), whether incorporated in Hong Kong, Bermuda or elsewhere
“%”	per cent

LETTER FROM THE BOARD



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

Executive Directors:

CHEUNG Francis (*Chairman*)

FUNG Chiu Chak, Victor

(Vice Chairman and Managing Director)

CHIEN David

KWOK Jennifer

CHIU Chin Hung

WONG Kay

Independent Non-Executive Directors:

FAN Chor Ho, Paul

TSE Man Bun

LUNG Chee Ming, George

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

6th Floor, Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

10 September 2007

To the Shareholders

Dear Sir/Madam,

**PROPOSED GRANT OF RECOMMENDED OPTIONS
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME**

1. INTRODUCTION

On 24 August 2007, at a meeting of the Board held with regard to the grant of Options, the Board (i) conditionally approved the grant of the Recommended Options to the Recommended Grantees subject to the approval of the independent Shareholders pursuant to the Listing Rules, and (ii) approved the grant of Options to the Approved Grantees. The purpose of this circular is to provide you with information on (i) the proposed grant of the Recommended Options to the Recommended

LETTER FROM THE BOARD

Grantees; and (ii) the refreshment of the Scheme Mandate Limit; and to give you notices of the special general meetings at which resolutions will be proposed to consider, if thought fit, approve the proposed grant of the Recommended Options to the Recommended Grantees and the refreshment of the Scheme Mandate Limit respectively.

2. BACKGROUND

At the 2002 AGM held on 28 August 2002, ordinary resolutions were passed approving the adoption of the Share Option Scheme and, contemporaneous with the Share Option Scheme taking effect unconditionally, the termination of the Old Scheme.

Under the Share Option Scheme, the Directors may, during the Scheme Period at their absolute discretion and subject to such conditions as they may think fit, offer to an Eligible Person an Option or Options to subscribe for such number of Shares as the Directors may determine, provided that, subject to other rules and limits as set out in the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed the Initial Limit, or if the Shareholders subsequently approved of the refreshing of the Initial Limit, the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval by the Shareholders in general meeting of refreshing the Initial Limit.

The Initial Limit was refreshed to the 2003 Mandate Limit in 2003, and was in turn refreshed to the Scheme Mandate Limit by a resolution of the Shareholders passed at the 2004 SGM, when there were 751,965,903 Shares in issue, and has not been refreshed or otherwise varied since. Accordingly, pursuant to the rules of the Share Option Scheme, subject to the Overall Limit not being exceeded, Options may be granted by the Company up to the Scheme Mandate Limit such that the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company or its Subsidiaries (there being no such other schemes) shall not, in aggregate, exceed 10% of the Shares in issue as at the 2004 SGM, being 75,196,590 Shares.

Options to subscribe for Shares granted under the Old Scheme have been exercised or lapsed by 31 March 2004. Since the Share Option Scheme was approved by the Shareholders at the 2004 SGM, the Company has granted Options to subscribe for a total of 90,500,000 Shares excluding the Approved Options and the Recommended Options, all of which have been exercised on or before 31 March 2006.

Since the Scheme Limit was refreshed to the Scheme Mandate Limit at the 2004 SGM, the Company has not granted any Options (other than the Approved Options and the Recommended Options). Save as aforesaid, as at the Latest Practicable Date, the Company has no outstanding Options and is permitted under the Scheme Mandate Limit to grant Options to subscribe up to 75,196,590 Shares.

LETTER FROM THE BOARD

3. PROPOSED GRANT OF RECOMMENDED OPTIONS

On 24 August 2007, at a meeting of the Board held with regard to the grant of Options, the independent non-executive directors of the Board (by way of a unanimous resolution passed at a meeting at which the independent non-executive Directors were present and voting) (i) conditionally approved the grant of the Recommended Options to the Recommended Grantees subject to the approval of the independent Shareholders pursuant to the Listing Rules, and (ii) approved the grant of Approved Options to the Approved Grantees.

4. TERMS OF THE RECOMMENDED OPTIONS

Number of the Recommended Options proposed to be granted

The Company proposed to grant the Recommended Options to the Recommended Grantees which will entitle them to subscribe for up to 16,000,000 Shares in aggregate, representing about 1.91% of the Existing Share Capital. The following table is a breakdown of the Recommended Options to be granted to the Recommended Grantees:

Recommended Grantees	Number of Shares to be issued upon exercise of the Recommended Options in full	Percentage of the Existing Share Capital
Mr. Cheung	8,000,000	0.955%
Mr. Fung	<u>8,000,000</u>	<u>0.955%</u>
	<u>16,000,000</u>	<u>1.91%</u>

In 2003, Options to subscribe for up to 25,000,000 Shares were granted to Mr. Fung under the Share Option Scheme and in 2004, Options to subscribe for up to 37,500,000 Shares were granted to Mr. Cheung under the Share Option Scheme. These Options have been exercised in full on or before 31 March 2006 and none was outstanding as at the Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date, the Company has not granted any other Options to any of the Recommended Grantees since the adoption of the Share Option Scheme in August 2002.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Cheung (inclusive of his associates) is beneficially interested in 321,752,800 Shares, representing approximately 38.42% of the Existing Share Capital, and Mr. Fung (inclusive of his associates) is beneficially interested in 59,237,600 Shares, representing approximately 7.07% of the Existing Share Capital. Assuming no options granted under the Share Option Scheme are exercised from the Latest Practicable Date to the date of the First General Meeting, the following table illustrates for reference the changes in the shareholdings of Mr. Cheung and Mr. Fung (inclusive of their respective associates) in the Existing Share Capital and in the Enlarged Share Capital:

	Number of Shares held as at the Latest Practicable Date	Percentage of Shares held in the Existing Share Capital	Number of Shares held upon exercise in full of the Recommended Options	Percentage of Shares held (taking into account Shares to be issued upon exercise in full of the Recommended Options) in the Enlarged Share Capital
Mr. Cheung	321,752,800	38.42%	329,752,800	38.64%
Mr. Fung	59,237,600	7.07%	67,237,600	7.88%

Exercise Price

Pursuant to the rules of the Share Option Scheme, the date of Board meeting when the Recommended Options were granted to the Recommended Grantees and when the Approved Options were granted to the Approved Grantees, that is, 24 August 2007, shall be taken as the Date of Grant for the purpose of calculating the exercise price of the Options.

At the said Board meeting, it was resolved to adopt the Prescribed Minimum Exercise Price as the Exercise Price for the Options granted to the Approved Grantees and proposed to be granted to the Recommended Grantees.

The Exercise Price of the Options is HK\$0.82 per Share, being the highest of: (i) the nominal value of per Share being HK\$0.10 per Share; (ii) the closing price of the Shares as quoted on the Stock Exchange on the Date of Grant, being HK\$0.82; and (iii) the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately preceding the Date of Grant, being HK\$0.81.

LETTER FROM THE BOARD

Option Period

The period for the exercise of the Options shall be the period from the Date of Grant of the Options to the Grantees (but subject to the approval by the independent Shareholders in respect of the proposed grant of the Recommended Options to the Recommended Grantees at the First Special General Meeting) up to 23 August 2011 (both dates inclusive). The Options shall be exercisable in accordance with the exercise periods set out below.

Exercise Periods (both dates inclusive)	Percentage of Options Exercisable by the Grantees
From 24 August 2007 to 23 August 2008	25%
From 24 August 2008 to 23 August 2009	50%
From 24 August 2009 to 23 August 2010	75%
From 24 August 2010 to 23 August 2011	100%

Subject as aforesaid, the Grantees shall be entitled to exercise the Options at their own discretion, by giving notice in writing to the Company to do so and upon payment of the total Exercise Price for the Shares concerned in accordance with the rules of Share Option Scheme.

Performance targets

Under the Share Option Scheme, the Grantees are not required to achieve any performance targets before the exercise of any of the Options.

Amount Payable on application of the Options

In respect of an Option (or part thereof) which a Grantee intends to exercise, the aggregate amount payable to the Company in respect of the Option (or part thereof) shall be equal to the Exercise Price multiplied by the relevant number of Shares that are to be issued pursuant to the exercise of the Option (or part thereof).

Voting, dividend, transfer and other rights

Under the rules of the Share Option Scheme, Shares issued upon the exercise of an Option shall not carry voting rights until the registration of the holder of the Option (or his nominee or any other person) as the holder thereof. If, under the terms of a resolution passed or an announcement made by the Company prior to the date of effective exercise of an Option, a dividend is to be or is proposed to be paid to Shareholders on the register on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend. Subject as aforesaid, Shares allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the Shares in issue on the date of such exercise.

LETTER FROM THE BOARD

If, in consequences of any general or partial offer made to the Shareholders (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify every holder of Options accordingly, and each holder of Options shall, notwithstanding any other term on which his/her Options were granted, be entitled at any time on or before the expiry of the period of three months after such control has been obtained to exercise any Option in whole or in part, and to the extent it shall have not been so exercised within the said period, any Option shall upon expiry of such period cease and determine, provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of the Shares pursuant to Section 103 of The Companies Act 1981 of Bermuda (as may be amended from time to time) and gives notice in writing to any Shareholders that he/she intends to exercise such rights, the Options shall be and remain exercisable until the expiry of one month from the date of such notice and, to the extent that they shall have not been so exercised within the said period, shall thereupon automatically cease and determine.

In the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of approving a resolution to voluntarily wind up the Company, the Company shall, on the same date as or soon after it dispatches such notice to each Shareholder, give notice thereof to all holders of Option, and each holder of Options shall thereupon be entitled to exercise all or any of his Options at any time not later than two business days prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company, by giving notice in writing to the Company, accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and in any event not later than the record date referred to above, allot the relevant Shares to the holder of Options credited as fully paid.

In the event that an effective resolution has been passed for the voluntary winding-up of the Company during the exercise period of the Options, or a court order is made for the winding-up of the Company, the holder of Options may, subject to the provisions of all applicable laws, by written notice to the Company within 21 days after the date of such resolution or court order elect to be treated as if the Option (to the extent that it had not been so exercised) had been exercised immediately before the passing of such resolution or the making of such order, and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders such sum (if any) as he/she would have received had he/she been allotted and issued on the day prior to the date of such resolutions or order the Shares in respect of which such election was made reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof.

Other terms of the Option

Unless specifically resolved by the Shareholders otherwise, the Options are subject to the rules of the Share Option Scheme.

LETTER FROM THE BOARD

Conditions of the grant of the Options

The grant of the Options to the Grantees is conditional upon the obtaining of the approval of the independent Shareholders.

5. THE RECOMMENDED GRANTEES

Mr. Cheung is the Chairman of the Board of Directors of the Company and an executive Director, and is primarily responsible for the formulation of the Group's strategies, overall policy making, and direction of the business development of the Group. Mr. Cheung is a substantial shareholder of the Company.

Mr. Fung is the Vice Chairman and Managing Director of the Company and an executive Director, and is primarily responsible for business development, strategic planning as well as general and project management. Mr. Fung is also a substantial shareholder of the Company.

6. PURPOSE OF GRANTING THE RECOMMENDED OPTIONS

The Directors are of the view and hope that the granting of the Recommended Options to the Recommended Grantees will serve as a reward for their contribution to the operation and growth of the Company in the past. Furthermore, it would give incentives to the Recommended Grantees to continue to work for and give guidance to the Company in its business developments and contribute to the future success of the Company.

7. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, there were 837,465,903 Shares in issue and each of Mr. Cheung and Mr. Fung are executive Directors and substantial Shareholders. Their shareholding interests were as follows:

Recommended Grantees	Shareholding interests	Percentage of the Shares in issue as at the Latest Practicable Date
Mr. Cheung	321,752,800	38.42%
Mr. Fung	59,237,600	7.07%

Pursuant to the note to Rule 17.03(4) of the Listing Rules and Rule 5.5 of the rules of the Share Option Scheme, the total number of Shares issued and to be issued upon the exercise of Options granted to each Eligible Person in any 12-month period must not exceed the Individual Limit. On the basis of the total issued shares of the Company, being 837,465,903 Shares as at the Date of Grant, the Individual Limit is 8,374,659 Shares. It was noted that the number of Shares that would be issued to any of the Grantees upon the exercise of the Options (including exercised, cancelled and outstanding options) would not exceed the Individual Limit.

LETTER FROM THE BOARD

It was however noted that as the Recommended Grantees are substantial Shareholders for whom the Recommended Options (being 8,000,000 Shares for each of the Recommended Grantees) would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted to them (including options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such Grant in excess of the SSID Limit, being (a) representing in aggregate over 0.1% of the total number of Shares in issue at the date of such Grant (being 837,465 Shares); and (b) having an aggregate value, based on the closing price of the Shares of HK\$0.82 per Share as stated in the Stock Exchange's daily quotation sheet on the Date of Grant (being HK\$6,560,000.00), in excess of HK\$5 million. Accordingly, pursuant to Rule 17.04(1) of the Listing Rules and rule 5.7(2) of the Share Option Scheme, the Recommended Options to the Recommended Grantees are required to be approved by the independent Shareholders in general meeting with all connected persons of the Company abstaining from voting in favour at such general meeting, and that any vote taken at the meeting to approve the grant of the Recommended Options to the Recommended Grantees must be taken on a poll.

Each of Mr. Cheung and Mr. Fung and their respective associates shall abstain from voting on the ordinary resolution as set out in the Notice of the First Special General Meeting on pages 19 to 21 of this circular, except that they may participate in the voting if they or any one of them intends to vote against the said resolution. To the best of knowledge of the Company, having made all reasonable enquiries, no other Shareholders have a material interest in the grant of the Recommended Options to each of the Recommended Grantees different from other Shareholders. Any vote taken at the First Special General Meeting to approve the grant of the Options to the Recommended Grantees will be taken on a poll.

As for the grant of the Approved Options to the Approved Grantees who are executive Directors, Rule 17.04 of the Listing Rules applies and approval by the independent non-executive Directors is required and has been obtained at the Board meeting of the Company held on 24 August 2007.

As for the grant of the Approved Options to the Approved Grantees who are Eligible Employees but are not directors, chief executives or substantial shareholders, Rule 17.04 of the Listing Rules does not apply and no approval by the independent non-executive Directors is required.

Save as for the present grant of the Approved Options to the Approved Grantees and the Recommended Options recommended to be granted to the Recommended Grantees, no Shares were granted to any of the Grantees or any of their respective associates in the 12-month period up to and including the Date of Grant.

Approval has been obtained from the Board (by way of a unanimous resolution passed at a meeting at which the independent non-executive Directors were present and voting) on 24 August 2007 with regard to the proposed grant of the Recommended Options to the Recommended Grantees.

LETTER FROM THE BOARD

8. SHARE OPTION SCHEMES OF THE COMPANY

On 28 August 2002, the Company adopted the Share Option Scheme. The Old Scheme which was adopted by the Company on 27 September 2000 was terminated on the same day. The Company has granted Options to Eligible Persons pursuant to both schemes. Options granted under the Old Scheme were either exercised or lapsed by 31 March 2004 and all Options granted under the Share Option Scheme in 2003 and 2004 have been exercised in full on or before 31 March 2006. No Option was granted under the Scheme Mandate Limit since it was last refreshed on 13 May 2004 and there was no outstanding Option (other than the Approved Options and the Recommended Options) as at the Latest Practicable Date.

9. REFRESHMENT OF THE SCHEME MANDATE LIMIT

As at 24 August 2007, the Company was permitted under the Scheme Mandate Limit to grant Options to subscribe up to 75,196,590 Shares, representing 10% of the issued share capital of the Company as at the date when the Scheme Mandate Limit was refreshed.

Taking into account of the Options granted to the Approved Grantees on 24 August 2007 which entitle them to subscribe up to a total of 19,000,000 Shares, and the conditional grant of the Options to the Recommended Grantees which, subject to the approval by the independent Shareholders, will entitle them to subscribe for a total of 16,000,000 Shares, the number of Shares which may be issued upon exercise of all Options granted to the Grantees will amount to an aggregate of 35,000,000 Shares, representing about 4.65% of the Shares in issue as at the date of the 2004 SGM when the Scheme Mandate Limit was approved by the Shareholders. The Company may only further grant Options to subscribe for a total of 40,196,590 Shares (representing about 5.35% of the Shares in issue as at the date of the 2004 SGM when the Scheme Mandate Limit was approved by the Shareholders) unless the Scheme Mandate Limit under the Share Option Scheme is further refreshed.

The Directors consider that the Company should, after the grant of the Options herein, refresh the Scheme Mandate Limit by replacing the same with the Refreshed Mandate Limit pursuant to the rules of the Share Option Scheme such that the Company could have more flexibility in providing incentives to those Eligible Persons by granting the Options. Should the ordinary resolutions in relation to the refreshing of the Scheme Mandate Limit by replacing the same with the Refreshed Mandate Limit be approved by Shareholders at the Second Special General Meeting, and assuming that no Options are exercised, no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the Second Special General Meeting, and that there is no change in the structure of the Company in the meantime, the Directors will then be able to grant Options for the subscription of up to a total of 83,746,590 Shares, representing 10% of the Shares in issue as at the date of the Second Special General Meeting. The Directors consider that the refreshing of the Scheme Mandate Limit is in the interests of the Company and its Shareholders as it enables the Company to continue to reward and motivate the Eligible Person(s) under the Share Option Scheme.

The refreshing of the Scheme Mandate Limit by the proposed grant of the Refreshed Mandate Limit in place of the Scheme Mandate Limit is conditional upon the passing of the ordinary resolutions in relation to the same by the Shareholders at the Second Special General Meeting.

LETTER FROM THE BOARD

10. APPLICATION FOR LISTING

An application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any share options under the Refreshed Mandate Limit.

11. SPECIAL GENERAL MEETINGS

A notice convening the First Special General Meeting is set out on pages 19 to 21 of this circular. At the First Special General Meeting, an ordinary resolution will be proposed to approve the proposed grant of the Recommended Options to subscribe for Shares under the Share Option Scheme to the Recommended Grantees. Each of the Recommended Grantees and their respective associates, together with all connected persons of the Company, shall abstain from voting in favour of the ordinary resolution as set out in the Notice of the First Special General Meeting on pages 19 to 21 of this circular, except that they may participate in the voting if they or any of one of them intends to vote against the said resolution. Any vote taken at the First Special General Meeting to approve the grant of the Options to the Recommended Grantees will be taken on a poll.

A notice convening the Second Special General Meeting is set out on pages 22 to 23 of this circular. At the Second Special General Meeting, approval of the Shareholders will be sought for the passing of the ordinary resolutions in relation to the grant of the Refreshed Mandate Limit in place of the Scheme Mandate Limit.

Forms of proxy for use in connection with each of the Special General Meetings are enclosed with this circular. To be valid, the forms of proxy, together with the power of attorney or other authority (if any) under which they are signed or a notarially certified copy thereof, must be deposited at the Company's head office and principal place of business in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the relevant meeting (or any adjournment thereof). Completion and return of the accompanying forms of proxy will not preclude you from attending and voting in person at the relevant meetings (or any adjournment thereof) should you so wish.

12. PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws of the Company, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or by proxy and for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) by a Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Under the Listing Rules, the ordinary resolution to be proposed at the First Special General Meeting to approve the grant of the Recommended Options to the Recommended Grantees is subject to the approval of the independent Shareholders on a vote taken by way of poll at the said general meeting. Each of the Grantees and their respective associates, together with all connected persons of the Company, shall abstain from voting in favour of the ordinary resolution to be proposed at the First Special General Meeting, except that they may participate in the voting if they or any of one of them intends to vote against the said resolution.

13. RECOMMENDATION

The independent non-executive Directors, having considered the terms of the Recommended Options, consider that the proposed grant of the Recommended Options to the Recommended Grantees to be fair and reasonable so far as the independent Shareholders are concerned, and that it is in the interests of the Company and its Shareholders. They therefore recommend the independent Shareholders to vote in favour of the ordinary resolution in relation to the proposed grant of the Options as set out in the Notice of the First Special General Meeting. Your attention is drawn to the letter from the independent non-executive Directors as set out on page 17 of this circular.

The Directors are of the view that the proposed grant of the Refreshed Mandate Limit in place of the Scheme Mandate Limit is in the interests of the Company and its Shareholders. They therefore recommend the Shareholders to vote in favour of the proposed resolutions in relation to the grant of the Refreshed Mandate Limit in place of the Scheme Mandate Limit as set out in the Notice of the Second Special General Meeting.

Yours faithfully,
For and on behalf of the Board of
Tysan Holdings Limited
Francis Cheung
Chairman

LETTER FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

To the independent Shareholders

10 September 2007

Dear Sirs,

**PROPOSED GRANT OF RECOMMENDED OPTIONS
AND
REFRESHING OF THE SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME**

We have been appointed to advise you in connection with the proposed grant of Recommended Options in favour of each of Mr. Francis Cheung and Mr. Fung Chiu Chak, Victor (collectively the “Recommended Grantees”) to each subscribe for 8,000,000 Shares under the Share Option Scheme. Details of the proposed grant of the Options are set out in the letter from the Board contained in the circular of the Company dated 10 September 2007 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the Options, we consider that the proposed grant of the Recommended Options to each of the Recommended Grantees to be fair and reasonable so far as the independent Shareholders are concerned, and that it is in the interests of the Company and its Shareholders. We therefore recommend you to vote in favour of the proposed ordinary resolution to approve the proposed grant of the Recommended Options in favour of the Recommended Grantees as set out in the notice of the First Special General Meeting on pages 19 to 21 of the Circular.

Yours faithfully,

Fan Chor Ho, Paul

Tse Man Bun

Lung Chee Ming, George

Independent non-executive Directors

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.
- (c) The qualified accountant and the Company Secretary of the Company is Mr. Chan Kit Yan. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The branch share register of the Company in Hong Kong is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

NOTICE OF THE FIRST SPECIAL GENERAL MEETING



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

NOTICE IS HEREBY GIVEN that a special general meeting of Tysan Holdings Limited (the “Company”) will be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 27 September 2007 for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT** the grant of an option (the “Option”) in favour of each of the following executive directors and substantial shareholders of the Company (the “Grantees”) set out in the First Schedule hereto to subscribe for such number of shares of the Company (the “Shares”) as are set out in the First Schedule hereto at the exercise price of HK\$0.82 per Share, subject to the rules of the share option scheme of the Company approved by the shareholders of the Company at the annual general meeting conducted on 28 August 2002 (the “Share Option Scheme”) and subject to the exercise of the same during the Option Period set out in the Second Schedule hereto, be and is hereby approved with retrospective effect as from 24 August 2007, being the date when the Options were recommended by the Directors to be granted to the Grantees subject to the approval of the Shareholders, and the Board of Directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in connection with or in order to give full effect to such grant of the Options, including (but without limitation) the following acts:-

- (i) to administer the Share Option Scheme under which the Options will be granted to the Grantees under the Share Option Scheme to subscribe for the Shares; and
- (ii) to allot, issue and deal with from time to time such number of Shares as may be required to be issued and allotted pursuant to the exercise of the Options granted to the Grantees subject to the rules to the Share Option Scheme and subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NOTICE OF THE FIRST SPECIAL GENERAL MEETING

First Schedule

Name of the Grantees	No. of Shares to be issued to the Grantees upon full exercise of the Options concerned
Mr. Francis Cheung	8,000,000
Mr. Fung Chiu Chak, Victor	8,000,000

Second Schedule — the Option Period

The Option Period during which the Options can be exercised shall be from 24 August 2007 to 23 August 2011 (both dates inclusive) subject to the following conditions:-

- (1) From 24 August 2007 to 23 August 2008 (both dates inclusive), a Grantee can only exercise up to 25% of the Options granted to him;
- (2) From 24 August 2008 to 23 August 2009 (both days inclusive), a Grantee can only exercise up to 50% of the Option granted to him;
- (3) From 24 August 2009 to 23 August 2010 (both days inclusive), a Grantee can only exercise up to 75% of the Option granted to him; and
- (4) From 24 August 2010 to 23 August 2011 (both days inclusive), a Grantee may exercise the Option up to its full extent granted to him.”

By Order of the Board of Directors of
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 10 September 2007

Notes:

1. Any member (other than a Clearing House (as hereinafter defined)) entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. A recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “Clearing House”), being a member of the Company, may authorize such person or persons as it thinks fit to act as its

NOTICE OF THE FIRST SPECIAL GENERAL MEETING

representative or representatives at the meeting provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized.

3. A white form of proxy for use in connection with the meeting is enclosed herewith.
4. To be valid, a white form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's head office and principal place of business in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
5. Completion and return of the accompanying white form of proxy will not preclude members from attending and voting in person at the meeting (or any adjournment thereof) should they so wish.

NOTICE OF THE SECOND SPECIAL GENERAL MEETING



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

NOTICE IS HEREBY GIVEN that a special general meeting of Tysan Holdings Limited (the “Company”) will be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 28 September 2007 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

- (1) **“THAT** the existing mandate limit under the share option scheme of the Company adopted on 28 August 2002 (the “Scheme”) be revised or refreshed such that the total number of shares in the Company (“Shares”) which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company or its subsidiaries, excluding options previously granted, and excluding options outstanding, cancelled, lapsed or exercised in accordance with the Scheme, shall not exceed 10% of the Shares in issue as at the date of passing this resolution (the “Refreshed Mandate Limit”); and

- (2) **“THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options to be granted under the Scheme up to the Refreshed Mandate Limit, the Directors of the Company be and are hereby authorized to grant options up to the Refreshed Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares as may be required to be issued and allotted pursuant to the exercise of such options.”

By Order of the Board of Directors of
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 10 September 2007

NOTICE OF THE SECOND SPECIAL GENERAL MEETING

Notes:

1. Any member (other than a Clearing House (as hereinafter defined)) entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. A recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “Clearing House”), being a member of the Company, may authorize such person or persons as it thinks fit to act as its representative or representatives at the meeting provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized.
3. A pink form of proxy for use in connection with the meeting is enclosed herewith.
4. To be valid, a pink form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s head office and principal place of business in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
5. Completion and return of the accompanying pink form of proxy will not preclude members from attending and voting in person at the meeting (or any adjournment thereof) should they so wish.