

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)

PROPOSAL ON GRANT OF OPTIONS AND REFRESHING OF THE INITIAL 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 a.m. on Friday, 28 March 2003 to approve the ordinary resolution in relation to the proposed grant of share options is set out on pages 13 to 14 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 a.m. on Tuesday, 8 April 2003 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 15 to 16 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 meeting (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.

12 March 2003

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RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company 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.

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company held on 28 August 2002
“Board”	the board of Directors
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Eligible Person”	any director (including both executive directors and non-executive directors), executive or employee of the Company or a Subsidiary
“Exercise Price”	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 herein proposed to be granted to the Grantees
“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 Friday, 28 March 2003 for the purpose of seeking approval from the independent Shareholders on the proposed grant of the Options, the notice of which is set out on pages 13 to 14 of this circular
“Grantees” (and each a “Grantee”)	Eligible Persons who, subject to the approval by the independent Shareholders in the First Special General Meeting, will be granted Options to subscribe for a total of 53,000,000 Shares (representing about 7.24% of the Shares in issue) under the Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Initial Limit”	the existing mandate limit of the Scheme, being 10% (equivalent to 73,186,590 Shares) of the Shares in issue as at the date of approval of the Scheme, being 28 August 2002
“Latest Practicable Date”	11 March 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Limit”	the mandate limit of the 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 approval by the Shareholders at the Second Special General Meeting of the ordinary resolutions in relation to the revising/refreshing of the Initial Limit
“Miss Kwok”	Miss Jennifer Kwok, an executive Director
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, an executive Director
“Mr. Wong”	Mr. Wong Kay, a director of TEHK
“Old Scheme”	the share option scheme of the Company approved by the Shareholders in general meeting on 27 September 2000, which has ceased to operate upon the Scheme taking effect unconditionally 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 Scheme and for the time being subsisting
“Option Holder(s)”	holder(s) of Options
“Overall Limit”	the overall total limit of the Scheme, being the limit whereby the total number of Shares which may be issued upon exercise of all outstanding Options granted under the 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 granting of the Option in question
“PRC”	the People’s Republic of China
“Prescribed Minimum Exercise Price”	in respect of any particular Option, pursuant to the rules of the Scheme, the minimum price per Share payable to the Company on the exercise of the Option such that the exercise price as may be decided upon by the Directors upon the grant of the Option 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 Option, which must be a business day; and

DEFINITIONS

	(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 Option
“Scheme”	the share option scheme of the Company approved by the Shareholders in the Annual General Meeting
“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 Tuesday, 8 April 2003 for the purpose of seeking approval from the Shareholders on the revising/refreshing of the Initial Limit, the notice of which is set out on pages 15 to 16 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Special General Meetings”	the First Special General Meeting and the Second Special General Meeting
“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 (Cap. 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
“TEHK”	Tysan Engineering (H.K.) Company Limited, an indirect subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

CHEUNG Francis (*Chairman*)
FUNG Chiu Chak, Victor
(*Vice Chairman and Managing Director*)

CHIEN David
KWOK Jennifer
LAI Henry

Independent Non-Executive Directors:

FAN Chor Ho, Paul
CHAU Cham Son

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

12 March 2003

*To the Shareholders and, for information only,
the Option Holders*

Dear Sirs,

**PROPOSAL ON GRANT OF OPTIONS
AND
REFRESHING OF THE INITIAL LIMIT
UNDER THE SHARE OPTION SCHEME**

1. INTRODUCTION

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

Under the 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 set out in the Scheme, the total number of Shares which may be issued upon exercise of all Options which may be granted under the Scheme and any other schemes of the Company must not in aggregate exceed the Initial Limit.

LETTER FROM THE BOARD

It is proposed that the First Special General Meeting of the Company be held at 10:00 a.m. on Friday, 28 March 2003 for the purpose of seeking approval from the independent Shareholders on the proposed grant of the following Options (each at the Exercise Price of HK\$0.15 per Share, and subject to the exercise period, the rules of the Scheme and the additional condition referred to in paragraph 3 hereinbelow) in favour of the following Grantees:

- (1) an Option to subscribe for 25,000,000 Shares (representing about 3.42% of the issued share capital of the Company as at the Latest Practicable Date) under the Scheme in favour of Mr. Fung Chiu Chak, Victor, an executive Director;
- (2) an Option to subscribe for 15,000,000 Shares (representing about 2.05% of the issued share capital of the Company as at the Latest Practicable Date) under the Scheme in favour of Miss Jennifer Kwok, an executive Director; and
- (3) an Option to subscribe for 8,000,000 Shares (representing about 1.09% of the issued share capital of the Company as at the Latest Practicable Date) under the Scheme in favour of Mr. Wong Kay, a director of TEHK.

It is further proposed that the Second Special General Meeting of the Company be held at 10:00 a.m. on Tuesday, 8 April 2003 for the purpose of seeking approval from the Shareholders on the refreshing of the Initial Limit, such that the total number of 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 approval of such limit by the Shareholders.

The purpose of this circular is to provide you with information on the ordinary resolutions to be proposed at the Special General Meetings with regard to the proposed grant of the Options and the refreshing of the Initial Limit.

2. GRANT OF OPTIONS

Pursuant to the passing of the ordinary resolutions by the Shareholders in the Annual General Meeting, the Scheme was adopted and, contemporaneous with the Scheme taking effect unconditionally, the Old Scheme was terminated on 28 August 2002.

As at 28 August 2002, there were 731,865,903 Shares in issue. Pursuant to the rules of the Scheme, subject to the Overall Limit not being exceeded, Options may be granted by the Company up to the Initial Limit such that the total number of Shares which may be issued upon the exercise of all Options to be granted under the 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 28 August 2002, being 73,186,590 Shares.

LETTER FROM THE BOARD

Up to the Latest Practicable Date, Options to subscribe for 15,600,000 Shares have been granted under the Old Scheme and no Option has been granted under the Scheme, and neither the Overall Limit nor the Initial Limit has been exceeded. The Company is therefore permitted under the Initial Limit to grant Options to subscribe up to 73,186,590 Shares, representing 10% of the issued share capital of the Company as at the date of adoption of the Scheme.

It was proposed in a meeting of the Board on 3 March 2003 that Options be granted to subscribe for a total of 53,000,000 Shares (representing about 7.24% of the Shares in issue) under the Scheme to the following Grantees:

Grantee	No. of Shares to be issued upon exercise of the Options to be granted under the Scheme	Exercise Price per Share (HK\$)	No. of outstanding share options previously granted under the Old Scheme and date of grant
Mr. Fung Chiu Chak, Victor, an executive Director	25,000,000 (representing about 3.42% of the Shares in issue)	0.15	3,000,000 21 March 2001
Miss Jennifer Kwok, an executive Director	15,000,000 (representing about 2.05% of the Shares in issue)	0.15	1,500,000 21 March 2001
Mr. Wong Kay, a director of TEHK	8,000,000 (representing about 1.09% of the Shares in issue)	0.15	1,500,000 21 March 2001
An Eligible Person	5,000,000 (representing about 0.68% of the Shares in issue)	0.15	1,500,000 21 March 2001
TOTAL	53,000,000 (representing about 7.24% of the Shares in issue)		

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 of the Group.

Miss Kwok is an executive Director and is primarily responsible for the Group's corporate planning and development, corporate finance and investment strategies.

LETTER FROM THE BOARD

Mr. Wong is a director of TEHK and is primarily responsible for organizing and managing the operations of the PRC property division and the electrical and mechanical division of the Group.

The Directors are of the view and hope that the grant of the proposed Options to the Grantees, besides serving as a reward for their contribution to the operation and growth of the Company in the past, would give incentives to the Grantees to continue to remain as employees of the Company and to continue to contribute to the business success of the Company, in particular, during the exercise periods.

Pursuant to the rules of the Scheme, as the number of Shares to be issued to each of Mr. Fung, Miss Kwok and Mr. Wong upon the exercise of the respective Options granted to each of them will exceed 1% (equivalent to 7,318,659 Shares) of the Shares in issue, the grant of such Options is subject to the approval by the independent Shareholders in general meeting. Mr. Fung, Miss Kwok and Mr. Wong 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 13 to 14 of this circular, except that they may participate in the voting if they or any one of them intend to vote against the said resolution.

As the aforesaid Eligible Person is not a director or chief executive or substantial shareholder of the Company, Rule 17.04 of the Listing Rules does not apply and approval by the independent non-executive Directors or the Shareholders is not required in the case of the grant of Option to the aforesaid Eligible Person.

Further, as the number of Shares to be issued upon the exercise of the Options granted to the aforesaid Eligible Person will not exceed 1% (equivalent to 7,318,659 Shares) of the Shares in issue, the grant of such Option is not subject to approval by the independent Shareholders in general meeting pursuant to Rule 5.5 and Rule 5.6 of the rules of the Scheme.

Approval has been obtained from the Board (by way of an unanimous resolution passed in a meeting in which the independent non-executive Directors were present and voting) on 3 March 2003 with regard to the proposed grant of Options to all the Grantees.

3. A SUMMARY OF THE TERMS OF THE OPTIONS

The terms of the Options proposed to be granted to each of the Grantees are summarized as follows:

A. Exercise price and the basis for determination of the exercise price

Under the rules of the Scheme, the exercise price of the Options shall be at least the highest of: (i) the nominal value per Share; (ii) the closing price per Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the Options, which must be a business day; and (iii) the average closing price of the Shares as stated in the daily quotations sheets for the five business days immediately preceding the date of grant of the Options, being 3 March 2003 (the "Prescribed Minimum Exercise Price").

LETTER FROM THE BOARD

At the aforesaid meeting of the Board, it was resolved to adopt the Prescribed Minimum Exercise Price as the Exercise Price for the Options proposed to be granted to the Grantees.

Pursuant to the rules of the Scheme, the date of the Board meeting for proposing such grant of the Options, i.e. 3 March 2003, should be taken as the date of grant for the purpose of calculating the exercise price of the Options.

As (i) the nominal value per Share is HK\$0.10; (ii) the closing price per Share on 3 March 2003 was HK\$0.142; and (iii) the average closing price of the Shares for the five business days immediately preceding 3 March 2003 (being the period from 24 February 2003 to 28 February 2003, both days inclusive) was HK\$0.15 per Share, the Exercise Price shall be HK\$0.15 per Share.

B. Exercise period and additional condition

The exercise period of the Options shall be the period from the date of approval by the Shareholders of the above proposed grant of Options to the Grantees up to and including 31 March 2006.

Each Grantee shall be allowed to exercise up to 30% of his/her Option from the said date of approval by the Shareholders up to and including 31 March 2004. Thereafter, the percentage of the Option which may be exercised by each Grantee shall be increased to 60% for the period from 1 April 2004 up to and including 31 March 2005, and further to 100% for the period from 1 April 2005 up to and including 31 March 2006.

It is a condition of the grant of the proposed Options that if a general offer to acquire Shares (whether by takeover, merger, privatization proposal by scheme of arrangement between the Company and its Shareholders or otherwise in like manner) is made to all its Shareholders (or all such holders other than the offeror and/or any person controlled by or associated with the offeror and/or any person acting in concert with the offeror), the Directors shall, as soon as is practicable, inform the Grantees, and each of the Grantees (or his/her legal personal representatives) shall, even though the relevant exercise periods have not yet commenced, be entitled to exercise the Options in whole or in part (up to the extent not already exercised) at any time until whichever is the earlier of: (i) 31 March 2006; or (ii) the last day of the period of three months after the date when control of the Company is acquired by the offeror and his associates (the meaning of "control" shall be as defined in The Codes on Takeovers and Mergers and Share Repurchases), after which the Option shall lapse.

C. Performance targets

There are no performance targets that must be achieved before the Options can be exercised.

D. Amount payable on application of the Option

In respect of any Option which the Option Holder concerned intends to exercise, the aggregate amount payable to the Company in respect of the Option shall be equal to the exercise price of HK\$0.15 per Share (subject to such adjustment as may from time to time be required pursuant to the Scheme) multiplied by the relevant number of Shares that are to be issued pursuant to the exercise of the Option.

E. Voting, dividend, transfer and other rights

Under the rules of the Scheme, Shares issued upon the exercise of an Option shall not carry voting rights until the registration of the Option Holder (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 provision 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.

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 despatches such notice to each Shareholder, give notice thereof to all Option Holders, and each Option Holder 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, 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 Option Holder 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 Option Holder 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 would have received had he been allotted and issued on the day prior to the date of such resolution 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.

F. Other terms of the Options

Unless specifically stated hereinabove, the proposed Options are subject to the rules of the Scheme.

4. REFRESHING OF THE INITIAL LIMIT UNDER THE SCHEME

As at the Latest Practicable Date, no Option has been granted under the Scheme. Subject to approval by the independent Shareholders in the First Special General Meeting of the proposed grant of the Options to subscribe for a total of 53,000,000 Shares to the Grantees, the Company may only further grant Options to subscribe for a total of 20,186,590 Shares (representing approximately 2.76% of the Shares in issue) unless the Initial Limit under the Scheme is revised or refreshed.

The Directors consider that the Company should refresh the Initial Limit pursuant to the rules of the Scheme such that the Company could have more flexibility in providing incentives to those Eligible Persons by way of the granting of the Options. Should the ordinary resolutions in relation to the refreshing of the Initial Limit by replacing the same with the Mandate Limit be approved by Shareholders at the Second Special General Meeting, and assuming that 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 no change in the share structure of the Company in the meantime, the Directors will be able to grant Options for the subscription of up to a total of 73,186,590 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 Initial Limit is in the interests of the Company and its Shareholders as it enables the Company to continue to reward and motivate its employees under the Scheme.

The refreshing of the Initial Limit by the proposed grant of the Mandate Limit in place of the Initial Limit is conditional upon the approval of the ordinary resolutions in relation to the same by the Shareholders in the Second Special General Meeting. 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 Mandate Limit, being 10% of the Shares in issue as at the date of approval of such resolution.

5. SPECIAL GENERAL MEETINGS

A notice convening the First Special General Meeting is set out on pages 13 to 14 of this circular. At the First Special General Meeting, an ordinary resolution will be proposed to approve the proposed grant of Options to subscribe for Shares under the Scheme to Mr. Fung, Miss Kwok and Mr. Wong. Mr. Fung, Miss Kwok and Mr. Wong 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 13 to 14 of this circular, except that they may participate in the voting if they or any one of them intend to vote against the said resolution.

A notice convening the Second Special General Meeting is set out on pages 15 to 16 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 Mandate Limit in place of the Initial Limit.

LETTER FROM THE BOARD

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.

6. RECOMMENDATION

The independent non-executive Directors, having considered the terms of the Options, consider that the proposed grant of the Options to Mr. Fung, Miss Kwok and Mr. Wong 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 12 of this circular.

The Directors are of the view that the proposed grant of the Mandate Limit in place of the Initial Limit is in the interests of the Company and its Shareholders and, accordingly, recommend that the Shareholders vote in favour of the proposed resolutions in relation to the refreshing of the Initial 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



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

To the independent Shareholders

12 March 2003

Dear Sirs,

**PROPOSAL ON GRANT OF OPTIONS
AND
REFRESHING OF THE INITIAL LIMIT
UNDER THE SHARE OPTION SCHEME**

We have been appointed to advise you in connection with (1) the proposed grant of an Option to subscribe for 25,000,000 Shares in favour of Mr. Fung Chiu Chak, Victor, an executive Director; (2) the proposed grant of an Option to subscribe for 15,000,000 Shares in favour of Miss Jennifer Kwok, an executive Director; and (3) the proposed grant of an Option to subscribe for 8,000,000 Shares in favour of Mr. Wong Kay, a director of TEHK, under the 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 12 March 2003 (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 Options to Mr. Fung, Miss Kwok and Mr. Wong 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 Options in favour of Mr. Fung, Miss Kwok and Mr. Wong, as set out in the notice of the First Special General Meeting dated 12 March 2003.

Yours faithfully,

FAN Chor Ho, Paul **CHAU Cham Son**
Independent non-executive Directors



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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 March 2003 for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT** the directors of the Company (the “Directors”) be and are hereby authorized to grant an option (the “Option”) in favour of each of the following executive directors/executives/employees of the Company (the “Grantees”) set out in the First Schedule hereto to subscribe for such number of shares in the Company (the “Shares”) as are set out in the First Schedule hereto at the exercise price of HK\$0.15 per Share, and subject to the rules of the share option scheme of the Company approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting conducted on 28 August 2002 (the “Scheme”) and subject to the exercise periods and the additional condition in connection therewith as are set out in the Second Schedule hereto.

First Schedule

Name of the Grantee	No. of Shares that will be issued to the Grantee upon a full exercise of the Option concerned
Fung Chiu Chak Victor	25,000,000
Kwok Jennifer	15,000,000
Wong Kay	8,000,000

Second Schedule

Exercise Periods

Exercise Periods (both dates inclusive)	% of Option exercisable by the Grantee
From the date of approval by the Shareholders of the grant of the Options to 31 March 2004	30%
1 April 2004 to 31 March 2005	60%
1 April 2005 to 31 March 2006	100%

NOTICE OF THE FIRST SPECIAL GENERAL MEETING

Additional Condition

Rights on takeover

If a general offer to acquire Shares (whether by takeover, merger, privatization proposal by scheme of arrangement between the Company and its Shareholders or otherwise in like manner) is made to all its Shareholders (or all such holders other than the offeror and/or any person controlled by or associated with the offeror and/or any person acting in concert with the offeror), the Directors shall, as soon as is practicable thereafter inform the Grantees, and each of the Grantees (or his/her legal personal representatives) shall, even though the relevant exercise periods have not yet commenced, be entitled to exercise the Option in whole or in part (up to the extent not already exercised) at any time until 31 March 2006 or the last day of the period of 3 months after the date when control of the Company is acquired by the offeror and his associates (the meaning of “control” being as defined in The Codes on Takeovers and Mergers and Share Repurchases), whichever is the earlier, after which the Option shall lapse.”

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

Hong Kong, 12 March 2003

Head office and principal place of business

in Hong Kong:

6th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any member 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 white form of proxy for use in connection with the meeting is enclosed herewith.
3. 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).
4. 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.



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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 Tuesday, 8 April 2003 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

- (1) **“THAT** the existing mandate limit (the “Initial 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 the passing of this resolution (the “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 Mandate Limit, the Directors be and are hereby authorised to grant options up to the Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares pursuant to the exercise of such options.”

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

Hong Kong, 12 March 2003

Head office and principal place of business

in Hong Kong:

6th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

NOTICE OF THE SECOND SPECIAL GENERAL MEETING

Notes:

1. Any member 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 pink form of proxy for use in connection with the meeting is enclosed herewith.
3. 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).
4. 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.