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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 Shanghai Land Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or other 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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## **Shanghai Land Holdings Limited**

**上海地產控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

### **CONNECTED TRANSACTION**

### **IN RELATION TO THE EXERCISE OF THE PUT OPTION**

**Independent Financial Adviser to the Independent Board Committee**

**JS CRESVALE**

**JS CRESVALE SECURITIES INTERNATIONAL LIMITED**

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A letter from the Independent Board Committee is set out on page 13 of this circular. A letter from JS Cresvale Securities International Limited containing its advice to the Independent Board Committee is set out on pages 15 to 18 of this circular.

A notice convening the extraordinary general meeting of Shanghai Land Holdings Limited to be held at 67th Floor, The Center, 99 Queen's Road Central, Hong Kong on 25th March, 2003 at 10:00 a.m. is set out on pages 23 to 24 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or adjourned meeting (as the case may be) should you so desire.

10th March, 2003

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	4
The Put Option Agreement .....	5
Reasons For and Benefits for the Exercise of the Put Option .....	9
Information on the Group .....	10
Listing Rules Implications .....	11
The EGM .....	11
Recommendation .....	12
Additional Information .....	12
<b>Letter from the Independent Board Committee</b> .....	13
<b>Letter of advice from JS Cresvale</b> .....	15
<b>Appendix – General Information</b> .....	19
<b>Notice of Extraordinary General Meeting</b> .....	23

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## DEFINITIONS

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

“Board”	the board of Directors
“China Greens”	China Greens Limited, a company incorporated in Cayman Islands with limited liability
“Company”	Shanghai Land Holdings Limited (formerly known as imGO), the Shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“EGM”	the extraordinary general meeting of the Company to be convened on 25th March, 2003, for the purpose of approving the exercise of the Put Option
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HKSSAP”	Hong Kong Statement of Standard Accounting Practices
“Independent Board Committee”	an independent committee of the Board comprising Messrs. Liu Lit Man and Mok Chiu Kuen, both being independent non-executive Directors
“Independent Shareholders”	shareholders of the Company other than Investor imGO
“InfoTalk”	InfoTalk Corporation Limited, a company incorporated in Hong Kong with limited liability
“imGO”	imGO Limited, a company incorporated in Hong Kong with limited liability whose name has been changed to Shanghai Land Holdings Limited on 26th August, 2002
“Investments”	the Company’s wireless technology related minority investments in NESS Display, IP Infusion, InfoTalk, iSilk.com and China Greens
“Investor imGO”	Investor Investment imGO Limited, a company incorporated in the Guernsey with limited liability
“IP Infusion”	IP Infusion Inc., a company incorporated in the United States of America with limited liability

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## DEFINITIONS

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“iSilk.com”	iSilk.com, Inc., a company incorporated in the United States of America with limited liability
“JS Cresvale”	JS Cresvale Securities International Limited, independent financial adviser to the Independent Board Committee and an investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Latest Practicable Date”	7th March, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NESS Display”	NESS Display Corporation Limited, a company incorporated in Republic of Korea with limited liability
“New Nongkai”	New Nongkai Global Investments Limited (formerly known as Global Town Limited), a company incorporated in the British Virgin Islands with limited liability
“PRC”	People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Put Option”	the option granted by Investor imGO to the Company on 3rd May, 2002 whereby the Company can require Investor imGO to purchase the Investments
“Put Option Agreement”	the put option agreement entered into between the Company and Investor imGO in relation to the Put Option dated 3rd May, 2002
“Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Deal Consent”	the consent from the Executive required under Note 4 to Rule 25 of the Takeovers Code in relation to the Put Option Agreement and the assignment of intellectual property rights from the Company in favour of Investor imGO dated 3rd May, 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

*This circular contains translations between US dollars and Hong Kong dollars at US\$1.00 = HK\$7.80. The translations are not representations that the US\$ amounts could actually be converted into HK\$ at that rate, or at all.*



**Shanghai Land Holdings Limited**

**上海地產控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

*Executive Directors:*

Chau Ching Ngai (*Chairman*)

Gong Bei Ying

Jiang Dong Liang

Mao Wei Ping

Shan Zhenglin

Koo Hoi Yan, Donald

*Registered office:*

67th Floor, The Center

99 Queen's Road Central

Hong Kong

*Non-executive Directors:*

Tan Lim Heng

Fan Cho Man

*Independent non-executive Directors:*

Liu Lit Man

Mok Chiu Kuen

10th March, 2003

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

**IN RELATION TO THE EXERCISE OF THE PUT OPTION**

**1. INTRODUCTION**

Reference is made to the Company's circular dated 25th May, 2002 in relation to the Put Option Agreement (the "Circular").

The Board announced that on 17th February, 2003, the Company informed Investor imGO of its intention to exercise the Put Option subject to the approval of the Independent Shareholders.

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## LETTER FROM THE BOARD

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On 3rd May, 2002, the Company entered into the Put Option Agreement with Investor imGO (a former shareholder of the Company) pursuant to which Investor imGO has granted the Put Option to the Company whereby the Company can require Investor imGO to purchase the Investments for an aggregate amount of US\$13,037,500 (equivalent to approximately HK\$101,692,500), including the release of escrow money of US\$594,000 for the investment in China Greens in June 2002.

The Put Option is exercisable by the Company during the period commencing three months after the completion of the share purchase agreement entered into between the former Shareholders and New Nongkai dated 3rd May, 2002 and ending 12 months after completion of such.

As the Directors have re-engaged the Company in property development and investment business in the PRC, the exercise of the Put Option represents good opportunity for the Company to divest the Investments. As stated in the annual report of the Group for the financial year ended 30th June, 2002, the written down of the Investments led to an impairment loss for the Company amounted to approximately HK\$26,266,000. As the global business conditions and major venture capital markets continued to remain harsh and unfavourable in 2002, the Directors expect the Investments and the technology-related market will remain to be uncertain and underperformed.

Pursuant to the Circular, the Put Option Agreement constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the independent shareholders of imGO. The Put Option Agreement constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code and hence requires consent of the Executive. The Executive has indicated that such consent would be granted subject to independent financial adviser opining that the terms of the Put Option Agreement are fair and reasonable and the Put Option Agreement is approved by the independent shareholders of imGO at an extraordinary general meeting. The Put Option Agreement and the special deal were subsequently approved by the independent shareholders of imGO at an extraordinary general meeting held on 10th June, 2002.

The exercise of the Put Option may only proceed with the approval of the Independent Shareholders. An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the exercise of the Put Option. JS Cresvale has been appointed to advise the Independent Board Committee on whether the exercise of the Put Option is fair and reasonable so far as the Independent Shareholders are concerned.

The purpose of this circular is to give you further information on the Put Option Agreement, to set out the recommendation made by the Independent Board Committee based on the advice of JS Cresvale and to give notice of the EGM to consider and, if thought it, to approve the Put Option.

## **2. THE PUT OPTION AGREEMENT**

### **Terms of the agreement**

#### *Parties*

Vendor : the Company

Purchaser : Investor imGO

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## LETTER FROM THE BOARD

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### **Exercise price**

US\$13,037,500 (equivalent to approximately HK\$101,692,500), including the release of escrow money of US\$594,000 for the investment in China Greens in June 2002.

### **Assets proposed to be disposed**

The Company's entire interest in the Investments, which is the Company's wireless technology related minority investments in NESS Display, IP Infusion, InfoTalk, iSilk.com and China Greens.

#### *(i) NESS Display*

NESS Display was established in 1998 as a research and development organisation in Korea specialising in the development of Organic Light-Emitting Displays (OLED) technologies. The Company made its investment in 13.55% of NESS Display in July 2001 and was diluted to 11.82% due to a subsequent fund raising exercise by NESS Display in January 2003. As it is common among early stage wireless technology investments, NESS Display has a diverse group of shareholders.

Based on the Company's available information, the unaudited net asset value of NESS Display as at 31st December, 2002 was US\$14,855,539 (with an attributable US\$1,755,925 in respect of the Company's investment). The expenses incurred by NESS Display exceed the revenues generated by it and the Company's investment in NESS Display has not yet generated any revenue contribution to the Group.

The cost of this investment for the Company is US\$5,250,000. As NESS Display has generally achieved certain performance milestones which were determined at the time of the Company's investment, the Company has not written down any part of this investment amount. The exercise price for this investment under the Put Option Agreement is US\$5,250,000 and was arrived at on the basis of commercial arm's length negotiations between the parties.

If the Put Option is exercised, it is not anticipated that the Company's divestment of this investment will have any material impact on the Group's financial position as this investment is at its early stage of development and has not yet generated any revenue contribution to the Group.

#### *(ii) IP Infusion*

IP Infusion was established in 1999 as a provider of advanced network software for the support of Internet core, edge, and access equipment. The Company made its investment in 10.91% of IP Infusion in September 2001. As it is common among early stage investments, IP Infusion has a diverse group of shareholders.

Based on the Company's available information, the unaudited net asset value of IP Infusion as at 31st December, 2002 was US\$9,818,862 (with an attributable US\$1,071,238 in respect of the Company's investment). The expenses incurred by IP Infusion exceed the revenues generated by it and the Company's investment in IP Infusion has not yet generated any revenue contribution to the Group.



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## LETTER FROM THE BOARD

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The cost of this investment for the Company is US\$3,000,000. As IP Infusion has generally achieved certain performance milestones which were determined at the time of the Company's investment, the Company has not written down any part of this investment amount. The exercise price for this investment under the Put Option Agreement is US\$3,000,000 and was arrived at on the basis of commercial arm's length negotiations between the parties.

If the Put Option is exercised, it is not anticipated that the Company's divestment of this investment will have any material impact on the Group's financial position as this investment is at its early stage of development and has not yet generated any revenue contribution to the Group.

(iii) *InfoTalk*

InfoTalk was established in 1996 as a supplier of speech recognition technology in Asia. The Company made its investment in 14.57% of InfoTalk in May 2001. As it is common among early stage investments, InfoTalk has a diverse group of shareholders.

Based on the Company's available information, the unaudited net asset value of Infotalk as at 31st December, 2002 was US\$4,875,356 (with an attributable US\$710,339 in respect of the Company's investment). The expenses incurred by InfoTalk exceed the revenues generated by it and the Company's investment in InfoTalk has not yet generated any revenue contribution to the Group.

The cost of this investment for the Company is US\$4,000,000. As InfoTalk has not achieved certain performance milestones which were determined at the time of the Company's investment, the Company has written down this investment by US\$1,000,000 against the Group's investment revaluation reserve in its balance sheet as at 31st December, 2001. The accounting policy adopted by the Company in relation to its Investments is the "Alternate Treatment" stipulated by HKSSAP 24 which provides that the Investments are classified in the Company's accounts as "non-trading securities" and are stated in the balance sheet at fair value. Changes in fair value of such non-trading securities are dealt with in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment revaluation reserve to the profit and loss account.

The exercise price for this investment under the Put Option Agreement is US\$3,000,000 and was arrived at on the basis of commercial arm's length negotiations between the parties.

If the Put Option is exercised, save for the write down which was charged against the Group's investment revaluation reserve in its balance sheet as at 31st December, 2001, it is not anticipated that the Company's divestment of this investment will have any material impact on the Group's financial position as this investment is at its early stage of development and has not yet generated any revenue contribution to the Group.

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## LETTER FROM THE BOARD

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(iv) *iSilk.com*

iSilk.com was established in 2000 as a provider of nature language processing and knowledge management products. The Company made its investment in 9.89% of iSilk.com in January 2001. As it is common among early stage investments, iSilk.com has a diverse group of shareholders.

Based on the Company's available information, the unaudited net asset value of iSilk.com as at 31st December, 2001 was US\$482,733 (with an attributable US\$47,742 in respect of the Company's investment). The expenses incurred by iSilk.com exceed the revenues generated by it and the Company's investment in iSilk.com has not yet generated any revenue contribution to the Group and iSilk.com is currently in liquidation stage.

The cost of this investment for the Company is US\$3,190,000. As iSilk.com has not achieved certain performance milestones which were determined at the time of the Company's investment, the Company has written down this investment by US\$2,392,500 against the Group's profit and loss account for the six months ended 31st December, 2001. The accounting policy adopted by the Company in relation to its Investments is the "Alternate Treatment" stipulated by HKSSAP 24 which provides that the Investments are classified in the Company's accounts as "non-trading securities" and are stated in the balance sheet at fair value. Changes in fair value of such non-trading securities are dealt with in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment revaluation reserve to the profit and loss account.

The exercise price for this investment under the Put Option Agreement is US\$797,500 and was arrived at on the basis of commercial arm's length negotiations between the parties.

If the Put Option is exercised, save for the write down which was charged against the Group's profit and loss account for the six months ended 31st December, 2001, it is not anticipated that the Company's divestment of this investment will have any material impact on the Group's financial position as this investment is at its early stage of development and has not yet generated any revenue contribution to the Group.

(v) *China Greens*

China Greens was established in 2000 as a provider of information technology (IT) security and intrusion detection solutions. The Company made its investment in 7.95% of China Greens in March 2002 and was, pursuant to the Circular, subsequently increased to 19.88% due to the release of escrow money of USD594,000 from the escrow agent in June 2002 after the completion of conditions precedent for the release of escrow money to China Greens. As it is common among early stage investments, China Greens has a diverse group of shareholders.

Based on the Company's available information, the unaudited net asset value of China Greens, as at 31st December, 2002 was RMB6,342,632 (with an attributable RMB1,260,915 in respect of the Company's investment). The expenses incurred by China Greens exceed the revenues generated by it and the Company's investment in China Greens has not yet generated any revenue contribution to the Group.

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## LETTER FROM THE BOARD

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The cost of the first tranche funding in this investment for the Company is US\$396,000 plus US\$594,000 which was subsequently invested into China Greens in June 2002. The aggregate exercise price for this investment under the Put Option Agreement is US\$990,000 and was arrived at on the basis of commercial arm's length negotiations between the parties.

If the Put Option is exercised, it is not anticipated that the Company's divestment of this investment will have any material impact on the Group's financial position as this investment is at its early stage of development and has not yet generated any revenue contribution to the Group.

### **The exercise price of the Put Option**

The aggregate exercise price of the Put Option is US\$13,037,500 (equivalent to approximately HK\$101,692,500) and was arrived at on the basis of commercial arm's length negotiations between the parties. It represents the aggregate book value of the Investments as at 3rd May, 2002 and the release of escrow money of US\$594,000 for the investment in China Greens. In respect of each of the Investments, the exercise price is higher than the Company's proportionate interest in each of the Investments' underlying net asset value as at 31st December, 2002.

Should the exercise of Put Option be approved by the Independent Shareholders at the EGM, the Directors expect that the exercise price of US\$13,037,500 in cash would be received by the Company within one month from the date of EGM.

### **Financial effects on the Company**

As the Company exits the Investments at book value (after the written down in respect of the investment in InfoTalk and iSilk.com) which has been fixed as at the book value on 3rd May, 2002, there will be neither a profit nor loss to the profit and loss account of the Group.

As stated in the annual report of the Group for the financial year ended 30th June, 2002, the book value of the Investments amounted to HK\$101,684,220. The effect on the balance sheet of the Group in respect of the disposal of the Investments will be balanced out by the cash received from the exercise of the Put Option in the amount of US\$13,037,500 (equivalent to approximately HK\$101,692,500).

### **3. REASONS FOR AND BENEFITS FOR THE EXERCISE OF THE PUT OPTION**

As the Directors have re-engaged the Company in property development and investment business in the PRC, the exercise of the Put Option represents good opportunity for the Company to dispose of the Investments. Furthermore, the Put Option affords the Company with the right (but not the obligation) to exit the Investments at book value (after the written down in respect of the investment in InfoTalk and iSilk.com) which has been fixed as at the book value on 3rd May, 2002. The net proceeds from the exercise of the Put Option will be used as general working capital of the Company.

As stated in the annual report of the Group for the financial year ended 30th June, 2002, the written down of the Investments led to an impairment loss for the Company amounting to HK\$26,266,511. As the global business conditions and major venture capital markets continued to remain harsh and unfavourable in 2002, the Directors expect technology-related investments and market will remain to be uncertain and underperformed.

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## LETTER FROM THE BOARD

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The Directors consider that there is tremendous growth potential in the PRC property market and intends that the Group will re-engage itself in property development, particularly in Shanghai, the PRC. Following the PRC's entry into the World Trade Organisation, it is expected that a large number of foreign companies will set up their offices in the PRC, particularly in Shanghai, which will bolster the demand for both residential and commercial properties. With the management extensive experiences in the PRC property market, the Directors consider that investment in property market would be of better interests for the Company and its Shareholders.

#### 4. INFORMATION ON THE GROUP

The Group is principally engaged in property development and investment in the PRC. The Group was principally engaged in property development and investment in Hong Kong prior to November 2001. Since May 2000, the Group has decided to diversify its business to investment opportunities in the wireless communications and Internet business in Hong Kong. In this connection, the Group has gradually realised substantially all of its property investments in Hong Kong and has also invested in the Investments. In November 2001, the Company divested its property portfolio when it exercised the put options granted to it by Guoco Group Limited in March 2000.

As mentioned in the Circular, the Purchaser considered that there is tremendous growth in PRC properties and intended that the Group would re-engage itself in property development and investment, particularly those in the PRC. Accordingly, the Company has acquired several property projects in the PRC since the close of the Offer on 11th July, 2002. The Directors consider that it is an appropriate time to elect to exercise the Put Option in order to divest its Investments and to focus itself in property development and investment in the PRC.

Since the close of the Offer on 11th July, 2002, the Company has acquired (i) 15 office units and two levels of car parks in Jun Ling Plaza (the "Jun Ling Plaza"), Shanghai at a consideration of approximately HK\$33.3 million in October 2002 for rental purpose; (ii) a four star hotel in Shanghai at a consideration of approximately HK\$381.0 million in January 2003; and (iii) a parcel of land in Shanghai at a consideration of approximately HK\$330.1 million in February 2003 for development of a residential complex, from independent third parties who are not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules). The expected completion date for the acquisition of a four star hotel is mid March 2003 and the acquisition of the Jun Ling Plaza and the parcel of land above have been completed as at the date of this circular. The Company has settled/will settle the above consideration by internal resources and accordingly, the unaudited cash balance as a percentage of the consolidated net asset value of the Company prior to the exercise of the Put Option will fall below 70% as compared to around 95% as at 30th June, 2002.

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## LETTER FROM THE BOARD

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### 5. LISTING RULES IMPLICATIONS

Pursuant to the Circular, the Put Option granted by Investor imGO constitutes a connected transaction for the Company under the Listing Rules and a special deal under Note 4 to Rule 25 of the Takeovers Code and hence requires consent of the Executive. The Executive has indicated that such consent would be granted subject to independent financial adviser opining that the terms of the Put Option Agreement are fair and reasonable and the Put Option Agreement is approved by the independent shareholders of imGO at an extraordinary general meeting of the Company by way of a poll. The Put Option Agreement and the special deal was subsequently approved by the independent shareholders of imGO at an extraordinary general meeting held on 10th June, 2002.

The exercise of the Put Option may only proceed with the approval of the Independent Shareholders. An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the exercise of the Put Option. JS Cresvale has been appointed to advise the Independent Board Committee on whether the exercise of the Put Option is fair and reasonable so far as the Independent Shareholders are concerned.

The Directors confirm that save as disclosed in the circular dated 4th February, 2003 and in the annual report of the Group for the year ended 30th June, 2002, the directors of the Company are not aware of any material change in the financial or trading position of the Group since 30th June 2002, being the latest published audited financial statements of the Group were made up. In addition, the Directors considers that the Company will not become a cash company (within the meaning of Rule 14.35) as a result of the exercise of the Put Option.

### 6. THE EGM

There is set out on pages 23 to 24 of this circular a notice convening the EGM to be held at 10:00 a.m. on 25th March, 2003 at 67th Floor, The Center, 99 Queen's Road Central, Hong Kong, at which an ordinary resolution will be proposed to approve the exercise of the Put Option and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or adjourned meeting (as the case may be) should you so desire.

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## LETTER FROM THE BOARD

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### 7. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, which is set out on pages 13 to 14 of this circular, and which contains their recommendation in respect of the terms of the Put Option Agreement.

The advice of JS Cresvale to the Independent Board Committee on the fairness and reasonableness of the terms of the Put Option are set out in pages 15 to 18 of this circular.

### 8. ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

By Order of the Board  
**Shanghai Land Holdings Limited**  
**Chau Ching Ngai**  
*Chairman*



**Shanghai Land Holdings Limited**

**上海地產控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

67th Floor, The Center  
99 Queen's Road Central  
Hong Kong

10th March, 2003

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

**IN RELATION TO THE EXERCISE OF THE PUT OPTION**

We refer to the circular of the Company dispatched to the Shareholders dated 10th March, 2003 (the "Circular") of which this letter forms a part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to consider the exercise of the Put Option. JS Cresvale has been appointed by the Board as the independent financial adviser to advise us in this respect. Details of its recommendations and principal factors taken into consideration in arriving at its recommendations are set out in the letter of advice from JS Cresvale on pages 15 to 18 of the Circular.

Your attention is drawn to (i) the letter from the Board as set out on pages 4 to 12 of the Circular, (ii) the letter of advice from JS Cresvale containing its advice to us together with principal factors taken into consideration as set out on pages 15 to 18 of the Circular; and (iii) the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATIONS

Having taken into account the terms of the Put Option Agreement and the advice from JS Cresvale, we consider that the exercise of the Put Option is fair and reasonable so far as the Independent Shareholders as a whole are concerned. Accordingly, we recommend the Independent Shareholders to vote at the EGM in favour of the resolution as set out in the notice of the EGM included in the Circular to approve the exercise of the Put Option.

Yours faithfully,  
For and on behalf of  
Independent Board Committee  
**Liu Lit Man   Mok Chiu Kuen**  
*Independent non-executive Directors*



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## LETTER OF ADVICE FROM JS CRESVALE

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*The following is the text of a letter of advice from JS Cresvale Securities International Limited, the independent financial adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular setting out its advice to the Independent Board Committee in connection with the exercise of the Put Option.*

**JS CRESVALE**

JS Cresvale Securities International Limited  
Suite 701-704A  
7th Floor, Asia Pacific Finance Tower  
Citibank Plaza  
3 Garden Road  
Central  
Hong Kong

10th March, 2003

*The Independent Board Committee*

Dear Sirs,

### **CONNECTED TRANSACTION**

### **IN RELATION TO THE EXERCISE OF THE PUT OPTION**

#### **INTRODUCTION**

On 3rd May, 2002, the Company entered into the Put Option Agreement with Investor imGO (a former shareholder of the Company) pursuant to which Investor imGO has granted the Put Option to the Company whereby the Company has the right to require Investor imGO to purchase the Investments for an aggregate exercise price of US\$13,037,500 (equivalent to approximately HK\$101,692,500). Under the Listing Rules, the Put Option granted by Investor imGO constitutes a connected transaction for the Company and a special deal under Note 4 to Rule 25 of the Takeovers Code and hence requires consent of the Executive. The Executive has indicated that such consent would be granted subject to the independent financial adviser opining that the terms of the Put Option Agreement are fair and reasonable and the Put Option Agreement is approved by the independent shareholders of imGO Limited (which is now known as the Company) at an extraordinary general meeting of the Company by way of a poll. The special deal was subsequently approved by the independent shareholders of imGO at an extraordinary general meeting held on 10th June, 2002.

The exercise of the Put Option may only proceed with the approval of the Independent Shareholders. An independent Board Committee has been formed to advise the Independent Shareholders in respect of the exercise of the Put Option. We have been appointed to act as the independent financial adviser to the Independent Board Committee to advise on whether the exercise of the Put Option are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Put Option Agreement are contained in the section headed "Letter from the Board" in this circular dated 10th March, 2003 (the "Circular") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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## LETTER OF ADVICE FROM JS CRESVALE

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In formulating our opinion, we have relied on the information and facts supplied by the Company, the opinions expressed by and the representations of the Directors and management of the Company concerning the Group and the Put Option, including those facts, opinions and representations set out in the Circular. We have assumed that all such information is true and accurate in all material respects at the date hereof. The Directors have confirmed that they take full responsibility for the contents of the Circular.

We have no reason to suspect that such information is inaccurate or that any material facts have been omitted or withheld from the information supplied or opinions expressed in the Circular. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Group. The Directors have confirmed that no material facts have been omitted from the information supplied to us. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our recommendation regarding the Put Option.

Unless otherwise stated, the exchange rate used in this letter is US\$1.00 = HK\$7.80 which was the same exchange rate adopted in this Circular.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion on whether the exercise of the Put Option is fair and reasonable so far as the Independent Shareholders are concerned, we have taken into consideration, inter alia, the following principal factors and reasons:

#### **1. The Put Option Agreement**

Pursuant to the Put Option Agreement, Investor imGO will, subject to fulfillment of the conditions stated therein, grant the Company the right but not the obligation to require Investor imGO to purchase the Investments for a consideration of US\$13,037,500 (equivalent to approximately HK\$101,692,500). Such consideration represents the aggregate book value of the Investments as at 3rd May, 2002 and was arrived at on the basis of commercial arm's length negotiations between the parties.

Taken into account that the Investments, namely Ness Display, IP Infusion, InfoTalk, iSilk.com and China Greens, all of them are minority stakes with the Company's interest varying between approximately 8% to 15% on a fully diluted basis and can all be characterised as start-ups. Based on the latest unaudited financial information of the Investments available to the Company, in each case, revenue generated has been insufficient to cover operating expenses, resulting in book losses and a "cash burn" being recorded in these Investments. In all cases, actual results have continued to fall significantly for the past years. As a result of continued losses, no price earnings ratio can be calculated while no firm evidence can be concluded for the possibility of turnaround to profitability. In the case of iSilk.com, it is even currently in liquidation stage. In addition, each case also gives no firm exit strategy, such as an initial public offering or private placement, according to the Company.

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## LETTER OF ADVICE FROM JS CRESVALE

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Nevertheless, in each case, the Company's book cost is at a premium to the underlying net asset value even after taken into account the provision made from InfoTalk and iSilk.com on 31st December, 2001. The Directors also confirmed that there has not been any further provision or adjustment in respect of any of the Investments from 3rd May, 2002 to the date of this Circular. As the respective exercise price for each of the Investments (which is the net book value of each of the Investments) is higher than the Company's proportionate interest in each of the Investments' underlying net asset value, we are of the view that the exercise price under the Put Option is fair and reasonable.

### **2. Reasons for and benefits for the exercise of the Put Option**

As the Directors have re-engaged the Company in property development and investment business in the PRC, the exercise of the Put Option represents good opportunity for the Company to divest the Investments. As stated in the annual report of the Group for the financial year ended 30th June, 2002, the Group has already written down approximately HK\$26,266,000 as a result of the impairment loss from the Investments. As the global capital markets remained sluggish and business growth was slower-than-expected in 2002, the Directors expect the Investments and the technology-related market will remain to be uncertain and underperformed. As such, we are of the view that the divestment of the Investments will prevent the Company from making any further potential provision as a result of the uncertain technology-related market.

The Directors also consider that there is tremendous growth potential in the PRC property market and intends that the Group will re-engage itself in property development, particularly in Shanghai, the PRC. Following the PRC's entry into the World Trade Organisation, it is expected that a large number of foreign companies will set up their offices in the PRC, particularly in Shanghai, which will bolster the demand for both residential and commercial properties.

With an increasing demand in the residential properties in Shanghai and the accession of the PRC to the World Trade Organisation and Shanghai being one of the highest direct investments inflow from foreign companies, there may be growth potential in the PRC property market, especially in Shanghai. As such, we concur with the views of the Directors that the divestment of the Investments will allow the Company to better re-engage itself in the property development and investment business in the PRC and further allows the Company to enjoy the growth potential in the PRC property market should opportunity arises.

### **3. Financial effects on the Company**

As the Company exits the Investments at book value (after the provision made from the investment in InfoTalk and iSilk.com on 31st December, 2001) which has been fixed as at the book value on 3rd May, 2002. The Directors also confirmed that there has not been any further provision or adjustment in respect of any of the Investments from 3rd May, 2002 to the date of this Circular. As a result, there will be neither a profit nor loss to the profit and loss account of the Group after the exercise of the Put Option.

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## LETTER OF ADVICE FROM JS CRESVALE

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As noted in the annual report of the Group for the financial year ended 30th June, 2002, the book value of the Investments amounted to HK\$101,684,220. The effect on the balance sheet of the Group in respect of the disposal of the Investments will be set off by the cash received from the exercise of the Put Option at an aggregate consideration of US\$13,037,500 (equivalent to approximately HK\$101,692,500). As such, the exercise of the Put Option will further improve the cash position of the Company and allow the Company to use the proceeds as additional general working capital.

#### 4. Risk factors

(a) *Cessation of existing wireless business*

Since the Group disposed of its property portfolio in November 2001, the Company has been engaged in investment in wireless communications and Internet projects. Upon the exercise of the Put Option, the existing wireless communication business of the Company would effectively cease and the Company might have foregone any potential growth opportunities from the Investments.

(b) *Concentration, competitive and capital-intensive nature of target business*

The area of business activity which the Group now focuses involves property development and investment, particularly in the PRC, which is likely to be a highly competitive and capital-intensive business area. Property development and investment projects on the PRC are also subject to other risks including property market in the PRC as well as relevant government policies and approvals. The recent various property investment by the Group in Shanghai also exposes the Group's risk of concentration in one single city in the PRC. Therefore, without a further detailed business development plan, we are unable at the moment to form any view on the future performance that the new business focus may bring to the Group's overall business and operating performance.

#### OPINION AND RECOMMENDATION

Having taken into account the above risk factors, we nevertheless consider that the exercise of the Put Option is fair and reasonable so far as the Independent Shareholders are concerned, as we have concluded that the risks in this case are low and the principal factors discussed are positive. Accordingly, we advise the Independent Board Committee to recommend Independent Shareholders to vote in favour of the resolutions to approve the exercise of the Put Option to be proposed at the EGM.

Yours faithfully,

For and on behalf of

**JS Cresvale Securities International Limited**

**Francis Yeung**

*Director and Head of Corporate Finance*

## 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 information contained in this circular is supplied by the Company. The Directors jointly and severally 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, their opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. SHARE CAPITAL

Set out below are details of the authorised and issued share capital of the Company as at the Latest Practicable Date.

<i>Authorised share capital</i>	<i>HK\$</i>
<u>40,000,000,000</u> ordinary shares of HK\$0.50 each	<u>20,000,000,000.00</u>
<i>Issued and fully paid shares</i>	
<u>3,051,438,765</u> ordinary shares of HK\$0.50 each	<u>1,525,719,382.50</u>

## 3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company or any associated corporation (within the meaning of the SDI Ordinance) notifiable to the Company and the Stock Exchange under section 28 of the SDI Ordinance and including interests in which a Director has taken under Section 31 or Part I of the Schedule to the SDI Ordinance or required to be entered into the register under Section 29 of the SDI Ordinance or required pursuant to the Model Code for Securities Transaction by Directors of Listed Companies under the Listing Rules are as follow:

### (a) Directors' interests in the Company

Directors	Number of ordinary Shares	
	Personal interests	Corporate interests
Chau Ching Ngai ( <i>Note</i> )	–	2,288,521,317
Tan Lim Heng	14,840,000	–

*Note:* These Shares are owned by New Nongkai Global Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Chau Ching Ngai.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has for the purposes of Section 28 of the SDI Ordinance, nor are they taken to or deemed to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance, any interests in the equity or debt securities of the Company or any associated corporation within the meaning of the SDI Ordinance or any interests which are required pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

None of the Directors were materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors is interested directly or indirectly, in any assets which have been since 30 June 2002 (the date to which the latest audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

As at the Latest Practicable Date, JS Cresvale had no shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Number of ordinary Shares	Percentage of the total issue share capital of the Company
New Nongkai Global Investments Limited	2,288,521,317	75%
Chau Ching Ngai *	2,288,521,317	75%

\* As at the Latest Practicable Date, Mr. Chau Ching Ngai was deemed under Sections 8(2), (3) and (4) of the SDI Ordinance to be interested in the 2,288,521,317 Shares held by New Nongkai Global Investments Limited in which he can exercise one-third or more of its voting rights by virtue of his beneficial holding of the entire issued share capital of New Nongkai Global Investments Limited.

Save as disclosed in this circular, the Company's circular dated 4th February, 2003 and the annual report for the year ended 30th June, 2002, the Directors are not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 30th June, 2002, being the date to which the latest published audited financial statements of the Group were made up.

**5. LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

**6. QUALIFICATION OF EXPERT**

The following is the qualification of the professional adviser whose opinion or advice is contained in this circular:

<b>Name</b>	<b>Qualification</b>
JS Cresvale	an investment adviser registered under the Securities Ordinance, Chapter 333 of the Laws of Hong Kong

**7. CONSENT**

JS Cresvale has given and has not withdrawn their respective written consents to the issue of this circular with the inclusion of their letter and/or report and/or reference to their name, as the case may be, in the form and context in which they appear.

**8. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract within the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office address of the Company at 67th Floor, the Center, 99 Queen's Road Central, Hong Kong up to and including 25th March 2003:

- (a) memorandum and articles of association of the Company; and
- (b) the Put Option Agreement

**10. MISCELLANEOUS**

- (a) The secretary of the Company is Ms. Tse Wai Kuen, who is an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Company Secretaries.

- (b) The registered office and head office of the Company and its principal place of business in Hong Kong is at 67th Floor, The Center, 99 Queen's Road Central, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.





**Shanghai Land Holdings Limited**

**上海地產控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Shanghai Land Holdings Limited (the “Company”) will be held at 67th Floor, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on 25th March, 2003 for purpose of considering, and if thought fit, passing the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** the exercise of the Put Option pursuant to the Put Option Agreement dated 3rd May, 2002 entered into between the Company and Investor Investment imGO Limited (“Investor imGO”) in relation to the option granted by Investor imGO to the Company giving the right to require Investor imGO to purchase the Company’s wireless technology related minority investments in NESS Display Corporation Limited, IP Infusion Inc., InfoTalk Corporation Limited, iSilk.com, Inc. and China Greens Limited for an aggregate amount of US\$13,037,500 (equivalent to approximately HK\$101,692,500), copy of the Put Option Agreement having been produced to the Meeting and signed by the Chairman thereof for the purpose of identification be and is hereby approved, and the Directors be and are hereby authorised to do all acts, take all steps and execute all documents which may in their opinion be necessary or desirable to implement and give effect to the foregoing matters.”

By order of the board of directors of  
**Shanghai Land Holdings Limited**  
**Chau Ching Ngai**  
*Chairman*

Hong Kong, 10th March, 2003

*Registered Office:*

67th Floor, The Center  
99 Queen’s Road Central  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provision of the Articles of Association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the extraordinary general meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's share registrar, Computershare Hong Kong Investor Services Limited at 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the meeting should be so wish.