



BOTO INTERNATIONAL HOLDINGS LIMITED

寶途集團國際有限公司

(incorporated in Bermuda with limited liability)

DESPATCH OF CIRCULAR IN RELATION TO THE  
MAJOR TRANSACTION,  
SHARE PREMIUM TRANSFER  
AND  
SPECIAL CASH DIVIDEND

- The Board announces that copies of the Circular containing detailed information in relation to, among other things, (i) the Revised Transactions; (ii) the Special Cash Dividend; (iii) the Share Premium Transfer; (iv) the letter of advice of Anglo Chinese, the independent financial adviser to the Shareholders; and (v) notices of the special general meetings, shall be despatched to the Shareholders on 2nd August, 2002.
  - To facilitate the payment of the Special Cash Dividend, it is necessary for the Company to transfer a sum of HK\$276,359,963.07 from the share premium account to the contributed surplus of the Company, which requires compliance with the capital reduction requirements of the Companies Act and approval of the Shareholders by way of special resolution under the bye-laws of the Company.
  - The statement of pro forma unaudited adjusted consolidated net tangible asset value/net asset value of the Group is set out below.
  - Shareholders should note that there will be two separate special general meetings respectively for the Revised Transactions on the one hand and the Share Premium Transfer and Special Cash Dividend on the other hand.

DESPATCH OF CIRCULAR

Reference is made to the announcements of the Company dated 11th July, 2002 and 18th July, 2002 in relation to the Revised Transactions and the Special Cash Dividend.

The Board announces that copies of the circular containing detailed information in relation to, among other things, (i) the Revised Transactions; (ii) the Special Cash Dividend; (iii) the Share Premium Transfer; (iv) the letter of advice of Anglo Chinese, the independent financial adviser to the Shareholders; and (v) notices of the special general meetings, shall be despatched to the Shareholders on 2nd August, 2002 (the “Circular”). Capitalised terms used in this announcement, shall have the same meanings as those defined in the Circular unless defined otherwise.

Shareholders are advised to review the Circular before deciding whether or not to vote in favour of the resolutions on the Revised Transactions, the Share Premium Transfer and the Special Cash Dividend.

SHARE PREMIUM TRANSFER

In connection with the Special Cash Dividend, the Board proposes to:

- (i)

transfer of an amount of HK\$276,359,963.07 from the share premium account of the Company to the contributed surplus of the Company;

(ii)

utilise an amount of HK\$429,688,963.07 from the contributed surplus of the Company; and

(iii)

utilise an amount of HK\$464,691,536.93 from the retained profits of the Company.

The Share Premium Transfer (which is discussed further below) and the utilisation of the contributed surplus of the Company require Shareholders’ approval under the Companies Act and the bye-laws of the Company. Accordingly, the Special Cash Dividend is subject to the approval of the Shareholders.

It should be noted that the Special Cash Dividend is conditional upon the Completion and the Share Premium Transfer coming into effect.

It is strongly recommended that any Shareholder or other person dealing in the Shares and is in any doubt about his or her position should seek advice from his or her professional adviser.

As disclosed in the results announcement of the Company dated 18th July, 2002, to determine entitlements to the Special Cash Dividend, the register of members of the Company will close during the period from 28th August, 2002 to 30th August, 2002, both dates inclusive. The latest time for trading in the Shares cum entitlement to the Special Cash Dividend would be 4:00 p.m. on 23rd August, 2002. In order to qualify for the Special Cash Dividend, Shareholders whose names are not already on the register of members are required to lodge their share certificates, together with the relevant forms of transfer, to the branch share registrars of the Company in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, no later than 4:00 p.m. on 27th August, 2002.

To facilitate the payment of the Special Cash Dividend, the Company will need to transfer a sum of HK\$276,359,963.07 from the share premium account to the contributed surplus of the Company. The said amount to be transferred represents the entire amount standing to the credit of the share premium account of the Company as at 30th July, 2002, being the Latest Practicable Date, and the transfer requires compliance with the capital reduction requirements of the Companies Act and approval of the Shareholders by way of special resolution under the bye-laws of the Company.

Upon the Share Premium Transfer becoming effective, the share premium account of the Company will be reduced by HK\$276,359,963.07. The Share Premium Transfer does not by itself alter the financial condition of the Group as a whole. However, upon the payment of the Special Cash Dividend, the net asset value of the Group will be reduced by HK\$894,380,500.

The Share Premium Transfer and the subsequent payment of the Special Cash Dividend are represented by surplus funds of the Company. As such, the Directors do not expect the reduced level of net assets to create any difficulty for the continued smooth operation of the Group’s businesses after Completion. The Directors believe that none of the remaining operations of the Group after Completion will be materially and adversely affected, by reason of the Share Premium Transfer and the subsequent payment of the Special Cash Dividend.

STATEMENT OF PRO FORMA UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSET VALUE/NET ASSET VALUE OF THE GROUP

The Circular also contains a statement of pro forma unaudited adjusted consolidated net tangible asset value/net asset value of the Group, which has been prepared on the basis of the audited consolidated net tangible asset value of the Group as at 31st March, 2002 and as adjusted in the following manner:

	HK\$ million	NTA HK\$ million	NAV HK\$ million
Audited consolidated net assets of the Group as at 31st March, 2002		875.1	875.1
Less: Intangible assets, being motion picture production in progress and goodwill		(27.2)	–
Audited consolidated net tangible asset/net asset value of the Group as at 31st March, 2002		847.9	875.1
Less: Net tangible assets proposed to be disposed of under the New Disposal Agreement and New Boto Property Disposal Agreement		(841.9)	(841.9)
		6.0	33.2
Add: Consideration received from the New Disposal	1,064.0		
Consideration received from the New Boto Property Disposal	13.5		
Pre-completion dividend	92.5	1,170.0	1,170.0
		1,176.0	1,203.2

	HK\$ million	NTA HK\$ million	NAV HK\$ million
Less: Estimated expenses in connection with the New Disposal and New Boto Property Disposal		(8.5)	(8.5)
Pro forma adjusted net tangible asset/net asset value of the Group immediately following Completion and before distribution of Special Cash Dividend		1,167.5	1,194.7
Less: Special Cash Dividend		(894.4)	(894.4)
Pro forma adjusted net tangible asset/net asset value of the Group immediately following Completion and after distribution of Special Cash Dividend		273.1	300.3
Less: Unrealised surplus arising on the New Disposal and New Boto Property Disposal (note 1)		(82.0)	(82.0)
Pro forma adjusted net tangible asset/net asset value of the Group immediately following Completion and after distribution of Special Cash Dividend and after elimination of unrealised surplus arising on the New Disposal and New Boto Property Disposal		191.1	218.3
Pro forma adjusted net tangible asset/net asset value per Share immediately following Completion and before distribution of Special Cash Dividend and – before elimination of unrealised surplus on the New Disposal and New Boto Property Disposal (note 2)		HK\$0.339	HK\$0.347
– after elimination of unrealised surplus on the New Disposal and New Boto Property Disposal (note 3)		HK\$0.316	HK\$0.323
Pro forma adjusted net tangible asset/net asset value per Share immediately following Completion and after distribution of Special Cash Dividend – before elimination of unrealised surplus on the New Disposal and New Boto Property Disposal (note 4)		HK\$0.079	HK\$0.087
– after elimination of unrealised surplus on the New Disposal and New Boto Property Disposal (note 5)		HK\$0.056	HK\$0.063

Notes:

1.

As the New Disposal and New Boto Property Disposal represent transactions between the Group and its associated company in which the Group has a 25% interest, the unrealised portion (i.e. 25%) of the surplus arising from such transactions is eliminated herein in accordance with the requirement of Statement of Standard Accounting Practice No. 10 “Accounting for investments on associates” issued by the Hong Kong Society of Accountants. The amount was determined as HK\$(1,170.0 – 841.9) million x 25%, giving approximately HK\$82.0 million.
2.

This amount is calculated based on the pro forma adjusted net tangible asset/net asset value of the Group of the HK\$1,167.5 million/HK\$1,194.7 million, immediately following Completion and before distribution of Special Cash Dividend but before deducting the unrealised surplus arising on the New Disposal and the New Boto Property Disposal of HK\$82.0 million and on the 3,439,925,000 Shares in issue at the Latest Practicable Date.
3.

This amount is calculated based on the pro forma adjusted net tangible asset/net asset value of the Group of the HK\$1,085.5 million/HK\$1,112.7 million immediately following Completion and before distribution of Special Cash Dividend and after deducting the unrealised surplus arising on the New Disposal and the New Boto Property Disposal of HK\$82.0 million and on the 3,439,925,000 Shares in issue at the Latest Practicable Date.
4.

This amount is calculated based on the pro forma adjusted net tangible asset/net asset value of the Group of the HK\$273.1 million/HK\$300.3 million immediately following Completion and after distribution of Special Cash Dividend but before deducting the unrealised surplus arising on the New Disposal and the New Boto Property Disposal of HK\$82.0 million and on the 3,439,925,000 Shares in issue at the Latest Practicable Date.
5.

This amount is calculated based on the pro forma adjusted net tangible asset/net asset value of the Group of the HK\$191.1 million/HK\$218.3 million immediately following Completion and after distribution of Special Cash Dividend and after deducting the unrealised surplus arising on the New Disposal and the New Boto Property Disposal of HK\$82.0 million and on the 3,439,925,000 Shares in issue at the Latest Practicable Date.

SPECIAL GENERAL MEETINGS

Shareholders should note that there will be two separate special general meetings respectively for the Revised Transactions on the one hand and the Share Premium Transfer and Special Cash Dividend on the other hand.

The First Special General Meeting will be held on Monday, 19th August, 2002 to consider the Revised Transactions. The Second Special General Meeting will be held on Friday, 30th August, 2002 to consider the Share Premium Transfer and the Special Cash Dividend. Shareholders are advised to read the two notices carefully and return the correct proxy forms to the share registrars of the Company, Secretaries Limited, in accordance with the instructions contained therein.

By order of the board of Directors  
Kao Cheung Cheong, Michael  
Chairman and Managing Director

Hong Kong, 1st August, 2002