



BOTO INTERNATIONAL HOLDINGS LIMITED

寶途集團國際有限公司

(incorporated in Bermuda with limited liability)

MAJOR TRANSACTION

- The Directors announce that on 10th July, 2002, the Company, Boto Company (a wholly-owned subsidiary of the Company), the limited partnerships affiliated with Carlyle and the GIHL Group have agreed to revise certain aspects of the transactions contemplated under the Disposal Agreement and the Boto Property Disposal Agreement announced by the Company in the Announcement.
 - Since the Announcement, the Company, Carlyle and Mr. Kao have received some comments from certain Shareholders raising concerns that Mr. Kao should not have a direct interest in GIHL. Having re-considered these concerns, the limited partnerships affiliated with Carlyle have now agreed to release their requirement of Mr. Kao investing 30% in GIHL and that the Company will retain a 25% interest in the Businesses through subscribing for a 25% equity interest in GIHL (through Topway, a wholly-owned subsidiary of the Company). The limited partnerships affiliated with Carlyle will have the remaining 75% interest in GIHL.
 - The revised transaction constitutes a major transaction of the Company under the Listing Rules and will be conditional upon, among other things, the approval of the Non-abstaining Shareholders at a special general meeting of the Company.
 - The principal terms of the revised transaction are as follows:–
 - (i) The Company has agreed to sell the Boto Strategic Shares to GGCL and to assign the GCL Loan to GFEL and Boto Company has agreed to sell the Boto Business and the Boto Business Assets to GFEL and the Bo Cheong Shares to GGCL, for an aggregate cash consideration of HK\$1,064 million (an increase of HK\$70 million from the amount contemplated under the Disposal Agreement), subject to adjustments, in accordance with the New Disposal Agreement.
 - (ii) As was previously contemplated under the terms of the Disposal Agreement, Boto Strategic and its subsidiaries and/or Boto Company shall declare and pay a dividend of an amount of HK\$92.5 million to the Company and/or Topway on the business day immediately prior to the date of the Completion in accordance with the New Disposal Agreement.
 - (iii) As was previously contemplated under the terms of the Boto Property Disposal Agreement, Boto Company has agreed to sell the Boto Property to GFEL for a consideration of HK\$13.5 million in accordance with the New Boto Property Disposal Agreement.
- Taking into account (i) to (iii) above, the effective consideration for the revised transaction amounts to HK\$1,170 million.
- (iv) The Company, through its wholly-owned subsidiary, Topway, shall retain an interest of 25% in the Businesses by subscribing for 25,000 new GIHL Shares, representing 25% equity interest, in GIHL for an aggregate cash consideration of US\$11,303,789 (i.e., approximately HK\$88 million) in accordance with the New Subscription Agreement and that certain aspects of the affairs of GIHL shall be regulated by the New Shareholders' Agreement.
 - (v) The Company will provide consultancy services to the GIHL Group by procuring the services of four nominated persons, who will initially be Mr. Kao, Mr. Lam, Ms. Vivian Kao and Mr. Kui, in consideration of a monthly fixed fee of HK\$691,400, a deferred fixed fee of HK\$2,939,400 which is payable annually in respect of each financial year on or before the Lunar New Year of the relevant financial year, and an annual discretionary fee which will be determined by reference to the financial performance of the GIHL Group, in accordance with the Consultancy Services Agreement. The said fees are payable to the Company and not to the persons nominated by the Company.
- Instead of changing the Company's name to Imagi International Holdings Limited after completion of the Disposal Agreement as announced in the Announcement, the Company has undertaken to GFEL and GGCL to change its name within one year after Completion.
 - In light of the revision of the transactions, the parties to the Disposal Agreement and the Boto Property Disposal Agreement have agreed to terminate such agreements and to release each other from such agreements pursuant to the Deed of Termination and the Cancellation Agreement, respectively. Accordingly, no circular will be issued by the Company in connection with the Disposal Agreement and the Boto Property Disposal Agreement.
 - A circular of the Company containing, among other things, details of the New Disposal Agreement, the New Boto Property Disposal Agreement, the New Subscription Agreement, the New Shareholders' Agreement, the Consultancy Services Agreement, the Deed of Termination and the Cancellation Agreement, a letter from an independent financial adviser to the Company containing its recommendation to the Shareholders and a notice convening a special general meeting of the Company will be despatched to the Shareholders as soon as practicable.
 - Trading in the Shares has been suspended at the request of the Company with effect from 09:30 a.m. on Wednesday, 10th July, 2002 pending the release of this announcement. An application has been made to the Stock Exchange for resumption in trading of the Shares with effect from 09:30 a.m. on Friday, 12th July, 2002.

Reference is made to the Company's announcements dated 2nd April, 2002, 23rd April, 2002, 8th May, 2002, 29th May, 2002 and 7th June, 2002 in relation to, amongst other things, the Disposal Agreement and the Boto Property Disposal Agreement.

The Directors announce that on 10th July, 2002, the Company, Boto Company, the limited partnerships affiliated with Carlyle and the GIHL Group have agreed to revise, among other things, the Disposal Agreement and the Boto Property Disposal Agreement on the terms of the New Disposal Agreement, the New Boto Property Disposal Agreement, the Subscription Agreement, the Shareholders' Agreement and the Consultancy Services Agreement. The principal terms of each of the agreements are set out below. To the knowledge of the Company, Carlyle, GIHL, Sino Pearl Venture Limited and Mr. Kao have on 10th July, 2002 entered into a deed of termination to terminate the subscription agreement dated 29th March, 2002 relating to the subscription of GIHL Shares by Carlyle, Sino Pearl Venture Limited and Mr. Kao as supplemented by a supplemental agreement dated 29th May, 2002 relating thereto. Accordingly, no circular will be issued by the Company in connection with the Disposal Agreement and the Boto Property Disposal Agreement which previously constituted a major and connected transaction of the Company under the Listing Rules.

THE NEW DISPOSAL AGREEMENT

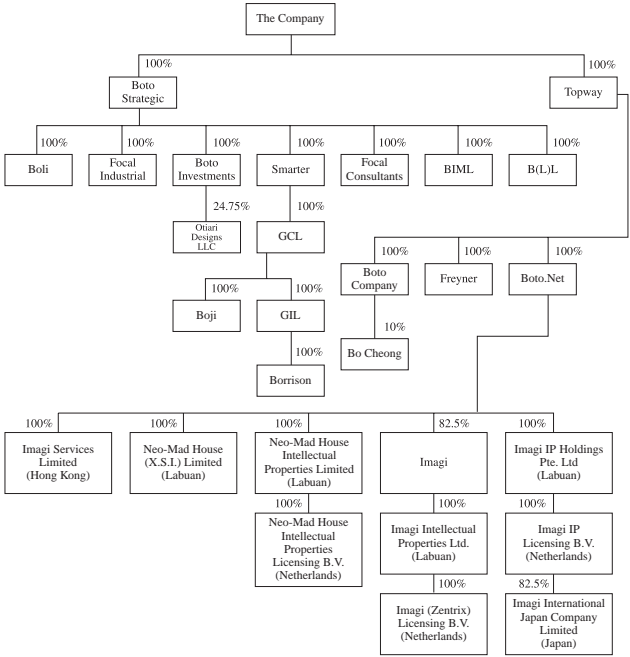
Date : 10th July, 2002

- Parties :
- (i) The Company (in its capacity as the vendor of the Boto Strategic Shares and the assignor of the GCL Loan and in its capacity as the guarantor of the obligations of the other Vendor (i.e., Boto Company) under the New Disposal Agreement);
 - (ii) GGCL (in its capacity as the purchaser of the Sale Shares);
 - (iii) Boto Company (in its capacity as the vendor of the Boto Business, the Boto Business Assets and the Bo Cheong Shares); and
 - (iv) GFEL (in its capacity as the purchaser of the Boto Business, the Boto Business Assets and the assignee of the GCL Loan).

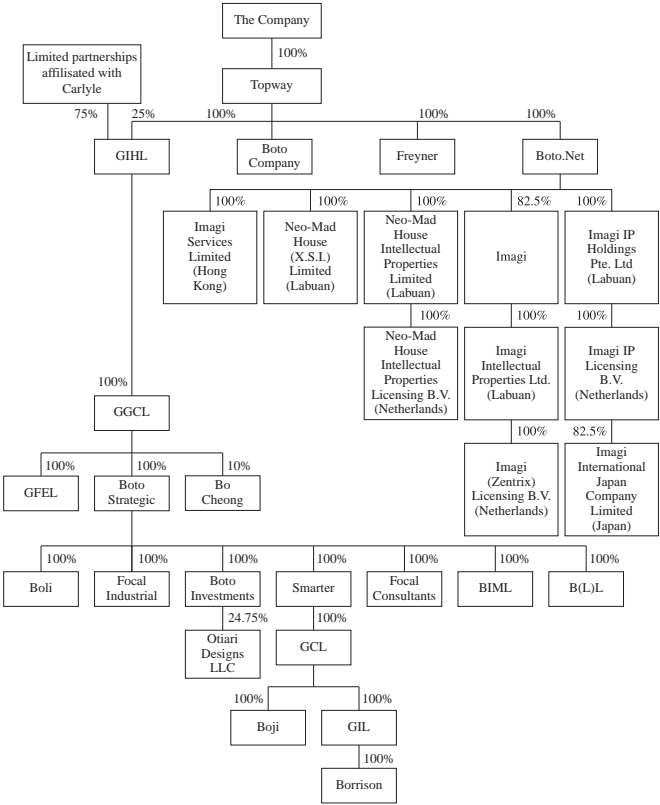
Corporate structure:

Set out below is the corporate structure of the Group before and immediately after Completion:–

Before Completion



Immediately after Completion



Assets to be disposed of:

The interests to be sold by the Group to the Purchasers comprise the Sale Shares, the GCL Loan, the Boto Business and the Boto Business Assets, which together effectively constitute the Group's Christmas festive products and leisure furniture businesses. The Company will, however, effectively retain a 25% interest in the Businesses through subscription by Topway of 25% equity interest in GIHL. Set out below is the financial performance of the Group for the three financial years ended 31st March, 2002, which principally reflects the performance of the Group's entire Businesses:–

	Year ended 31st March		
	2002 (Unaudited) HK\$m	2001 (Audited) HK\$m	2000 (Audited) HK\$m
Turnover			
Christmas festive products	882.7	827.9	754.3
Leisure furniture	188.6	81.7	48.9
Animation	1.6	0.0	0.0
	<u>1,072.9</u>	<u>909.6</u>	<u>803.2</u>
Profit before taxation	148.0	161.9	158.3
Profit attributable to Shareholders	141.4	156.4	152.3

Based on the unaudited accounts of the Group as at 31st March, 2002, the net asset value attributable to the Group's entire Businesses amounted to approximately HK\$705 million, after adjusting for the pre-completion dividend of HK\$92.5 million as mentioned below.

Consideration:
The Consideration for the sale of the Sale Shares, the GCL Loan, the Boto Business and the Boto Business Assets will amount to HK\$1,064 million (an increase of HK\$70 million from the amount earlier contemplated under the Disposal Agreement) (subject to adjustments as described below). The Consideration shall be payable in cash on Completion.

Upon finalisation of the Audited Completion Accounts (as defined in the New Disposal Agreement) (i.e., the statement of accounts of the aggregation of the audited consolidated balance sheet of Boto Strategic and its subsidiaries and the audited statement of assets and liabilities of Boto Business as at the date of Completion):–

- (i) if the aggregate of Net Cash, Net Working Capital and Net Fixed Asset, (each as defined in the New Disposal Agreement) derived from the Audited Completion Accounts shall be less than HK\$709 million, the Vendors shall pay to the Purchasers an amount equal to the Aggregate Net Cash and Net Working Capital and Net Fixed Assets Shortfall (as defined in the New Disposal Agreement). Based on the unaudited accounts of the Group as at 31st March, 2002, the Net Cash, Net Working Capital and Net Fixed Asset (each as defined in the New Disposal Agreement) were approximately HK\$55.5 million, HK\$192.0 million, and HK\$586.1 million respectively, totalling HK\$833.6 million; and/or
- (ii) if the Boto.Net Group Accounts Payable (as defined in the New Disposal Agreement) derived from the Audited Completion Accounts shall be in excess of HK\$32.6 million, the Vendors shall pay to the Purchasers an amount equal to any such excess. Based on the unaudited accounts of the Group as at 31st March, 2002, the excess amount was approximately HK\$3.6 million;

in each case as repayment of the Consideration. Any such sum which is payable by the Vendors (if any) shall be due and payable to the Purchasers within 30 days from the finalisation of the abovementioned Audited Completion Accounts.

The Consideration has been arrived at after arm’s length negotiations between the parties taking into consideration, inter alia, the past performance of the Christmas festive products and leisure furniture businesses, the net asset values of Boto Strategic and its subsidiaries, the face value of the GCL Loan, the net asset value of Bo Cheong, the value of the Boto Business and the Boto Business Assets. The Consideration represents a price earnings multiple of approximately 7.5 times based on the unaudited profit attributable to Shareholders of approximately HK\$141.4 million for the year ended 31st March, 2002. The effective consideration, (i.e. the Consideration as adjusted for the pre-completion dividend and the consideration under the New Boto Property Disposal Agreement) amounts to HK\$1,170 million, which represents a price earnings multiple of approximately 8.3 times based on the unaudited profit attributable to Shareholders of approximately HK\$141.4 million for the financial year ended 31st March, 2002. The Board considers that the Consideration is fair and reasonable.

Pre-completion dividend:

Pursuant to the New Disposal Agreement, Boto Strategic and its subsidiaries and/or Boto Company shall declare and pay a dividend of an amount of HK\$92.5 million to the Company and/or Topway on the business day immediately prior to the date of the Completion. The parties to the New Disposal Agreement have agreed that such dividend shall not be included in the calculation of Net Cash (as defined in the New Disposal Agreement) and Net Working Capital (as defined in the New Disposal Agreement) for the purposes of the Audited Completion Accounts (as defined in the New Disposal Agreement).

Net asset value undertaking:

Pursuant to the New Disposal Agreement, the Company has undertaken to the Purchasers that it and its subsidiaries will maintain net assets of not less than HK\$170 million for a period of 15 months after Completion. However, in the event that, during the TOB Notice Period, any TOB Proceedings are instituted and:–

- (i) in aggregate such proceedings relate to an amount in excess of HK\$70,000,000; and
- (ii) the liabilities to which such proceedings relate are Excluded Liabilities (as defined in the New Disposal Agreement); and
- (iii) such proceedings have not been settled on or before the date of Completion,

the Company has undertaken to the Purchasers that it and its subsidiaries will maintain net assets of not less than HK\$170 million plus the difference between the aggregate amount of the liabilities to which the TOB Proceedings relate and HK\$70,000,000 for the period from the date of the Completion until the earlier of the date on which such proceedings have been settled and/or finally determined or the end of the 15-month period referred to above.

In the event that, during the TOB Notice Period, any TOB Proceedings are instituted and:–

- (i) in aggregate such proceedings relate to an amount in excess of HK\$10,000,000; and
- (ii) the liabilities to which such proceedings relate are Excluded Liabilities (as defined in the New Disposal Agreement); and
- (iii) such proceedings have not been settled on or before the last date of the 15-month period referred to above,

the Company has undertaken to the Purchasers that it and its subsidiaries will, after the end of the 15-month period referred to above and until each such proceeding has been settled and/or finally determined, maintain net assets of not less than:–

- (i) the aggregate amount of the liabilities to which the TOB Proceedings relate; or
- (ii) the outstanding amount of such liabilities,

whichever is less.

If no proceeding is instituted during the aforementioned period, the Company will retain the financial resources for working capital and future investment purposes.

Conditions:

Completion is subject to each of the following conditions being satisfied or waived (in the case of the conditions described in paragraph (ii) to (iv) below):–

- (i) the passing of the necessary resolutions by the Shareholders at a special general meeting of the Company to approve the New Disposal Agreement and the transactions contemplated thereunder;
- (ii) all consents, approvals or clearances required under any and all applicable laws and relevant agreements with third parties for the sale and purchase of the Sale Shares and the Boto Business and to give effect to the transactions contemplated under the New Disposal Agreement being obtained;
- (iii) the receipt by the Purchasers of legal opinions from their legal advisors in the agreed terms and from the Hong Kong legal advisors of the Vendors and certain legal advisors in Bermuda and the British Virgin Islands, in each case, in the form to be agreed between the Purchasers and the Vendors; and
- (iv) the delivery by the Company and Boto Company to the Purchasers of the list of documents specified in the New Disposal Agreement.

Completion of the sale and purchase of the Sale Shares, the GCL Loan, the Boto Business and the Boto Business Assets shall occur simultaneously. Completion shall take place on the 4th business day following the due fulfillment of the last in time to be satisfied or waived (as the case may be) of the above conditions or at such other place or time as the parties shall agree in writing, provided that Completion shall not take place prior to the expiry of the TOB Notice Period.

If the above conditions have not been fulfilled or, in the case of the conditions described in paragraphs (ii) to (iv) above, waived by the Purchasers (as the case may be) by 30th September, 2002 (or such later date as the parties may agree in writing), the provisions of the New Disposal Agreement shall have no effect and no party shall have any liability under them (without prejudice to the rights of any parties in respect of antecedent breaches).

Purchasers’ rights:

If before Completion:–

- (i) the Purchasers become aware and given written notice to the Vendors that there is a breach of any of the warranties as contained in the New Disposal Agreement, (other than as a result of a breach by the Purchasers of their obligations of confidentiality under the New Disposal Agreement) which is material in the context of the Group as a whole and (if such breach is capable of remedy), the Vendors fail to remedy the same within 7 days from the date of receipt by the Vendors of such notice or the date of completion of the New Subscription Agreement, whichever is earlier; or
- (ii) and at any time after the date of the New Disposal Agreement, any event occurs which:–
 - (a) has, or is likely to have, a material adverse effect on the financial position or business prospects of any customer of the Group which accounts for 25% or more of the Group’s external purchase orders for the financial year ended 31st March, 2001 which, in turn, results in a material adverse change in the financial position or the business prospects of Boto Strategic and its subsidiaries and the Boto Business (as a whole); or
 - (b) has, or is likely to have, a material adverse effect on the financial position or business prospects of Boto Strategic and its subsidiaries and the Boto Business (as a whole), not being an event which affects generally all companies carrying on business similar to that of any of Boto Strategic or any

of its subsidiaries and/or the Boto Business in a part or parts of the world where any of Boto Strategic or its relevant subsidiary (as the case may be) carries on its business or where the Boto Business is carried on; or

- (c) has, or is likely to have, a material adverse effect on the global financial markets, or the economic or political situation in a part or parts of the world where Boto Strategic or any of its subsidiaries carries on their respective businesses or where the Boto Business is carried on; or
- (iii) not all of the conditions required for closing/completion of the credit agreement entered into between the Purchasers and The Hongkong and Shanghai Banking Corporation relating to, inter alia, debt financing for the acquisition by the Purchasers of the Sale Shares, the GCL Loan, the Boto Business, the Boto Business Assets, are fulfilled or waived (or as the case may be) by the parties thereto in accordance with the terms and conditions set out therein; or
- (iv) if Boto Company fails to observe and comply with the provisions of the New Disposal Agreement in relation to the conduct of the Boto Business before the date of Completion or the Company fails to observe and comply with, or fails to procure the compliance with, the provisions of the New Disposal Agreement in relation to the conduct of the business of Boto Strategic and its subsidiaries before the date of Completion; or
- (v) if the Company and Boto Company fail to observe and perform all of the covenants and agreements required to be performed or caused to be performed by them under the New Disposal Agreement between the date of the New Disposal Agreement and the Completion pursuant to certain provisions of the New Disposal Agreement (including, those relating to the publication of the transfer of business notice by Boto Company and GFEL in compliance with the Transfer of Businesses (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong) as soon as practicable after execution of the New Disposal Agreement and the granting of reasonable access to, among others, the Purchasers and their advisers to the employees, premises, plant, machinery, books of account and records and documents of Boto Strategic and its subsidiaries and the Boto Business),

the Purchasers shall be entitled to rescind the New Disposal Agreement without liability to any of the Vendors.

If, before Completion, the New Subscription Agreement has not been completed in accordance with its terms, each of the parties to the New Disposal Agreement shall be entitled to rescind the New Disposal Agreement without liability to any of the other parties save for the obligation of the Vendors or the Purchasers (as the case may be) to reimburse the Purchasers or the Vendors (as the case may be) for such other parties’ fees, costs and expenses in certain instances in the event that completion of the New Subscription Agreement does not take place in accordance with its terms solely due to the default on the part of Topway (on the one hand) or the limited partnerships affiliated with Carlyle (on the other hand) (as the case may be) to comply with their respective obligations thereunder.

PROPOSED CHANGES IN DIRECTORSHIP

It is currently expected that upon Completion, two of the existing Directors (namely, Mr. Kui and Ms. Tsen Yun Lei, Liliana) will resign from the Board. Mr. Kao, the Chairman of the Board and Managing Director, Mr. Lam, the Deputy Managing Director and Mr. Kao Wai Ho, Francis will continue to act as executive Directors in their existing positions. As stated in the Announcement, it is intended that Mr. Tse will join the Board as executive Director. The two current independent non-executive Directors, namely Mr. Alexander Reid Hamilton and Mr. Oh Kok Chi, together with the other non-executive Directors, Mr. Zhuo Fu Min, will remain in office.

THE NEW BOTO PROPERTY DISPOSAL AGREEMENT

- Date:** 10th July, 2002
- Parties:** (i) Boto Company (in its capacity as the vendor of the Boto Property); and
(ii) GFEL (in its capacity as the purchaser of the Boto Property).

Asset to be disposed of:

The Boto Property comprises Units 1 to 12 on 17th Floor of Eight Commercial Tower, which is located at 8 Sun Yip Street, Chai Wan, Hong Kong. The Boto Property was valued at HK\$13.5 million as at 20th February, 2002 and 30th April, 2002 respectively by FPD Savills International Property Consultants, an independent property valuer.

Consideration:

The consideration for the Boto Property amounts to HK\$13.5 million (which remains unchanged from the amount earlier contemplated under the Boto Property Disposal Agreement), which was determined based on the independent valuation and after arm’s length negotiation between the parties. The consideration will be payable in cash at the time of completion of the New Boto Property Disposal Agreement.

The Board considers that the consideration for the Boto Property is fair and reasonable.

Condition:

Completion of the New Boto Property Disposal Agreement is immediately after and on the same date as the completion of the New Disposal Agreement.

Reason for the New Boto Property Disposal Agreement:

The Company will record a loss of approximately HK\$42.4 million on disposal of the Boto Property. The Boto Property has been used in connection with the Businesses. In view of the larger disposal contemplated by the New Disposal Agreement, the Board considers that it will be beneficial to the Purchasers for the Boto Property to be sold to GFEL.

USE OF PROCEEDS

The net proceeds from the New Disposal Agreement and the New Boto Property Disposal Agreement are expected to amount to about HK\$1,069 million. It is the present intention of the Directors to distribute a substantial part of such proceeds to the Shareholders as a special cash dividend after Completion, the exact amount is yet to be determined. An announcement will be made when the amount of special cash dividend has been fixed and proposed. The balance of the proceeds will be retained for working capital and future investment purposes. The Directors have not identified any specific investments at present. Nevertheless, any such investments, if materialised, will be disclosed and/or subject to the approval of the Shareholders in accordance with the provisions of the Listing Rules.

The Company and such of the companies which will continue to be its subsidiaries after the Completion will, following Completion, maintain a net assets of not less than the amounts described in the sub-paragraph headed “Net asset value undertaking” under the paragraph headed “The New Disposal Agreement” above in accordance with the terms of the New Disposal Agreement. The Directors will, after taking into consideration the working capital requirements and the repayment of any outstanding bank liabilities of the Group, ensure that sufficient amount of funds will be retained for (i) its 25% interest in the Businesses; (ii) the furtherance and development of the 3D computer graphics animation business; and (iii) future investment purposes, after the distribution of the aforesaid special cash dividend. The Company does not presently have any specific plans for future major investments nor does it presently have any intention to make further major disposals or acquisitions in the near future.

NEW SUBSCRIPTION AGREEMENT

- Date:** 10th July, 2002
- Parties:** (i) 5 limited partnerships affiliated with Carlyle
- The Carlyle Group, based in Washington D.C., is one of the largest private global investment firms in the world with more than US\$12.5 billion of committed capital under management. Carlyle originates, structures and acts as lead equity investor in management-led buyouts, strategic minority equity investments, equity private placements, consolidations and buildups, and growth capital financings. Since its inception, Carlyle has invested more than US\$6.4 billion of equity in 233 corporate and real estate transactions with an aggregate acquisition value of over US\$18 billion. Save for the fact that the limited partnerships affiliated with Carlyle will be shareholders of GIHL, Carlyle is independent of, and not connected with, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates;
- (ii) Topway; and
 - (iii) GIHL.

Conditions:

The New Subscription Agreement is subject to:–

- (i) the New Disposal Agreement becoming unconditional in all respects; and
- (ii) the Purchasers not exercising their rights to terminate the New Disposal Agreement on or before the date which is 3 business days after the New Disposal Agreement becoming unconditional in all respects.

If the above conditions have not been fulfilled by 30th September, 2002, the New Subscription Agreement shall from such date have no effect and no party shall have any liability under it (without prejudice to the rights of any of the parties in respect of antecedent breaches).

Shares to be subscribed and consideration:

Subscriber	No. of GIHL Shares	%	Consideration	
			US\$	HK\$ million equivalent
Limited partnerships affiliated with Carlyle (<i>Note</i>)	74,999	75	33,911,366	264
Topway	25,000	25	11,303,789	88
Total	99,999	100	45,215,155	352

Note: One of the limited partnerships affiliated with Carlyle currently holds 1 GIHL Share.

Topway will finance the subscription from the Group’s internal resources and bank borrowings. The subscription by Topway of a 25% equity interest in GIHL will enable the Group to retain a 25% interest in the Businesses. The Group has no present intention to dispose of its 25% interest in GIHL.

NEW SHAREHOLDERS’ AGREEMENT

Date: 10th July, 2002
Parties: (i) the 5 limited partnerships affiliated with Carlyle;
(ii) Topway;
(iii) GIHL; and
(iv) the Company.

The purposes of the New Shareholders’ Agreement are (i) to record the terms and conditions pursuant to which the limited partnerships affiliated with Carlyle and Topway will hold the GIHL Shares; (ii) to regulate their relationship with each other as shareholders of GIHL; and (iii) to regulate as between shareholders certain aspects of the affairs of the GIHL Group.

Condition:
The New Shareholders’ Agreement is subject to completion of the New Subscription Agreement taking place.

If the said condition has not been fulfilled by 30th September, 2002 (or such other date as the parties to the agreement may agree in writing), the New Shareholders’ Agreement shall from such date have no effect and no party shall have any liability under it (without prejudice to the rights of any of the parties in respect of antecedent breaches).

Business:
Unless otherwise agreed by the parties to the New Shareholders’ Agreement, the business of the GIHL Group shall comprise the business of the manufacture and sale of artificial Christmas trees, Christmas festive products and related accessories and leisure furniture products, and the purchase of raw materials.

Board of directors and management:

- Maximum number of directors: 9
- Initial number of directors: 7
- Number of directors which Topway is entitled to appoint/remove:
 - (i) where Topway holds 20% or more of GIHL Shares in issue – 3; or
 - (ii) where Topway holds less than 20% of GIHL Shares in issue – 1
- The 3 initial directors to be appointed by Topway are:
 - (i) Mr. Kao;
 - (ii) Mr. Lam; and
 - (iii) Ms. Vivian Kao.
- Number of directors which the limited partnerships affiliated with Carlyle is entitled to appoint/remove:
 - (i) where Carlyle holds 51% or more of GIHL Shares in issue – a majority of the board of GIHL; or
 - (ii) where Carlyle holds less than 51% of the GIHL Shares in issue – such number of directors which will equal to the proportion of the total number of directors which the shareholding of the limited partnerships affiliated with Carlyle bears to the total number of GIHL Shares in issue from time to time.
- The chairman of the Board shall be appointed by a simple majority of the board of GIHL and shall have no casting vote. The chairman of the Board shall be Mr. Kao until the earlier of (i) termination of the Consultancy Services Agreement; or (ii) Mr. Kao ceasing to be a Nominated Person (as defined in the Consultancy Services Agreement) under the Consultancy Services Agreement.

Dividend:

For each financial year after the financial year ending 31st March, 2006, the distributable profits of each member of the GIHL Group (other than GIHL) are to be distributed up to GIHL by way of dividend and GIHL is to distribute by way of dividend not less than 33% of its profits available for distribution after appropriation of prudent and proper reserves including allowance for future working capital and provision of tax. Such distributions shall be made within 120 days after the end of the financial year in question or, if later 30 days after the date of the auditors’ report on the accounts for the relevant period. Such distributions shall, however, be subject to any restrictions imposed by GIHL’s bank lenders or otherwise on the GIHL Group.

Anti-dilution rights:

If GIHL wishes to issue any new GIHL Shares (otherwise than pursuant to, amongst other things, GIHL’s share option scheme or any bona fide acquisition of another corporation), Topway shall have the right to subscribe for such number of new GIHL Shares sufficient to enable it to maintain its percentage of shareholding interest in GIHL on the same terms as the proposed new issue of GIHL Shares.

The subscription by Topway of additional GIHL Shares pursuant to this anti-dilution right may be subject to the approval of the Shareholders, if required under the Listing Rules. If such Shareholders’ approval is not obtained within 75 days from the date of receipt by Topway of the notice of the proposed new issue of GIHL Shares from GIHL, then Topway will be deemed to have declined this anti-dilution right.

Transfer of shares:

The disposal of GIHL Shares is subject to certain restrictions such as the following:–

- (i) during the period of 3 years from the date on which the New Shareholders’ Agreement becomes unconditional, Topway shall not be permitted to dispose of any GIHL Shares or any interest therein other than between members of the Group;
- (ii) Topway and the limited partnerships affiliated with Carlyle have agreed to maintain not less than 17% and 51% of the GIHL Shares in issue, respectively; and
- (iii) the right of first offer, the right of first refusal, the co-sale right and the drag-along right as discussed below.

Right of first offer:

If any of the limited partnerships affiliated with Carlyle or Topway has an intention to dispose of any GIHL Shares and does not have an offer from any person, the other shareholders of GIHL shall have a right of first offer with respect to such disposal.

Right of first refusal:

If any of the limited partnerships affiliated with Carlyle or Topway proposes to dispose of any GIHL Shares held by it to a person who has made it an offer, then the other shareholders of GIHL shall have a right of first refusal with respect to such disposal.

Co-sale right:

If any of the limited partnerships affiliated with Carlyle or Topway proposes to dispose of any GIHL Shares held by it to any third party pursuant to an offer in relation to 10% or more of the GIHL Shares in issue, after complying with the provisions relating to the right of first offer or right of first refusal (as the case may be), then the other shareholders shall have a right to request the proposed seller to require such third party to purchase its GIHL Shares on the same terms being offered by such third party to Carlyle or Topway (as the case may be).

Shareholders’ approval:

In certain circumstances, the exercise by Topway of its right of first offer or right of first refusal or co-sale right (as the case may be) may be subject to the approval of the Shareholders (if required under the Listing Rules) and if the Company fails to obtain the relevant Shareholders’ approval within the time period stipulated under the New Shareholders’ Agreement (which very generally ranges from 4-6 months from the date of the relevant transfer notice, depending on the manner the rights are exercised and the combination of the resolutions proposed to the shareholders), then Topway would be deemed to have waived its right of first offer or right of first refusal or co-sale right (as the case may be) and Topway’s GIHL Shares could be subject to the drag-along right of the Majority Shareholder as discussed below.

Drag-along right:

Where a shareholder or a group of shareholders of GIHL holding in aggregate more than 50% of GIHL Shares in issue (a “Majority Shareholder”) receives an offer from a bona fide third party to purchase more than 50% of the GIHL Shares in issue (“Majority Offer”) and either:

- (i) if the Majority Offer was solicited by the Majority Shareholder and:
 - (a) the other shareholder(s) has not (or is deemed not to have) exercised its right of first offer or co-sale right; and
 - (b) the solicited Majority Offer was received following the appointment by GIHL of an independent investment bank of international repute which conducted a normal sale process in respect of GIHL in accordance with the usual practices of such independent investment bank; or
- (ii) if the Majority Offer was unsolicited by the Majority Shareholder and:
 - (a) the other shareholder(s) has not (or is deemed not to have) exercised its right of first offer or co-sale right; and
 - (b) the total consideration payable under the unsolicited Majority Offer represents more than 5 times the consolidated net income and earnings of the GIHL Group based on the latest audited accounts available at the relevant time; or
 - (c) following receipt of the unsolicited Majority Offer, GIHL appointed a reputable and independent investment bank selected by agreement between the Majority Shareholder and the other shareholder(s) to conduct a normal sale process in respect of GIHL in accordance with the usual practices of such independent investment bank and within 60 days of the commencement of such sale process no offer of GIHL Shares was received by such independent investment bank or the Majority Shareholder which was on more favourable terms than the Majority Offer; and

- (iii) the sum of the number of GIHL Shares to be sold by the other shareholder(s) pursuant to the exercise of its co-sale right and the number of GIHL Shares proposed to be sold by any member of Carlyle or Topway is less than the number of GIHL Shares specified in the Majority Offer;

then the Majority Shareholder shall have the right, at its sole discretion, to require all of the other shareholders of GIHL to sell its GIHL Shares to the proposed purchaser to the extent that there is any shortfall between the number of GIHL Shares to which the Majority Offer related and the total number of GIHL Shares held by the Majority Shareholder and the other shareholders who have exercised its co-sale right.

It should be noted that under the New Shareholders’ Agreement, the exercise of the drag-along right by the Majority Shareholder after the other shareholders have (or are deemed to have) waived their right of first offer or right of first refusal or co-sale right (as the case may be), is not subject to any approval of the Shareholders.

Default share transfer:

The following highlights some of the events of default under the New Shareholders’ Agreement:–

- (i) A GIHL shareholder commits a material breach of the New Shareholders’ Agreement and (if capable of remedy) fails to remedy the same (or establish plans to remedy the same in a manner satisfactory to the non-defaulting parties) within thirty days of notice to do so being given by any other GIHL shareholder.
- (ii) There is a change in the ownership or control, direct or indirect, of the shares carrying more than 50% of the voting rights attaching to the issued share capital of a GIHL shareholder or any holding company of a GIHL shareholder except in the case of Topway or its permitted transferee (as the case may be), where such change in ownership or control is as a result of a transfer of shares to a company which is another member of the Group.
- (iii) It shall be an event of default in relation to Topway or its permitted transferee (as the case may be) if, among other things:–
 - (a) Mr. Kao ceases to be a director of Topway or the Company; or
 - (b) Mr. Kao ceases to be a discretionary beneficiary of The Cheerco Trust or of a discretionary trust or any other form of trust of which Mr. Kao and members of his immediate family from time to time are the primary discretionary objects or primary beneficiaries (as the case may be) and which ceases to directly or indirectly own or control more than 50% of Sunni (otherwise than by reason of Mr. Kao’s death); or
 - (c) the Cheerco Trust or such trust referred to in sub-paragraph (b) above (as the case may be) ceases to directly or indirectly own or control more than 50% of Sunni; or
 - (d) Sunni, Mr. Kao, the Cheerco Trust and any of the trust of Mr. Kao together cease to directly or indirectly own or control 50% or more of the Company.

If an event of default occurs in relation to a GIHL shareholder, then the non-defaulting shareholders shall be entitled by notice in writing to the defaulting shareholder to require, amongst other things, that the defaulting shareholder shall not exercise its right to attend and vote at general meetings of GIHL and/or that the defaulting shareholder makes an offer to sell all of its GIHL Shares to the non-defaulting shareholders at a price per GIHL Share equal to the price per GIHL Share paid by the defaulting shareholder at the time it subscribed for or acquired its GIHL Shares.

Sale of GIHL Shares on an initial public offer of GIHL Shares:

On an initial public offer of GIHL Shares (the “IPO”), each of the GIHL shareholders is entitled to sell the same proportion of GIHL Shares then held by them as the total number of GIHL Shares offered in the IPO represents in relation to the GIHL Shares then in issue, subject to any restrictions imposed by any bank lender or otherwise on the GIHL Group.

Employee share options:

There will be two employee share option schemes in respect of which options not exceeding 10% and 5% of the GIHL Shares then in issue (on a fully diluted basis) may be granted (hereinafter known as “Scheme A” and “Scheme B”, respectively). The participants of the two employee share option schemes are the directors and employees of GIHL and its subsidiaries, whom may include the directors of GIHL who are appointed by Topway. The period within which the GIHL Shares must be taken up under Scheme A and Scheme B are (i) not more than 1 year from the date of grant of the option and (ii) not more than 10 years from the date which the option vests, respectively. Share options under Scheme A may be granted within 12 months from the Completion under the New Disposal Agreement and share options under Scheme B may be granted within 18 months after Completion under the New Disposal Agreement.

The subscription price for the options under Scheme A and Scheme B are (i) the price per GIHL Share paid by the limited partnerships affiliated with Carlyle under the New Subscription Agreement and (ii) 30% of the price paid by the limited partnerships affiliated with Carlyle under the New Subscription Agreement, respectively. Share options under Scheme A do not have any vesting schedule. Share options under Scheme B will vest over 5 years from the date of grant depending on the achievement of certain financial targets set out in the New Shareholders’ Agreement.

Protection of the business:

The Company and Topway covenant that, until the expiration of 3 years from the date of termination of the New Shareholders’ Agreement, it shall not directly or indirectly carry on or be engaged or interested in a competing business save that it may hold for investment up to 5% of any class of securities of any competing business whose securities are quoted or dealt in or on a recognised stock exchange.

Guarantee:

The Company unconditionally and irrevocable guarantees the performance and observance by Topway of its obligations under the New Shareholders’ Agreement as well as the New Subscription Agreement.

CONSULTANCY SERVICES AGREEMENT

Date: to be executed on Completion

Parties: (i) GFEL;
(ii) the Company

Appointment:

The Company will be appointed by GFEL to act as consultant. The Company shall procure (either directly and/ or through another member of the Group) that four nominated persons, namely Mr. Kao, Mr. Lam, Ms. Vivian Kao and Mr. Kui (unless otherwise agreed by the parties in writing), to act as the Chairman and Managing Director, Deputy Managing Director, Marketing Director and Production Director of GIHL respectively to perform the usual duties which would be expected to be performed by such persons in his/her capacity as an employee of the Group in respect of the Businesses as carried out by the Company prior to the date of the Consultancy Services Agreement. The nominated persons will remain in the employment of the Group and will not be treated as employees of any member of the GIHL Group for any purpose. It is anticipated that, for so long as Mr. Kao and Mr. Lam are nominated persons, each of them is required to spend such time as may be reasonably required for the proper performance of his share of the responsibilities in performing the Company’s obligations under the Consultancy Services Agreement. For the other nominated persons, their agreed hours of work will be normal business hours and such other hours as GFEL may consider to be reasonably required for the proper performance of his/her share of the responsibilities in performing the Company’s obligations under the Consultancy Services Agreement.

Term:

The term of Consultancy Services Agreement is 3 years commencing from the date of Completion, unless earlier terminated in accordance with the terms of the Consultancy Services Agreement.

Fees:

The Company will receive (i) a monthly fixed fee of HK\$691,400 payable in arrears on the last day of each month; and (ii) a deferred fixed fee of HK\$2,939,400 which is payable in respect of each financial year on or before the Lunar New Year of the relevant financial year. The fixed fees under the Consultancy Services Agreement have been determined with reference to the anticipated management time cost of the human resources to be procured by the Company to the GIHL Group and shall be subject to annual review by mutual agreement of the Company and GFEL. In addition, the Company (not the nominated persons) is entitled to a discretionary fee which shall be determined by GIHL having regard to the financial performance of the GIHL Group. Any such discretionary fee shall be payable to the Company in respect of each financial year on or before 31st May immediately following the end of the relevant financial year.

Termination:

Either party shall be entitled to terminate the Consultancy Services Agreement by giving to the other party at least six months’ prior notice in writing expiring not earlier than the expiry of three years from the commencement date of the appointment of the Company.

GFEL will be entitled to terminate the Consultancy Services Agreement if Topway or any member of the Group ceases to hold any GIHL Shares.

GFEL is entitled to serve notice on the Company advising that the Company no longer needs to procure the nominated person who is named in such notice to provide services under the Consultancy Services Agreement if the following events occur:–

- (i) the Company commits a serious or persistent breach of any term of the Consultancy Services Agreement solely due to the act or omission of a nominated person;
- (ii) the nominated person is guilty of conduct tending to bring himself/herself or any member of the GIHL Group into disrepute; or
- (iii) the nominated person persistently neglects, fails or refuses to carry out any of his/her share of responsibilities in performing the Company’s obligations under the Consultancy Services Agreement.

In such circumstances, the Company is required to pay to GFEL an amount equal to six months’ of that part of the fixed fees which is attributable to that nominated person’s share of the responsibilities in performing the Company’s obligations under the Consultancy Services Agreement.

DEED OF TERMINATION

Date: 10th July, 2002

Parties: (i) the Company;
(ii) Boto Company;
(iii) GGCL; and
(iv) GFEL.

Agreement to be cancelled:

Pursuant to the Deed of Termination, the Company and Boto Company agreed with GGCL and GFEL to terminate the Disposal Agreement and the supplemental agreement dated 29th May, 2002 in relation to the effective disposal by the Group of the Businesses to GGCL and GFEL and related agreements. The aforesaid agreements therefore ceased to have any effect and the obligations of the parties thereunder are released and they shall have no claim against each other.

CANCELLATION AGREEMENT

Date: 10th July, 2002

Parties: (i) Boto Company; and
(ii) GFEL.

Agreement to be cancelled:

Pursuant to the Cancellation Agreement, Boto Company and GFEL mutually agreed to cancel the Boto Property Disposal Agreement in relation to the sale of the Boto Property by Boto Company to GFEL. The said agreement therefore ceased to have any effect and the obligations of the parties thereunder are released and they shall have no claim against each other.

REASONS FOR THE NEW DISPOSAL AGREEMENT, THE NEW BOTO PROPERTY DISPOSAL AGREEMENT, THE NEW SUBSCRIPTION AGREEMENT, THE NEW SHAREHOLDERS’ AGREEMENT, THE CONSULTANCY SERVICES AGREEMENT, THE DEED OF TERMINATION AND THE CANCELLATION AGREEMENT

At present, the Group is engaged in the business of designing, manufacturing, marketing and distribution of Christmas festive products, which include artificial Christmas trees and other decorative accessories, and leisure furniture. The Group is also engaged in the business of design and production of 3-Dimensional computer graphics animation business.

Since the announcement by the Company of the Disposal Agreement and the Boto Property Disposal Agreement, the Company, Carlyle and Mr. Kao have received some comments from certain Shareholders raising concerns that Mr. Kao should not have a direct interest in GIHL. Having re-considered these concerns, the limited partnerships affiliated with Carlyle have now agreed to release their requirement of Mr. Kao investing 30% in GIHL and that the Company will retain a 25% interest in the Businesses through subscribing for a 25% equity interest in GIHL (through Topway). The limited partnerships affiliated with Carlyle will have the remaining 75% interest in GIHL. In light of the revision of the transactions, the parties to the Disposal Agreement and the Boto Property Disposal Agreement have agreed to terminate such agreements and to release each other from such agreements pursuant to the Deed of Termination and the Cancellation Agreement, respectively.

The Directors consider that the New Disposal Agreement, the New Boto Property Disposal Agreement, the New Subscription Agreement, the New Shareholders’ Agreement and the Consultancy Services Agreement enable the Group to realize a significant extent of its investment in the Businesses while retaining a strategic interest in the Businesses. Upon Completion, about 120 existing employees of the Group who are engaged in the Businesses will be transferred to GFEL and Mr. Kao, Mr. Lam, Ms. Vivian Kao and Mr. Kui will remain as employees of the Company.

Following Completion, the Group will retain a 25% interest in the Businesses while continuing to develop its 3-Dimensional computer graphics animation business as detailed in the Announcement under the paragraph headed “Future intention of the Group”.

GENERAL

Instead of changing the Company’s name to Imagi International Holdings Limited after completion of the Disposal Agreement as announced in the Announcement, the Company has undertaken to GFEL and GGCL to change its name within one year after Completion.

The New Disposal Agreement and the New Boto Property Disposal Agreement together constitute a major transaction of the Company, and are therefore subject to the approval of the Non-abstaining Shareholders. The New Subscription Agreement, the New Shareholders’ Agreement and the Consultancy Services Agreement, which are integral to the New Disposal Agreement and the New Boto Property Disposal Agreement, will also be subject to the approval of the Non-abstaining Shareholders. Mr. Kao, Mr. Lam, Mr. Kui, Mr. Tse, all being Directors or proposed Director, who, together with their respective associates, are holding 2,085,127,810 Shares, representing approximately 60.6% of the Company’s issued share capital, will abstain from voting on the resolutions to be proposed at a special general meeting of the Company to approve the aforesaid agreements.

A circular of the Company containing, among other things, details of the New Disposal Agreement, the New Boto Property Disposal Agreement, the New Subscription Agreement, the New Shareholders’ Agreement, the Consultancy Services Agreement, the Deed of Termination, the Cancellation Agreement, a letter from the independent financial adviser containing its recommendations in respect of the New Disposal Agreement and the New Boto Property Disposal Agreement and a notice convening a special general meeting of the Company, will be despatched to the Shareholders as soon as practicable.

Trading in the Shares has been suspended at the request of the Company with effect from 09:30 a.m. on Wednesday, 10th July, 2002 pending the release of this announcement. An application has been made to the Stock Exchange for resumption in trading of the Shares with effect from 09:30 a.m. on Friday, 12th July, 2002.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement made by the Company dated 2nd April, 2002 in respect of, amongst other things, the Disposal Agreement and the Boto Property Disposal Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BIML”	Boto International Marketing Limited, a company which was incorporated in the British Virgin Islands with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“B(L)L”	Boto (Licenses) Limited, a company which was incorporated in the Isle of Man with limited liability and which is wholly-owned subsidiary of Boto Strategic
“Bo Cheong”	Bo Cheong Manufacturing Company Limited, a company which was incorporated in Hong Kong with limited liability and which is owned as to 10% by Boto Company
“Bo Cheong Shares”	10,000 Class B shares of HK\$1.00 each in the capital of Bo Cheong, representing 10% of the issued share capital of Bo Cheong
“Board”	the board of Directors
“Boji”	寶吉工藝品（深圳）有限公司 (Boji (Shenzhen) Company Limited), a wholly foreign owned enterprise established under the laws of the PRC and which is a wholly-owned subsidiary of GCL
“Boli”	Boli Company Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“Borrison”	寶麗順五金塑膠製品（深圳）有限公司 (Borrison Metals and Plastics Manufacturing (Shenzhen) Limited), a wholly foreign owned enterprise established under the laws of the PRC and which is a wholly-owned subsidiary of GIL
“Boto Business”	the business of the sale of artificial Christmas trees and related accessories, and purchase of raw materials carried on by Boto Company under the name of “Boto Company Limited” on the date of the Completion
“Boto Business Assets”	certain of the tangible and intangible assets of Boto Company relating to the Boto Business as at the date of the Completion
“Boto Company”	Boto Company Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of Topway
“Boto Investments”	Boto Investments Inc., a company which was incorporated in the State of Delaware in the United States of America with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“Boto Property”	Units 1 to 12 on 17th Floor of Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong
“Boto Property Disposal Agreement”	the conditional sale and purchase agreement dated 29th March, 2002 relating to the sale of the Boto Property by Boto Company to GFEL
“Boto Strategic”	Boto Strategic Holdings Limited, a company which was incorporated in British Virgin Islands with limited liability and which is a wholly-owned subsidiary of the Company
“Boto Strategic Shares”	10,000 ordinary shares of US\$1 each in the capital of Boto Strategic, representing the entire issued share capital of Boto Strategic

“Boto.Net”	Boto.Net Solutions Limited (whose name has been changed to Imagi Animation Studios Limited), a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of Topway
“Businesses”	the business of designing, manufacturing, marketing and distribution of Christmas festive products, which include artificial Christmas trees and other decorative accessories, and leisure future products
“Cancellation Agreement”	the cancellation agreement dated 10th July, 2002 between Boto Company and GFEL
“Carlyle”	the Carlyle Group and its affiliates
“Company”	Boto International Holdings Limited, a company which was incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares, the Boto Business, the Boto Business Assets and the GCL Loan in accordance with the terms of the New Disposal Agreement
“Consideration”	the total consideration of HK\$1,064 million under the New Disposal Agreement
“Consultancy Services Agreement”	the consultancy services agreement to be entered into between the Company and GFEL upon Completion
“Deed of Termination”	the deed of termination dated 10th July, 2002 between the Company, Boto Company, GGCL and GFEL
“Director(s)”	the director(s) of the Company
“Disposal Agreement”	the conditional sale and purchase agreement dated 29th March, 2002 entered into between the Company, Boto Company, GGCL, and GFEL in relation to, among other things, the disposal by the Group of the Sale Shares, the Boto Business, the Business Assets and the GCL Loan, and as supplemented by a supplemental agreement dated 29th May, 2002 relating thereto
“Focal Consultants”	Focal Consultants Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“Focal Industrial”	Focal Industrial Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“Freyner”	Freyner Manufacturing Limited, a company which was incorporated in the British Virgin Islands with limited liability and which is a wholly-owned subsidiary of Topway
“GCL”	Goldenform Company Limited, a company which was incorporated in Hong Kong with limited liability, the ordinary share capital of which is wholly-owned by Smarter
“GCL Loan”	means all amounts payable by GCL to the Company amounting to HK\$147,536,793
“GFEL”	Greenland Far East Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GGCL
“GGCL”	Greenland General Company Limited, a company which was incorporated in the British Virgin Islands with limited liability and which is a wholly-owned subsidiary of GIHL
“GIHL”	Greenland Investment Holdings Limited, a company incorporated in the British Virgin Islands which will be owned as to 25% by Topway and as to 75% by the limited partnerships affiliated with Carlyle
“GIHL Group”	GIHL and its subsidiaries
“GIHL Shares”	shares of US\$1.00 each in the capital of GIHL
“GIL”	Goldenform Investments Limited, a company which was incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GCL
“Group”	the Company and its subsidiaries
“Imagi Group”	Imagi and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Offer”	has the meaning set out in the sub-paragraph headed “Drag-along rights”
“Majority Shareholder”	has the meaning set out in the sub-paragraph headed “Drag-along rights”
“Mr. Kui”	Mr. Kui Yiu Ngok
“Mr. Kao”	Mr. Kao Cheung Chong, Michael
“Mr. Lam”	Mr. Lam Pak Kin, Philip
“Mr. Tse”	Mr. Tse Chi Man, Terry
“Ms. Vivian Kao”	Ms. Kao Wai Wing, Vivian
“New Boto Property Disposal Agreement”	the conditional sale and purchase agreement dated 10th July, 2002 made between Boto Company and GFEL in relation to the disposal of the Boto Property by Boto Company to GFEL
“New Disposal Agreement”	the conditional sale and purchase agreement dated 10th July, 2002 entered into between the Company, Boto Company, GGCL, and GFEL in relation, among other things, to the disposal by the Group of the Sale Shares, the Boto Business, the Business Assets and the GCL Loan to GGCL and GFEL
“New Shareholders’ Agreement”	the conditional shareholders’ agreement dated 10th July, 2002 entered into between the limited partnerships affiliated with Carlyle (who are parties to the New Subscription Agreement) and Topway
“New Subscription Agreement”	the conditional subscription agreement dated 10th July, 2002 entered into between certain limited partnerships affiliated with Carlyle, Topway and GIHL relating to, among other things, the subscription of GIHL Shares by Topway and the limited partnerships affiliated with Carlyle
“Non-abstaining Shareholders”	the Shareholders other than Mr. Kao, Mr. Lam, Mr. Kui, Mr. Tse and their respective associates
“Purchaser(s)”	GGCL and GFEL
“Sale Shares”	the Boto Strategic Shares and the Bo Cheong Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holder(s) of Share(s)
“Smarter”	Smarter Base Limited, a company which was incorporated in the British Virgin Islands with limited liability and which is a wholly-owned subsidiary of Boto Strategic
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunni”	Sunni International Limited
“TOB Notice Period”	the period of 1 month commencing from the date of publication of the transfer of business notice by Boto Company and GFEL in compliance with the Transfer of Businesses (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong) (i.e., from 5th July 2002 to 5th August 2002)
“TOB Proceeding”	any proceedings instituted against Boto Company or GFEL in respect of liabilities of Boto Company or of GFEL pursuant to Section 3 of the Transfer of Businesses (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong)
“Topway”	Topway Asset Limited, a company which was incorporated in the British Virgin Islands with limited liability and which is a wholly-owned subsidiary of the Company
“Vendor(s)”	the Company and Boto Company

For the purpose of this announcement, an exchange rate of US\$=HK\$7.78 has been adopted for illustrative purposes only.

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

Hong Kong, 11th July, 2002