



BOTO INTERNATIONAL HOLDINGS LIMITED

寶途集團國際有限公司*

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION,
SHARE CONSOLIDATION, CHANGE OF BOARD LOT SIZE
AND
CHANGE OF COMPANY NAME

- The Directors announce that on 24th September, 2002, IAS entered into the Acquisition Agreement with Mr. Tang pursuant to which IAS acquired and Mr. Tang disposed of his entire 17.5% equity interest in Imagi for a cash consideration of HK\$2,300,000. Mr. Tang also entered into the Confirmatory Assignment with Imagi and the Termination Deed with IAS on the same day. IAS is an indirect wholly owned subsidiary of the Company. As Mr. Tang was, at the time of entry into the Agreements, a substantial shareholder of Imagi, an indirectly owned subsidiary of the Company, the Agreements constitute connected transactions of the Company under the Listing Rules. As the aggregate consideration paid by IAS and Imagi under the Agreements is less than HK\$10,000,000, the Agreements fall within the de minimis provision under Rule 14.25(1) of the Listing Rules, the entry into of the Agreements is required to be disclosed by way of press announcement and no approval from the Shareholders is required. Brief details of the Agreements will also be included in the Company’s next annual report and accounts in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.
- The Directors propose to implement the Share Consolidation and to change the board lot size.
- The Share Consolidation involves a consolidation of every 25 Existing Shares into one Consolidated Share.
- The change of board lot size involves changing the trading board lot from 5,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective.
- The Directors also propose to change the name of the Company to IMI Global Holdings Limited.
- The Share Consolidation and the change of the name of the Company are subject to the approval by the Shareholders at the SGM. A circular containing details of the Share Consolidation, change in board lot size, arrangements for odd lot trading facility and exchange of share certificates, the timetable for the implementation thereof and the proposed change of name together with a notice convening the SGM will be despatched to the Shareholders as soon as possible.

THE ACQUISITION AGREEMENT

Date
24th September, 2002

Parties
Vendor : Mr. Tang
Purchaser : IAS

Assets acquired
The Sale Shares representing 17.5% of the issued share capital of Imagi and which represented Mr. Tang’s entire interest in Imagi prior to completion of the Acquisition.

Consideration
IAS has paid a cash consideration of HK\$2,300,000 from its internal resources to Mr. Tang for the Sale Shares. The Consideration was arrived at after arm’s length negotiations between IAS and Mr. Tang with reference to the audited consolidated net asset value of the Imagi Group of approximately HK\$6.07 million as at 31st March, 2002. The Consideration represents a premium of approximately 116.5% over the audited consolidated net asset value of the Imagi Group as at 31st March, 2002 attributable to the Sale Shares of approximately HK\$1.06 million. As the Imagi Group began to earn royalty income from the licensing of the distribution and broadcasting rights over its first animation production “Zentrix” and generated a turnover of HK\$1.6 million for the year ended 31st March, 2002 and the management of the Imagi Group has entered into negotiations, at various stages, with a number of internationally renowned industry players in respect of the setting-up of different distribution channels and various business opportunities in respect of “Zentrix”, the Directors (including the independent non-executive Directors) are optimistic about the prospects of the Imagi Group and are of the view that the Consideration is fair and reasonable.

Completion
The Acquisition was completed on the date of the Acquisition Agreement.

The confirmatory assignment (the “Confirmatory Assignment”) and the termination deed (the “Termination Deed”) which were also executed by, inter alia, Mr. Tang on 24th September, 2002 were delivered to IAS at the time of completion of the Acquisition. Pursuant to the Confirmatory Assignment dated 24th September, 2002, Mr. Tang assigned absolutely to Imagi, among other things, all present and future assignable copyright, proprietary rights and all intellectual property rights, in the cartoon animation series entitled “Zentrix”, which he assisted to create in his capacity as a full time employee of Imagi and as a co-author in a team of cartoonists, throughout the world in all media, means and manner for the residue of the term of such rights and all renewals and extensions thereof in consideration of the sum of HK\$1.00. Under the Termination Deed dated 24th September, 2002, IAS and Mr. Tang agreed to, among other things, terminate the shareholders’ agreement dated 5th October, 2000 in respect of the finance, operation and management of Imagi subject to the terms contained in the Termination Deed.

INFORMATION ON IMAGI
Before completion of the Acquisition Agreement, Imagi was owned as to 82.5% by IAS and as to the remaining 17.5% by Mr. Tang. The Imagi Group is principally engaged in computer graphics animation production. Imagi is currently managed by Mr. Francis Kao, an executive Director, and Mr. Terry Tse, the executive director of Imagi. The Imagi Group is now focusing its resources on the production of “Zentrix”, a 3-dimensional computer graphics animated cartoon television series comprising 26 episodes of 26 minutes each.

The audited consolidated loss of the Imagi Group for the financial year ended 31st March, 2001 was approximately HK\$1.3 million and no tax was payable for the said financial year. The audited consolidated profit after tax of the Imagi Group for the financial year ended 31st March, 2002 was approximately HK\$0.63 million. As at 31st March, 2002, the audited consolidated net asset value of the Imagi Group was approximately HK\$6.07 million.

REASONS FOR THE ACQUISITION
As disclosed in the circular of the Company dated 2nd August, 2002 in respect of the disposal of the Businesses, following completion of such disposal on 23rd August, 2002, the Group will retain a 25% interest in the Businesses and will continue to develop its computer graphics animation business.

It is the board’s intention that the Group will concentrate on developing its computer graphics animation business. The Directors believe that the Acquisition will enable the Group to consolidate its interest in Imagi and is “in-line” with the Group’s development strategy.

CONNECTED PARTY RELATIONSHIP
As Mr. Tang was a substantial shareholder of Imagi, an 82.5% owned subsidiary of the Company, at the time of entry into the Acquisition Agreement, the Confirmatory Assignment and the Termination Deed (together, the “Agreements”), he is a connected person of the Company under the Listing Rules. Accordingly, the Agreements constitute connected transactions of the Company. As the consideration paid by IAS and Imagi under the Agreements is less than HK\$10,000,000, the Agreements fall within the de minimis provision under Rule 14.25(1) of the Listing Rules. The entry into the Agreements is required to be disclosed by way of press announcement and no approval from the Shareholders is required. Brief details of the Agreements will be included in the Company’s next annual report and accounts in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

Mr. Tang is currently a full-time employee of Imagi and there is no proposed change to his continuing employment.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreements are on normal commercial terms and are fair and reasonable.

SHARE CONSOLIDATION
The Directors propose to consolidate every 25 Existing Shares into one Consolidated Share. On such basis, the 3,440,925,000 Existing Shares in issue will be consolidated into 137,637,000 Consolidated Shares.

Upon the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$100,000,000 divided into 200,000,000 Consolidated Shares, of which 137,637,000 Consolidated Shares will be in issue (assuming that none of the options granted, or which may be granted, under the Company’s employee share option scheme is exercised).

CONDITIONS OF THE SHARE CONSOLIDATION
The Share Consolidation is conditional upon, among other things, the followings:

- (a) the passing by the Shareholders at the SGM of the necessary ordinary resolution approving the Share Consolidation; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares.

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares.

Upon fulfilment of the abovementioned conditions, the Share Consolidation will not become effective immediately. The Share Consolidation will only become effective after the change of name becoming effective. The postponement of the effective date of the Share Consolidation to a day after the change of name becoming effective is to enable all new share certificates to carry the new name of the Company. Such arrangement would not only save the extra costs that would otherwise have been incurred in printing and arranging for exchange of the share certificates for two times, but will also avoid the confusion that would have otherwise arisen.

CHANGE OF BOARD LOT SIZE
At present, the ordinary shares of the Company are traded in board lot of 5,000 Existing Shares. The Directors have resolved to change the board lot for trading on the Stock Exchange to 2,000 Consolidated Shares upon the Share Consolidation becoming effective.

Odd lots of Consolidated Shares may arise as a result of the Share Consolidation. In order to alleviate the difficulties in trading odd lots of Consolidated Shares, the Company will appoint a broker to act as its agent to match, on a “best effort” basis, the sales and purchases of odd lots of Consolidated Shares, detailed arrangement of which will be included in the circular to be despatched by the Company to the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE
The Board noted that the ordinary shares of the Company have been trading at prices between HK\$0.034 to HK\$0.061 since 26th August, 2002 (i.e., being the date on which the Existing Shares commenced trading on an ex-entitlement to the special cash dividend basis).

The Directors believe that the Share Consolidation and the change of board lot size will lead to a more reasonable board lot value. Based on the average closing price of the Existing Shares of HK\$0.0409 per Existing Share for the month of September 2002 up to and including 26th September, 2002 and the existing board lot size of 5,000 Existing Shares, the prevailing board lot value is HK\$204.5. On the basis of the aforesaid average closing price of the Existing Shares of HK\$0.0409 and the new board lot size of 2,000 Consolidated Shares, the new board lot value will be HK\$2,045.

The Share Consolidation and the change of board lot size will not, on their own, result in any change in the relative rights of the Shareholders.

CHANGE OF NAME
As described in the circular of the Company dated 2nd August, 2002 in respect of the disposal of the Businesses, the Company is required to change its name within one year after completion of such disposal. Accordingly, the Directors propose to change the name of the Company to IMI Global Holdings Limited in order to undertake a rebranding exercise following the disposal of the Businesses and to reflect the change in business focus of the Group. However, while the Group will focus on the development of the computer graphics animation business, it will also retain its 25% investment in the Businesses.

The change of name will be subject to, among other things, (i) the passing of a special resolution by the Shareholders; and (ii) the approval of the Registrar of Companies in Bermuda. The Company will, subject to satisfaction of the foregoing conditions, carry out the necessary filing procedures with the Registrars of Companies in Bermuda and Hong Kong.

The change of name will not affect any of the rights of any Shareholders.

SHARE CERTIFICATES
All existing share certificates in issue bearing “Boto International Holdings Limited” will, after the change of name becoming effective, continue to be evidence of title to the shares of the Company under its new name and will be valid for trading, settlement and delivery purposes on the Stock Exchange up to the end of the parallel trading period. Thereafter, all existing share certificates in issue will continue to be evidence of title to the shares of the Company under its new name, but will not be valid for trading, settlement and delivery purposes on the Stock Exchange. The arrangement for the exchange of the share certificates will be detailed in the circular of the Company.

EXPECTED TIMETABLE

The following is the expected timetable in relation to the change of name and Share Consolidation and the relevant exchange trading arrangements:

2002

Latest time for lodging forms of proxy
for the SGM 10:30 a.m. on Saturday, 9th November
SGM 10:30 a.m. on Monday, 11th November
Effective date for change of name On or about Friday, 15th November
Effective date for Share Consolidation On or about Thursday, 21st November
Closure of original counter for trading in
Existing Shares (represented by existing share
certificates) in board lot of 5,000 shares 9:30 a.m. on Thursday, 21st November
Establishment of temporary counter for trading in
Consolidated Shares (represented by existing share
certificates) in board lot of 200 shares 9:30 a.m. on Thursday, 21st November
First day of free exchange of existing share
certificates for new share certificates Thursday, 21st November
Original counter for trading in Consolidated Shares
(represented by new share certificates)
in board lot of 2,000 shares re-opens 9:30 a.m. on Thursday, 5th December
Parallel trading commences 9:30 a.m. on Thursday, 5th December
Closure of temporary counter for trading in
Consolidated Shares (represented by existing
share certificates) in board lot of 200 shares 4:00 p.m. on Monday, 30th December
Parallel trading ends 4:00 p.m. on Monday, 30th December

2003

Last day of free exchange of existing share
certificates for new share certificates Thursday, 2nd January
Shareholders and investors should note that the above timetable with regard to the trading
arrangement is prepared on the assumption that the change of name of the Company will
become effective on or about 15th November, 2002 and that the Share Consolidation will
become effective on or about 21st November, 2002. The Company will make an announcement
to confirm the exchange trading arrangements after the change of name becomes effective.

GENERAL

A circular containing details of the proposed Share Consolidation, change in board lot size,
arrangements for odd lot trading facility and exchange of share certificates, the timetable for
the implementation thereof and the proposed change of name together with a notice convening
the SGM will be despatched to the Shareholders as soon as possible.

DEFINITION

"Acquisition"	the acquisition by IAS from Mr. Tang of the Sale Shares
"Acquisition Agreement"	the sale and purchase agreement dated 24th September, 2002 entered into between IAS and Mr. Tang relating to the Acquisition
"Businesses"	the business of designing, manufacturing, marketing and distribution of Christmas festive products, which include artificial Christmas trees and other decorative accessories, and leisure furniture products
"Company"	Boto International Holdings Limited, an exempted company incorporated in Bermuda with limited liability with its shares listed on the Stock Exchange
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the sum of HK\$2,300,000 paid by IAS to Mr. Tang pursuant to the Acquisition Agreement as consideration for the Sale Shares
"Consolidated Share(s)"	share(s) of HK\$0.50 each in the share capital of the Company created by the Share Consolidation
"Directors"	directors of the Company
"Existing Share(s)"	existing share(s) of HK\$0.02 each in the share capital of the Company, prior to the Share Consolidation
"Group"	the Company and its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"IAS"	Imagi Animation Studios Limited, a company incorporated in Hong Kong with limited liability and which is an indirect wholly-owned subsidiary of the Company
"Imagi"	Imagi Production Limited, a company incorporated in Hong Kong with limited liability and an 82.5% owned subsidiary of the Company prior to completion of the Acquisition
"Imagi Group"	Imagi, its subsidiaries and its fellow subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Tang"	Mr. Tang Tung Ming, the owner of the Sale Shares prior to completion of the Acquisition and the chief operating officer of Imagi
"Sale Shares"	5,000 ordinary shares of HK\$1.00 each in Imagi, representing 17.5% of the issued share capital of Imagi, all of which were owned by Mr. Tang prior to completion of the Acquisition
"SGM"	the special general meeting of the Company to be held to consider and, if appropriate, approve the Share Consolidation and the change of name
"Share Consolidation"	the proposed consolidation of every 25 Existing Shares into one Consolidated Share
"Shareholder(s)"	holder(s) of Existing Shares or Consolidated Shares, as the context may require
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed thereto under the Listing Rules
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 26th September, 2002

* For identification only