



**THE STOCK EXCHANGE OF HONG KONG LIMITED**  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)  
(the “Exchange”)

19 September 2012

**The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) censures the following parties for breaching the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”):**

- (1) Birmingham International Holdings Limited (the “Company”) (Stock Code: 2309);**
- (2) Mr Yeung Ka Sing Carson, an executive director and the Chairman of the Company (“Mr Yeung”);**
- (3) Mr Hui Ho Luek Vico, a former executive director of the Company (“Mr Hui”), resigned on 1 July 2012;**
- (4) Mr Ip Wing Lun, a former executive director of the Company (“Mr Ip”), resigned on 31 May 2011;**
- (5) Ms Wong Po Ling Pauline, an executive director of the Company (“Ms Wong”); and**
- (6) Mr Chang Kin Man, a former independent non-executive director of the Company (“Mr Chang”), resigned on 31 May 2011.**

**The Listing Committee further criticises the following parties for breaching the Exchange Listing Rules:**

- (1) Mr Steven McManaman, a former executive director of the Company (“Mr McManaman”), resigned on 2 June 2012;**
- (2) Mr Fan Zhi Yi, a former executive director of the Company (“Mr Fan”), resigned on 9 September 2009;**
- (3) Mr Lee Yiu Tung, an executive director of the Company (“Mr Lee”);**
- (4) Mr Christian Lali Karembeu, a former non-executive director of the Company (“Mr Karembeu”), resigned on 17 December 2010;**

- (5) **Mr Chan Wai Keung, a non-executive director of the Company (“Mr Chan”);**
- (6) **Mr Yau Yan Ming Raymond, an independent non-executive director of the Company (“Mr Yau”); and**
- (7) **Mr Zhou Han Ping, an independent non-executive director of the Company (“Mr Zhou”).**

On 13 March 2012, the Listing Committee conducted a hearing into the conduct of the Company and of Mr Yeung, Mr Hui, Mr Ip, Ms Wong, Mr Chang, Mr McManaman, Mr Fan, Mr Lee, Mr Karembeu, Mr Chan, Mr Yau and Mr Zhou (together “**Relevant Directors**”) in relation to their obligations under the Exchange Listing Rules and the Director’s Declaration and Undertaking given by each of the Relevant Directors to the Exchange in the form set out in Appendix 5 Form B to the Exchange Listing Rules (the “**Director’s Undertaking**”).

On 7 August 2012, the Listing Committee conducted a disciplinary (review) hearing on the application by Mr Yau and Mr Chan for a review of the decisions of and the sanctions imposed on them by the Listing Committee at first instance, and by Mr McManaman for a review of the sanction imposed on him by the Listing Committee at first instance.

## **Facts**

### Proposed Acquisition

The Company had in July 2007 acquired 29.9 per cent interest in Birmingham City PLC (“**BCFC**”), a UK company then listed on the Alternative Investment Market of the London Stock Exchange, which owned a UK premier football league club.

In or around May 2009, the Company started internal discussion and taking steps in relation to the Company’s proposed acquisition of all the interests in BCFC not already owned by the Company (the “**Acquisition**”). The Acquisition would constitute a very substantial acquisition by the Company. The Company also engaged professional advisers to assist in and advise on the consideration, negotiation, structure and proposed funding of the proposed Acquisition.

In or about early August 2009, the Company agreed to make a £3 million payment (“**Deposit**”) into an escrow account in relation to the proposed Acquisition.

An Escrow Agreement to be entered into by the Company, BCFC and the escrow agent governing the payment and application of the Deposit was drawn up. On 14 August 2009, the Board of the Company approved, and the Company signed, the Escrow Agreement. The Escrow Agreement prescribed the Company’s payment of £3 million Deposit (representing approximately 31.13 per cent of the Company’s total assets) to an escrow agent, and that the Deposit would be (a) applied towards payment of consideration for the Acquisition if it proceeded, or (b) forfeited to BCFC if the Acquisition did not proceed subject to its repayment to the Company in very limited circumstances specified in the Escrow Agreement (the circumstances in which the Deposit would be repaid did not include the failure by the Company to obtain the requisite shareholder approval for its payment) (“**non-refundable aspects**”).

The Company disclosed to the Listing Division the size and non-refundable aspects of the Deposit only on 18 and 19 August 2009. The Listing Division advised the Company on 19 August 2009 of its view that the Deposit payment was a notifiable transaction subject to Chapter 14 of the Exchange Listing Rules. Given its size, the Deposit was a major transaction, the payment of which should be subject to shareholders' approval.

On 20 August 2009, (a) BCFC and the escrow agent also signed the Escrow Agreement and (b) the Company paid the Deposit without complying with the Exchange Listing Rules in relation to its payment.

On 21 August 2009, the Company published an announcement disclosing the Acquisition, the Deposit and other details of the Escrow Agreement.

At all material times since May 2009, Mr Yeung, Mr Hui, Mr Ip, Ms Wong and Mr Chang ("**Group A Directors**") were involved in, aware of, and/or responsible for the negotiation and consideration of the proposed Acquisition, the Deposit and the Escrow Agreement. Mr Hui, Mr Ip, Ms Wong and Mr Chang participated in the Board's approval of the Deposit and the Escrow Agreement on 14 August 2009. Mr Hui signed the Escrow Agreement on behalf of the Company. Mr Yeung was aware of all these steps.

Mr McManaman, Mr Fan, Mr Lee, Mr Karembeu, Mr Chan, Mr Yau and Mr Zhou ("**Group B Directors**") did not attend the board meeting on 14 August 2009 and the evidence presented to the Listing Committee as to whether they knew of the terms of the Deposit prior to its payment was inconclusive.

#### Mr Yeung's acquisition of the Company's shares

Whilst the Company and Group A Directors were taking steps in relation to the proposed Acquisition as noted above, Mr Yeung acquired in aggregate 9,724,000 shares of the Company on four days in June 2009 ("**Dealings**"):

	<u>Date</u>	<u>Number of shares</u>	<u>Price per share</u>	<u>Consideration</u>
(1)	15 June	1,860,000	\$0.477	\$831,420
(2)	17 June	364,000	\$0.49	\$178,360
(3)	18 June	5,500,000	\$0.473	\$2,601,500
(4)	19 June	2,000,000	\$0.453	\$906,000

## **Findings of breach by the Listing Committee**

The Listing Committee at first instance concluded as follows:

### Company's breach of Rule 14.40

Rule 14.40 requires that a major transaction must be made conditional on approval by shareholders.

The Escrow Agreement involved the Company's payment of the Deposit of £3 million which, given its size and non-refundable aspects, constituted a major transaction under Chapter 14 of the Exchange Listing Rules. The Listing Committee took the view that the Company was obliged to make the Escrow Agreement (which contained the terms governing the payment and application of the Deposit) conditional upon shareholders' approval. The Company did not do so. In any event, the Company did not obtain shareholders' approval before paying the Deposit on 20 August 2009.

The Listing Committee at first instance concluded that the Company breached Rule 14.40 for failing to make the Escrow Agreement/Deposit subject to shareholders' approval.

### Mr Yeung's breaches of Rules A1, A3 and B8 of the Model Code and the Director's Undertaking

Rule A1 of the Model Code, Appendix 10 to the Exchange Listing Rules, prohibits a director from dealing in shares of the listed issuer at any time when he is in possession of unpublished price-sensitive information in relation to those securities.

Rule A3 of the Model Code stipulates that a director must not deal in securities of the listed issuer on any day on which its financial results are published and during the period of 60 days immediately preceding publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results ("**BOP**").

Under Rule B8 of the Model Code, a director who is the chairman must not deal in securities of the listed issuer without first notifying the board at the board meeting or alternatively notifying in writing a director (other than himself) designated by the board for the purpose and receiving a dated written acknowledgement.

The relevant BOP in relation to the Company's annual results for the year ended 31 March 2009 ("**Annual Results**") commenced on 22 May 2009 and lasted to and included 24 July 2009. Mr Yeung was given notice by the Company on 22 May 2009 of the BOP and that Directors must not deal in the Company's shares during the BOP. In any event, Mr Yeung as Chairman and an Executive Director of the Company since July 2007 should have been well aware of the Company's financial period end (31 March), when financial results were due to be published (31 July), and that the 60-day BOP should cover most of June and July given the Annual Results publication deadline of 31 July. Mr Yeung also had active involvement in and was fully aware of the Company's negotiation and discussions with professional advisers taking place between May and August 2009 in relation to the proposed Acquisition and the Deposit, including its size and non-refundable aspects. The Listing Committee took the view that such information was unpublished price-sensitive information.

Against this background, Mr Yeung conducted the Dealings on four occasions in mid-June 2009 well into the BOP without complying with the Model Code and whilst he was in possession of unpublished price-sensitive information in relation to the Company.

Mr Yeung admitted he breached Rule A3 and attributed it to inadvertence. Mr Yeung also acknowledged he did not comply with the requirements in Rule B8 of the Model Code regarding the Dealings.

The Listing Committee at first instance also found at all relevant times, Mr Yeung had knowledge of the negotiation and the terms of the Deposit including its size and non-refundable aspects but had failed to take steps consistent with his use of best endeavours to prevent the Company's breach of Rule 14.40.

The Listing Committee at first instance concluded that Mr Yeung breached:

- (1) Rules A1, A3 and B8 of the Model Code in respect of each of his four Dealings;
- (2) the Director's Undertaking to comply with the Exchange Listing Rules to the best of his ability regarding his Model Code breaches; and
- (3) the Director's Undertaking for failing to use his best endeavours to procure the Company's compliance with the Exchange Listing Rules.

#### Breach of the Director's Undertaking by the Relevant Directors (other than Mr Yeung)

The Listing Committee at first instance also concluded that:

- (1) each of Mr Hui, Mr Ip, Ms Wong and Mr Chang (as members of Group A Directors), having knowledge at all material times of the negotiation, and the terms of the Deposit including its size and non-refundable aspects, failed to prevent the Company's breach of Rule 14.40; and
- (2) each of Mr McManaman, Mr Fan, Mr Lee, Mr Karembeu, Mr Chan, Mr Yau and Mr Zhou (being Group B Directors), did not take any action to procure the Company's Rule compliance in relation to the Deposit.

Each of the Relevant Directors identified above therefore breached the Director's Undertaking for failing to use best endeavours to procure the Company's compliance with the Exchange Listing Rules.

At the disciplinary (review) hearing, the Listing Committee on review upheld the decisions of the Listing Committee at first instance in respect of Mr Yau and Mr Chan.

## Sanctions

The Listing Committee at first instance decided to:

1. impose a public censure on:
  - (a) the Company for its breach of Rule 14.40 of the Exchange Listing Rules;
  - (b) Mr Yeung for his breaches of (1) Rules A1, A3 and B8 of the Model Code; and (2) the Director's Undertaking for failing to comply with the Exchange Listing Rules to the best of his ability regarding his Model Code breaches and for failing to use his best endeavours to procure the Company's compliance with the Exchange Listing Rules; and
  - (c) Mr Hui, Mr Ip, Ms Wong and Mr Chang for their respective breaches of the Director's Undertaking for failing to use best endeavours to procure the Company's compliance with the Exchange Listing Rules; and
2. impose a public statement which involves criticism on Mr McManaman, Mr Fan, Mr Lee, Mr Karembeu, Mr Chan, Mr Yau and Mr Zhou for their respective breaches of the Director's Undertaking for failing to use best endeavours to procure the Company's compliance with the Exchange Listing Rules.

The Listing Committee on review concluded that there were no grounds for removing or lessening the sanction imposed on Mr McManaman, Mr Yau and Mr Chan by the Listing Committee at first instance.

Further, the Listing Committee at first instance (as varied by the Listing Committee on review) directed that:

- (1) the Company (a) appoint an independent Compliance Adviser (as defined in Chapter 3A of the Exchange Listing Rules namely, an entity licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor) satisfactory to the Listing Division on an ongoing basis for consultation on Exchange Listing Rule compliance for two years within two weeks from publication of the News Release, and (b) submit the proposed scope of retainer to the Listing Division for comment before such appointment. The Compliance Adviser shall be accountable to the Company's Audit Committee;
- (2) each of Mr Yeung, Mr Lee, Ms Wong, Mr Chan, Mr Yau and Mr Zhou, who remains a current director of the Company, (a) undergo 24 hours of training covering 8 core topics together with 4 hours on continuing obligations (including disclosure and approval obligations regarding notifiable transactions) provided by the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors or other course providers approved by the Listing Division, within 90 days from the publication date of the News Release; and (b) provide the Listing Division with the course provider's written certification of compliance within two weeks after training completion;

- (3) Mr Chang, who has resigned as a director of the Company but who is a director of another company listed on the Exchange, (a) undergo 24 hours of training covering 8 core topics together with 4 hours on continuing obligations (including disclosure and approval obligations regarding notifiable transactions) provided by the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors or other course providers approved by the Listing Division, within 90 days from the publication date of the News Release; and (b) provide the Listing Division with the course provider's written certification of compliance within two weeks after training completion;
- (4) each of Mr Hui, Mr McManaman, Mr Ip, Mr Fan and Mr Karembeu, who has resigned as a director of the Company and who is not currently a director of any other company listed on the Exchange, (a) attend training as a pre-requisite of future appointment as a director of any company listed on the Exchange, of 24 hours of training covering 8 core topics together with 4 hours on continuing obligations (including disclosure and approval obligations regarding notifiable transactions) provided by the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors or other course providers approved by the Listing Division, before the effective date of any such appointment; and (b) provide the Listing Division with the course provider's written certification of compliance within two weeks after training completion; and
- (5) the Company publish an announcement to confirm full compliance with each of the directions set out in (1) and (2) above within two weeks after the respective fulfillment of each of the directions. The Company is to submit drafts of the announcements for the Listing Division's comment and may only publish the announcements after the Listing Division has confirmed it has no further comment on them. The last announcement required to be published under this requirement is to include the confirmation that the directions at (1) and (2) above have been fully complied with.

The Listing Committee on review endorsed paragraphs (2), (4) and (5) of the above directions made in respect of Mr McManaman, Mr Yau and Mr Chan.

For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company and the Relevant Directors and not to any other past or present member of the Company's Board of Directors.