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## **BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED**

### **伯明翰環球控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2309)**

### **CONTINUING CONNECTED TRANSACTION CONSULTANCY AGREEMENT**

On 22 September 2009, the Company, ARL and Mr. Pannu entered into the Consultancy Agreement pursuant to which ARL has agreed to provide consultation services to the Company. Pursuant to the Amendment Letter, the Consultancy Agreement was amended on 28 July 2011 whereby the fee payable to ARL was varied to GBP65,000 per month, effective 1 July 2011. Pursuant to the Deed of Variation, the Consultancy Agreement was further amended on 28 December 2011 whereby the fee payable to ARL was varied to HK\$400,000 per month, effective 1 January 2012.

ARL is wholly and directly owned by Mr. Pannu. On 11 July 2011, Mr. Pannu was appointed a director of BCP and BCFC and acting chairman of BCFC. Therefore, as of 11 July 2011, Mr. Pannu and the Company are connected persons of each other. On 28 July 2011, due to the variation of the fee payable under the Consultancy Agreement to GBP65,000 per month, the Consultancy Agreement, as amended by the Amendment Letter, became a continuing connected transaction under the Listing Rules subject to announcement and reporting requirements but exempt from the independent shareholders' approval requirement, as the applicable Percentage Ratios for the Company in respect of the maximum annual amount of the fee exceeds 1% but is less than 5%.

The Board considers the Consultancy Agreement to be a continuing connected transaction under the Listing Rules, which is subject to announcement and reporting requirements but is exempt from the independent shareholders' approval requirement, when the Consultancy Agreement was amended on 28 July 2011. Due to inadvertent oversight, the Directors of the Company at the material time had not published the announcement relating to the Consultancy Agreement on 28 July 2011.

## INTRODUCTION

On 22 September 2009, the Company, ARL and Mr. Pannu entered into the Consultancy Agreement pursuant to which ARL has agreed to provide consultation services to the Company. Pursuant to the Amendment Letter, the Consultancy Agreement was amended on 28 July 2011 whereby the fee payable to ARL was varied to GBP65,000 per month, effective 1 July 2011. Pursuant to the Deed of Variation, the Consultancy Agreement was further amended on 28 December 2011 whereby the fee payable to ARL was varied to HK\$400,000 per month, effective 1 January 2012.

## PRINCIPAL TERMS OF THE CONSULTANCY AGREEMENT

**Date of agreement:** 22 September 2009

**Parties:**

- (i) the Company
- (ii) ARL, a company wholly and directly owned by Mr. Pannu
- (iii) Mr. Pannu

**Services:** For the provision of services by ARL through the provision of its Director to the Company in any capacity or title that the board of Directors of the Company may require either in Hong Kong or elsewhere in the world. For (a) the operations of BCFC and, (b) for provision of services to the Company as directed by the Board of Directors of the Company.

**Term:** 5 years, commencing on 1 October 2009 and expiring on 30 September 2014

**Fees/other benefits:** The fees and other benefits mainly comprise:

- Monthly fee — The Company shall pay ARL a monthly fee of HK\$310,000. The Company wholly and unreservedly undertakes to guarantee that the agreed monthly fee is the net tax free sum. The Company agrees to pay any tax liabilities or reimburse ARL and/or Mr. Pannu
- Bonus fee — ARL and/or Mr. Pannu will be entitled to bonus payments
- Education fees — The Company shall reimburse Mr. Pannu for undertaking a postgraduate degree course in Management and Business of Football (LONDON University)

- Personal loan — The Company to provide housing loan of HK\$2,000,000 to ARL and/or Mr. Pannu, to be fully extinguished upon the full performance of 60 months of the Consultancy Agreement

#### **PRINCIPAL TERMS OF THE AMENDMENT LETTER**

**Date of agreement:** 28 July 2011

**Parties:** (i) Mr. Yeung, on behalf of the Company  
(ii) ARL

**Terms varied:** The Amendment Letter varied the following terms of the Consultancy Agreement due to additional work imposed on the consultancy

- Monthly fee — The Company shall pay ARL a monthly fee of GBP65,000

#### **PRINCIPAL TERMS OF THE DEED OF VARIATION**

**Date of agreement:** 28 December 2011

**Parties:** (i) The Company, now Birmingham  
(ii) ARL  
(iii) Mr. Pannu

**Terms varied:** The Deed of Variation further varied the following terms of the Consultancy Agreement, as varied by the Amendment Letter:

- Monthly fee — The Company shall pay ARL a monthly fee of HK\$400,000
- Effective date — 1 January 2012

## EXPECTED MAXIMUM ANNUAL CONSIDERATION

For the accounting years ended 30 June 2012, 2013, 2014 and 2015, the aggregate amount paid and to be paid by the Company to ARL under the terms of the Consultancy Agreement, the Amendment Letter and the Deed of Variation are set out below:

	For the year ended 30 June 2012	For the year ended 30 June 2013	For the year ended 30 June 2014	For the year ended 30 June 2015
Monthly fees	Approximately GBP0.4 million and HK\$2.4 million (total equivalent to approximately HK\$7.3 million)	HK\$4.8 million	HK\$4.8 million	HK\$1.2 million

From the commencement of the Consultancy Agreement to 30 June 2011, all payments due under the Consultancy Agreement were made by Mr. Yeung in a private capacity, except for the agreed ten percent bonus from the sums secured from the previous owners of BCP.

On 28 December 2011, Mr. Yeung confirmed in writing that he will not seek and had waived his right to claim any payments due under the Consultancy Agreement paid by him during the period from the commencement of the Consultancy Agreement to 30 June 2011.

The terms of the Consultancy Agreement, as varied by the Amendment Letter and the Deed of Variation, including the basis upon which the consideration was determined, were arrived at after arms' length negotiations between the Company and ARL. If the maximum annual aggregate amount stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

## REASONS FOR AND BENEFIT OF ENTERING INTO THE CONSULTANCY AGREEMENT, AS AMENDED BY THE AMENDMENT LETTER

The Consultancy Agreement was entered into by the Company to retain the services of Mr. Pannu for providing inter alia, post-acquisition due diligence consultation services in relation to the Company's acquisition of BCP and general legal consultancy services to the Company. Subsequently, on 11 July 2011, Mr. Pannu was appointed a director of BCP and BCFC and acting chairman of BCFC. The Consultancy Agreement was varied by the Amendment Letter to reflect ARL's additional responsibilities with the Company and the increased burden placed on it's director, following the initiation of legal proceedings against the Company's executive Director and chairman, Mr. Yeung. Further, in view of the monetary rewards generated and savings made and benefits brought to the Company by ARL as of 28 July 2011, the Amendment Letter recognizes the expected future value of services provided by ARL to the Company. Accordingly, the Directors (including the independent non-executive Directors) take the view that it was in the interest of the Company to enter into the Consultancy Agreement, as amended by the Amendment Letter.

The Directors (including the independent non-executive Directors) take the view that the entering into of the Consultancy Agreement, as amended by the Amendment Letter and the Deed of Variation, is in the ordinary and usual course of business of the Company and believe that the terms of the Consultancy Agreement, as amended by the Amendment Letter and the Deed of Variation, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board confirms that none of the then Directors as of 11 July 2011 and 28 July 2011 had any material interest in the Consultancy Agreement, as amended by the Amendment Letter and the Deed of Variation, and accordingly none of the Directors were required to abstain from voting on the resolutions dated 31 January 2012 and 13 March 2012 in relation to the Consultancy Agreement, as amended by the Amendment Letter and The Deed of Variation.

### **INFORMATION ON THE COMPANY**

The Company is an investment holding company. It is principally engaged in professional football operations, apparel sourcing & trading, entertainment and media services and investment holding activities.

### **INFORMATION ON ARL**

ARL is a registered Hong Kong Company, incorporated under the Companies Ordinances, Cap 32.

### **IMPLICATIONS UNDER THE LISTING RULES**

ARL is wholly and directly owned by Mr. Pannu. On 11 July 2011, Mr. Pannu was appointed a director of BCP and BCFC and acting chairman of BCFC. Therefore, as of 11 July 2011, Mr. Pannu and the Company are connected persons of each other.

On 28 July 2011, due to the variation of the fee payable under the Consultancy Agreement to GBP65,000 per month, the Consultancy Agreement, as varied by the Amendment Letter, became a continuing connected transaction under Listing Rules subject to announcement and reporting requirements but exempt from the independent shareholders' approval requirement, as the applicable Percentage Ratios for the Company in respect of the maximum annual amount of the fee exceeds 1% but is less than 5%.

By an announcement by the Company dated 19 Sept 2012, upon Mr. Pannu's appointment as the MD/CEO of the Company, the ARL consultancy was announced and disclosed.

The Board considers the Consultancy Agreement to be a continuing connected transaction under the Listing Rules, which is subject to announcement and reporting requirements but is exempt from the independent shareholders' approval requirement, when the Consultancy Agreement was amended on 28 July 2011. Due to inadvertent oversight, the then Directors at the time had not published the announcement relating to the Consultancy Agreement on 28 July 2011. Accordingly, the Company

was in non-compliance with, amongst others, the reporting and announcement requirements at the material time, which is now effected, and subsequently the annual review requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Amendment Letter”	the agreement between the Company and ARL dated 28 July 2011 pursuant to which the fee payable under the Consultancy Agreement was varied to GBP65,000 per month, effective 1 July 2011
“ARL”	Asia Rays Limited, a company wholly and directly owned by Mr. Pannu
“associate”	has the meaning ascribed to it in the Listing Rules
“BCFC”	Birmingham City Football Club Plc., being a subsidiary of the Company and wholly and directly owned by BCP
“BCP”	Birmingham City Plc., being a direct subsidiary of the Company
“Board”	the board of Directors
“Company”	Birmingham International Holdings Limited (stock code: 2309), previously known as Grandtop International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consultancy Agreement”	the consultancy agreement dated 22 September 2009 entered into between the Company, ARL and Mr. Pannu for the provision of consultancy services by ARL to the Company
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong special administrative region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Pannu”	Mr. Peter Pannu, Executive Director, Chief Executive Officer and Managing Director of the Company
“Mr. Yeung”	Mr. Yeung Ka Sing, Carson, executive Director and chairman of the Company
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Deed of Variation”	the agreement between the Company, ARL and Mr. Pannu dated 28 December 2011 pursuant to which the fee payable under the Consultancy Agreement was varied to HKD400,000 per month, effective 1 January 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED**  
**Yeung Ka Sing, Carson**  
*Executive Director and Chairman*

Hong Kong, 23 April 2013

*As at the date hereof, the executive directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Peter Pannu, Mr. Ma Shui Cheong, Mr. Chan Shun Wah, Ms. Wong Po Ling, Pauline and Mr. Cheung Kwai Nang and the independent non-executive directors are Mr. Yau Yan Ming, Raymond and Mr. Wong Ka Chun, Carson.*