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## **BIRMINGHAM SPORTS HOLDINGS LIMITED**

**伯明翰體育控股有限公司**

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

**(Stock Code: 2309)**

### **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

On 14 June 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 1,380,080,000 new Shares at the Subscription Price of HK\$0.105 per Subscription Share. The aggregate Subscription Price payable by the Subscriber to the Company on completion of the Subscription shall be offset by an equivalent amount which is owed by the Company to the Subscriber under the Dragon Villa Facility.

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to further approval of the Shareholders. Application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

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## THE SUBSCRIPTION AGREEMENT

Summarised below are the principal terms of the Subscription Agreement:

1. **Date** : 14 June 2018
2. **Parties** : (i) the Company as issuer  
(ii) the Subscriber as subscriber

### 3. Subscription Shares

The Subscription Shares represent:

- (i) approximately 14.38% of the issued share capital of the Company of 9,593,991,672 Shares as at the date of this announcement; and
- (ii) approximately 12.58% of the issued share capital of the Company of 10,974,071,672 Shares as enlarged by the allotment and issue of the Subscription Shares.

### 4. Subscription Price and Payment Terms

The Subscription Price of HK\$0.105 per Subscription Share represents:

- (i) a discount of approximately 16.0% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on 14 June 2018, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 16.4% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the prevailing market price of the Shares; (ii) the recent trading volume of the Shares; and (iii) the recent performance and prospect of the Group's business.

The aggregate Subscription Price of approximately HK\$144.9 million payable by the Subscriber to the Company on completion of the Subscription shall be offset by an equivalent amount which is owed by the Company to the Subscriber under the Dragon Villa Facility. As such, no cash proceeds will be received by the Company pursuant to the Subscription.

**5. Ranking of the Subscription Shares**

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with all of the Shares in issue on the date of allotment and issue of the Subscription Shares.

**6. Condition Precedent**

Completion of the Subscription under the Subscription Agreement shall be conditional upon the compliance with the requirements of the Stock Exchange and the Listing Rules, including but not limited to the listing of, and permission to deal in, all of the Subscription Shares being granted by the Listing Committee of the Stock Exchange (either unconditionally, or subject to customary conditions) being fulfilled on or before the Long Stop Date.

In the event the condition is not fulfilled on or before the Long Stop Date, the obligations of the Company and the Subscriber under the Subscription Agreement shall cease to be of any effect and none of the parties shall be bound to carry out the remaining terms of the Subscription Agreement except for any claims arising out of any antecedent breach of the Subscription Agreement or any accrued rights or remedies of any party arising prior to such date.

**7. Completion**

Completion of the Subscription under the Subscription Agreement shall take place on a day within five Business Days after the condition has been fulfilled by the Company (or such later date as the Company and the Subscriber may agree in writing).

## EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Subscription Shares:

Name of Shareholder	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Trillion Trophy Asia Limited ( <i>Note 1</i> )	3,825,000,000	39.87%	3,825,000,000	34.86%
Ever Depot Limited ( <i>Note 2</i> )	2,086,551,000	21.75%	2,086,551,000	19.01%
The Subscriber ( <i>Note 3</i> )	714,286,000	7.45%	2,094,366,000	19.08%
Other public Shareholders	2,968,154,672	30.93%	2,968,154,672	27.05%
Total:	<u>9,593,991,672</u>	<u>100.00%</u>	<u>10,974,071,672</u>	<u>100.00%</u>

*Notes:*

1. Trillion Trophy Asia Limited is a wholly-owned subsidiary of Wealthy Associates International Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.
2. Ever Depot Limited is a wholly-owned subsidiary of Graticity Real Estate Development Co., Ltd. which in turn is wholly-owned by Mr. Vong Pech.
3. The Subscriber is wholly-owned by Mr. Lei Sutong. Assuming there being no other change in the shareholding structure of the Company, immediately after the allotment and issue of the Subscription Shares, the Subscriber will cease to be a public Shareholder and become a substantial Shareholder as defined under the Listing Rules.

## **GENERAL MANDATE**

At the AGM, the General Mandate was granted to the Directors, pursuant to which the Directors are authorised to allot and issue up to 1,918,798,334 Shares. As at the date of this announcement, the General Mandate has not been utilised. The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to further approval of the Shareholders.

Application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is an investment holding company which primarily invests in business management and consulting business in the PRC. The Subscriber is ultimately beneficially owned as to 100% by Mr. Lei Sutong. As at the date of this announcement, The Subscriber owns 714,286,000 Shares, representing approximately 7.45% of the issued share capital of the Company.

Pursuant to the loan agreement dated 2 March 2018 entered into between the Company as borrower and the Subscriber as lender, the Subscriber has provided the Dragon Villa Facility to the Company. The Dragon Villa Facility is unsecured, for a term up to 30 June 2019 and bears interest at the rate of 8% per annum. As at the date of this announcement, the Company owed to the Subscriber an aggregate amount, including interest, of approximately HK\$144.9 million under the Dragon Villa Facility.

The Company borrowed the loan under the Dragon Villa Facility primarily for financing the funding requirement of the operation of the Group's football club business and general working capital. Such loan was borrowed for financing the Group's usual and ordinary course of business and are on normal commercial terms.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR THE SUBSCRIPTION**

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Company is engaged in investment holding and the principal activity of its major subsidiary is the operation of a professional football club in the United Kingdom.

The subscription of further Shares by the Subscriber reflects its confidence in the Group's business and growth potential. By entering into the Subscription Agreement, the amount owed by the Company to the Subscriber under the Dragon Villa Facility will be capitalised into equity capital, which will lower the gearing ratio and the finance cost of the Group. Moreover, the allotment and issue of the Subscription Shares represents an opportunity for the Company to enhance its level of working capital, strengthen its

capital base and financial position. The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

On 28 December 2017, the Company allotted and issued (i) 714,286,000 new Shares at the subscription price of HK\$0.14 per Share to the Subscriber; and (ii) 500,000,000 new Shares at the subscription price of HK\$0.14 per Share to Splendid Wealth Enterprises Limited, being a wholly-owned subsidiary of Chigwell Holdings Limited. The total subscription price of such allotment and issue of new Shares was set off by an equivalent amount then owed by the Company to the two subscribers. Save as the foregoing, the Company has not carried out any equity fund raising activities during the twelve months immediately preceding the date of this announcement. Details of such issue of new Shares are set out in the announcements of the Company dated 14 December 2017, 22 December 2017 and 28 December 2017, respectively.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“AGM”	the annual general meeting of the Company held on 29 December 2017
“Board”	the Board of Directors
“Business Day(s)”	a day (other than any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for banking business throughout normal business hours
“Company”	Birmingham Sports Holdings Limited (伯明翰體育控股有限公司), a company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Dragon Villa Facility”	a standby loan facility of up to HK\$150 million granted by the Subscriber to the Company pursuant to a loan agreement dated 2 March 2018
“General Mandate”	the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the AGM to allot, issue and deal with Shares and to make or grant offers, agreements and options which may require Shares to be allotted, issued or dealt with, which is subject to the limit of 20% of the total number of issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) which is(are) independent of and not connected with the Company and its connected persons and not otherwise a connected person(s) of the Company
“Last Trading Day”	14 June 2018, being the last day of trading in the Shares on the Stock Exchange preceding the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2018 (or such later date as may be agreed by the parties to the Subscription Agreement in writing)
“PRC”	the People’s Republic of China, and for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Dragon Villa Limited, which is more particularly described in the section headed “Information on the Subscriber” of this announcement
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 June 2018 entered into by the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$0.105 per Subscription Share
“Subscription Share(s)”	the total of 1,380,080,000 new Shares to be allotted and issued by the Company to the Subscriber at completion of the Subscription
“%”	per cent

By Order of the Board  
**Birmingham Sports Holdings Limited**  
**Zhao Wenqing**  
*Chairman*

Hong Kong, 14 June 2018

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong and Mr. Hsiao Charng Geng as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine as Independent Non-executive Directors.*