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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 December 2017 (after trading hours), the Company entered into the Subscription Agreement with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for in aggregate 1,214,286,000 Subscription Shares at the Subscription Price of HK\$0.14 per Subscription Share. The aggregate Subscription Price payable by each Subscriber to the Company on completion of the Subscription shall be offset by an equivalent amount which is owed by the Company to each Subscriber.

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 Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Board announces that on 14 December 2017 (after trading hours), the Company entered into the Subscription Agreement with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for in aggregate 1,214,286,000 Subscription Shares at the Subscription Price of HK\$0.14 per Subscription Share.

THE SUBSCRIPTION AGREEMENTS

The principal terms of the Subscription Agreements entered into with each of the Subscribers are identical, except for the number of Subscription Shares to be subscribed by each of the Subscribers and total Subscription Price payable therefor as more particularly set out in the section headed “The Subscription Agreements – 3. Subscription Shares” of this announcement and otherwise specified below.

Summarised below are the principal terms of the Subscription Agreements:

- Date** : 14 December 2017
- Parties** : (i) the Company as issuer
(ii) the respective Subscribers as subscribers

Chigwell is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

Dragon Villa is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners are Independent Third Parties.

3. Subscription Shares

Details of the Subscription Shares to be subscribed by each of the Subscribers are as follows:

Name of Subscriber	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	Total Subscription Price (HK\$’000)
	Number of Subscription Shares	Approximate % of issued share capital of the Company	Approximate % of issued share capital of the Company	
Chigwell	500,000,000	5.97%	5.21%	70,000
Dragon Villa	714,286,000	8.52%	7.45%	100,000
	<u>1,214,286,000</u>	<u>14.49%</u>	<u>12.66%</u>	<u>170,000</u>

The 1,214,286,000 Subscription Shares represent:

- (i) approximately 14.49% of the issued share capital of the Company of 8,379,705,672 Shares as at the date of this announcement; and
- (ii) approximately 12.66% of the issued share capital of the Company of 9,593,991,672 Shares as enlarged by the allotment and issue of the Subscription Shares.

4. Subscription Price

The Subscription Price of HK\$0.14 per Subscription Share represents:

- (i) a discount of approximately 15.66% to the closing price of HK\$0.166 per Share as quoted on the Stock Exchange on 14 December 2017, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 17.16% to the average closing price of approximately HK\$0.169 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 Subscribers 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 Directors (including the Independent Non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price payable by each Subscriber to the Company on completion of the Subscription shall be offset by an equivalent amount which is owed by the Company to each Subscriber.

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 Agreements 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 Subscribers under the respective Subscription Agreements shall cease to be of any effect and none of the parties shall be bound to carry out the remaining terms of the Subscription Agreements except for any claims arising out of any antecedent breach of the Subscription Agreements or any accrued rights or remedies of any party arising prior to such date.

7. Completion

Completion of the Subscription under each Subscription Agreement shall take place on the fifth Business Day after the condition has been fulfilled by the Company (or such later date as the Company and the Subscribers 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 %
Substantial Shareholders				
Trillion Trophy Asia Limited (<i>Note 1</i>)	3,825,000,000	45.65%	3,825,000,000	39.87%
Ever Depot Limited (<i>Note 2</i>)	2,086,551,000	24.90%	2,086,551,000	21.75%
Public Shareholders				
Chigwell	–	–	500,000,000	5.21%
Dragon Villa	–	–	714,286,000	7.45%
Other public Shareholders	2,468,154,672	29.45%	2,468,154,672	25.72%
	<u>8,379,705,672</u>	<u>100.00%</u>	<u>9,593,991,672</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.

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 1,258,630,934 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.

REASONS FOR THE SUBSCRIPTION

The Company is incorporated in the Cayman Islands with limited liability and the 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.

By entering into the Subscription Agreements, the amount owed by the Company to the Subscribers will be capitalised into equity capital, which will lower the gearing ratio of the Group and reduce the finance cost. Moreover, the allotment and issue of the Subscription Shares represents an opportunity for the Company to enhance its working capital, strengthen its capital base and financial position and broaden the Shareholders base. The Directors (including the Independent Non-executive Directors) are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

There will be no proceeds arising from the Subscription as the aggregate Subscription Price payable by each Subscriber to the Company on completion of the Subscription shall be offset by an equivalent amount which is owed by the Company to each Subscriber.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the twelve months immediately preceding the date of this announcement.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreements. 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 30 December 2016

“Board”	the board of Directors
“Business Day”	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
“Chigwell”	Chigwell Holdings Limited (安業控股有限公司), which is more particularly described in the section headed “The Subscription Agreements – 2. Parties” of this announcement
“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”	Dragon Villa Limited (宏龍有限公司), which is more particularly described in the section headed “The Subscription Agreements – 2. Parties” of this announcement
“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 of the Company
“Last Trading Day”	13 December 2017, being the last day of trading in the Shares on the Stock Exchange preceding the date of the Subscription Agreements

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 January 2018 (or such later date as may be agreed by the parties to the Subscription Agreements in writing)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall 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
“Subscribers”	collectively, Chigwell and Dragon Villa
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreement(s)”	the subscription agreements entered into by the Company and each of the Subscribers on 14 December 2017 in relation to the Subscription
“Subscription Price”	HK\$0.14 per Subscription Share
“Subscription Share(s)”	the total of 1,214,286,000 new Shares to be allotted and issued by the Company to the Subscribers on completion of the Subscription
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 14 December 2017

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.