
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. Capitalised terms used herein shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus, unless otherwise stated.

If you have sold or transferred all your shares in Birmingham Sports Holdings Limited, you should at once hand this Prospectus and the accompanying PAL(s) and EAF(s) to the purchaser(s) or other transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of this Prospectus, together with copies of the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Law of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of these documents. You should read the whole of the Issue Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Warning of the Risks of Dealing in the Shares and Nil-paid Rights Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Issue Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Issue Documents.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the United States and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable US state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States. Neither this Prospectus nor any copy hereof may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, directly or indirectly, to persons within the United States, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States. Any failure to comply with this restriction may constitute a violation of US securities laws. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful.

Except as otherwise set out in this Prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in, any jurisdictions outside Hong Kong. This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



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)

RIGHTS ISSUE OF RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK\$0.05 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriter



The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares is 4:00 p.m. on Thursday, 11 April 2019. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 19 to 24 of this Prospectus.

It should be noted that the Rights Issue is underwritten on a best effort basis and that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on page 11 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Monday, 18 March, 2019. The Rights Shares in their nil-paid form will be dealt in from Friday, 29 March 2019 to Monday, 8 April 2019 (both days inclusive). If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" contained in the "Letter from the Board" in this Prospectus is not fulfilled or waived (as appropriate), the Rights Issue will not proceed. **If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.**

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled (or waived (as appropriate)) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser(s).

27 March 2019

NOTICES

The Rights Issue is conditional upon the fulfillment of the conditions as described in the paragraph headed “*Conditions of the Rights Issue and the Underwriting Agreement*” contained in the “*Letter from the Board*” in this Prospectus. If any of the conditions of the Rights Issue is not fulfilled or waived (as appropriate), the Rights Issue will not proceed. It should be noted that existing Shares have been dealt in on an ex-rights basis from Monday, 18 March 2019. The Rights Shares in their nil-paid form are expected to be dealt in from Friday, 29 March 2019 to Monday, 8 April 2019 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (or waived (as appropriate)) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY OF THE JURISDICTIONS OUTSIDE HONG KONG. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction outside Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong. Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraph headed “*Excluded Shareholders*” contained in the “*Letter from the Board*” of this Prospectus.

NOTICES

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

In this Prospectus, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“Acceptance Date”	being the last date for acceptance of, and payment for, the Rights Shares
“Announcement”	the announcement of the Company dated 28 February 2019, in relation to, among other things, the Rights Issue
“Beneficial Owner(s)”	any beneficial owner(s) of Shares whose Shares are registered in the name of a registered Shareholder
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Committed Shares”	the aggregate of 4,106,763,500 Rights Shares for which the Undertaking Covenantors have undertaken to subscribe: (i) as to 1,600,000,000 Rights Shares by Trillion Trophy; (ii) as to 1,459,580,500 Rights Shares by Ever Depot; and (iii) as to 1,047,183,000 Rights Shares by Dragon Villa
“Companies Law”	the Companies Law (Revised) of the Cayman Islands

DEFINITIONS

“Companies Ordinance”	The Companies Ordinance (Chapter 622 of the Law of Hong Kong), including its amendments from time to time
“Companies (WUMP) Ordinance”	The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), including its amendments from time to time
“Company”	Birmingham Sports Holdings Limited (伯明翰體育控股有限公司) (stock code: 2309), an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Despatch Date”	Wednesday, 27 March 2019, being the expected date of despatch of the Issue Documents (or such later date as may be agreed between the Company and the Underwriter)
“Director(s)”	the director(s) of the Company
“Directors Options”	outstanding and vested options to subscribe for an aggregate of 40,000,000 Shares granted to the relevant Directors pursuant to the Share Option Scheme
“Dragon Villa”	Dragon Villa Limited, a substantial shareholder holding approximately 17.74% of the total number of issued Shares of the Company as at the Latest Practicable Date
“EAF(s)”	the excess application form(s) for application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Ever Depot”	Ever Depot Limited, a substantial shareholder holding approximately 24.72% of the total number of issued Shares of the Company as at the Latest Practicable Date
“Excluded Shareholders”	the Overseas Shareholders in respect of whom the Board, after making relevant enquiries, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GO obligation”	the obligation to make a general offer under the Takeovers Code

DEFINITIONS

“GRED”	Graticity Real Estate Development Co., Ltd., a limited company incorporated in Cambodia and is wholly owned by Mr. Vong Pech
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Irrevocable Undertaking(s)”	each of the irrevocable undertakings dated 28 February 2019 given by each of the Undertaking Covenantors
“Issue Documents”	the Prospectus, the PAL and the EAF proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required)
“Last Trading Day”	28 February 2019, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	20 March 2019, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information in this Prospectus
“Latest Time for Termination”	4:00 p.m. on the first Business Day following the Acceptance Date, being the latest time for the termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	the Shareholders whose addresses as shown in the register of members of the Company as at the close of business on the Record Date are outside Hong Kong

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China (for the purpose of this Prospectus, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Prospectus”	this prospectus issued by the Company for the Rights Issue
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 26 March 2019, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s Hong Kong branch share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of Rights Shares in the proportion of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 5,903,340,836 Shares to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time
“Share Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 30 December 2016
“Share(s)”	ordinary shares 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
“Subscription Price”	HK\$0.05 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Trillion Trophy”	Trillion Trophy Asia Limited, a controlling Shareholder holding approximately 32.40% of the total number of issued Shares of the Company as at the Latest Practicable Date
“Undertaking Covenantors”	Trillion Trophy, Ever Depot and Dragon Villa
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO, being the Underwriter
“Underwriting Agreement”	the underwriting agreement dated 28 February 2019 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	such number of untaken Rights Shares (excluding the Committed Shares) to be underwritten by the Underwriter on a best effort basis subject to the terms and conditions of the Underwriting Agreement
“US Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“US” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Vested Option(s)”	outstanding and vested options to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options)

DEFINITIONS

“Waived Excess Shares”	such number of excess Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be)
“Waived Pro Rata Entitlement Shares”	such number of Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be)
“%”	per cent.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with the full text of this Prospectus:

The Rights Issue	:	The Rights Issue provides a means for the Company to raise additional capital by offering to Qualifying Shareholders the right to subscribe for further Shares in proportion to their existing shareholdings
Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.05 for each Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	11,806,681,672 Shares
Number of Rights Shares to be issued	:	up to 5,903,340,836 Shares (based on the number of Shares in issue as at the Latest Practicable Date and assuming no new Shares are allotted and issued on or before the Record Date and full subscription under the Rights Issue)
Underwriter	:	Lego Securities Limited
Enlarged issued Shares of the Company upon completion of the Rights Issue	:	up to 17,710,022,508 Shares (based on the number of Shares in issue as at the Latest Practicable Date and assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue and full subscription under the Rights Issue)
Latest time for acceptance	:	4:00 p.m. on Thursday, 11 April 2019
Amount to be raised	:	up to approximately HK\$295.2 million, before expenses
Rights of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

SUMMARY OF THE RIGHTS ISSUE

As at the Latest Practicable Date, Trillion Trophy, Ever Depot and Dragon Villa hold 3,825,000,000 Shares, 2,919,161,000 Shares and 2,094,366,000 Shares, respectively, representing approximately 32.40%, 24.72% and 17.74% of the total issued Shares, respectively.

Pursuant to the respective Irrevocable Undertakings, each of the Undertaking Covenantors has provided an irrevocable and unconditional undertaking to the Company, among other things, (i) to subscribe for the Rights Shares in the amount stated thereto; (ii) to deliver the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Issue Documents on or before the Acceptance Date; and (iii) not to sell or transfer Shares held by them in any manner before the completion of the Rights Issue.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe for, or procure the subscription for, on a best effort basis, any untaken Rights Shares (other than the Committed Shares) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

The aggregate number of nil-paid Rights Shares provisionally allotted pursuant to the terms of the Rights Issue represents approximately 50.00% of the Company's total number of Shares in issue as at the Latest Practicable Date and approximately 33.33% of the Company's Shares in issue as enlarged by the Rights Issue, assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.

As at the date of the Announcement and the Latest Practicable Date, there were outstanding and vested options or options to be vested before the Record Date to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options). Assuming full exercise of the Vested Options, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme on or before the Record Date would be 100,000,000.

Save for the Vested Options, the Company has no other outstanding options or outstanding derivatives, convertible securities, options or warrants in issue which entitle the holders thereof to subscribe for or convert into any Shares prior to the Record Date nor has entered into any agreement to do any of the foregoing as at the Latest Practicable Date.

None of the outstanding and vested Share Options have been exercised as at the Latest Practicable Date. As the register of members of the Company was closed from Wednesday, 20 March 2019 to Tuesday, 26 March 2019 (both days inclusive) for determining the entitlements to the Rights Issue and no transfer of any issued Shares of the Company would be registered during this period, there was no change in the total number of issued Shares. As a result, the total number of issued Shares as at the Record Date and the total number of Rights Shares to be issued by the Company were 11,806,681,672 Shares and up to 5,903,340,836 Rights Shares, respectively.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the associated trading arrangement are set out below:

EVENT

First day for dealings in nil-paid Rights Shares.	9:00 a.m. on Friday, 29 March 2019
Latest time for splitting of nil-paid Rights Shares.	4:30 p.m. on Tuesday, 2 April 2019
Last day for dealings in nil-paid Rights Shares.	4:00 p.m. on Monday, 8 April 2019
Latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 11 April 2019
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 12 April 2019
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company.	Thursday, 18 April 2019
Share certificates for fully-paid Rights Shares to be posted	Tuesday, 23 April 2019
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Tuesday, 23 April 2019
Dealings in fully-paid Rights Shares commences	9:00 a.m. on Wednesday, 24 April 2019

Notes:

- (i) All times and dates in this Prospectus refer to Hong Kong local times and dates.
- (ii) The dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company and the Underwriter. The Company will notify Shareholders in the event of any changes to the expected timetable as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND APPLICATION FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 11 April 2019. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 11 April 2019. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Thursday, 11 April 2019, the dates mentioned in this section may be affected. The Company will notify Shareholders by way of a separate announcement of any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

Upon rescission of the Underwriting Agreement by the Underwriter, all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other expenses incurred in connection with the Rights Issue (other than any underwriting commission) which will be borne by the Company).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or in the event the Underwriter exercises its right to rescind or terminate the Underwriting Agreement prior to the Latest Time for Termination, then the Rights Issue will not proceed, and all obligation and liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other expenses incurred in connection with the Rights Issue (other than any underwriting commission) which will be borne by the Company). In such an event, the Company will make a further announcement at the relevant time.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhao Wenqing (*Chairman*)
Mr. Huang Dongfeng (*Chief Executive Officer*)
Ms. Chan Yuk Yee
Mr. Yiu Chun Kong
Mr. Hsiao Charng Geng

Registered office:

4th Floor, Harbour Place
103 South Church Street
George Town, P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Non-executive Director:

Mr. Sue Ka Lok

Principal place of

business in Hong Kong:

31/F., Vertical Sq
No.28 Heung Yip Road
Wong Chuk Hang
Hong Kong

Independent Non-executive Directors:

Mr. To Yan Ming, Edmond
Mr. Pun Chi Ping
Ms. Leung Pik Har, Christine

27 March 2019

*To Qualifying Shareholders, and for information only,
Excluded Shareholders*

Dear Sir or Madam,

RIGHTS ISSUE OF RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK\$0.05 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the Announcement. On 28 February 2019, the Board announced that the Company proposed to raise up to approximately HK\$297.7 million before expenses (assuming new Shares were issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares were issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue), by way of the Rights Issue of up to 5,953,340,836 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every two (2)

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existing Shares held on the Record Date. The Qualifying Shareholders are entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue. The Rights Issue will not be available to the Excluded Shareholders.

The Rights Issue (excluding the Committed Shares) is underwritten by the Underwriter on a best effort basis. No controlling shareholder or substantial shareholder acts as an underwriter of the Rights Issue.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.05 per Rights Share
Number of the Shares in issue as at the Latest Practicable Date	:	11,806,681,672 Shares
Number of Rights Shares	:	Up to 5,903,340,836 Rights Shares (based on the number of Shares in issue as at the Latest Practicable Date and assuming no new Shares are allotted and issued on or before the Record Date and full subscription under the Rights Issue)
Aggregate nominal value of the Rights Shares	:	Up to HK\$59,033,408.36 (based on the number of Shares in issue as at the Latest Practicable Date and assuming no new Shares are allotted and issued on or before the Record Date and full subscription under the Rights Issue)
Underwriter	:	Lego Securities Limited
Number of Underwritten Shares	:	Up to 1,796,577,336 untaken Rights Shares other than the Committed Shares (based on the number of Shares in issue as at the Latest Practicable Date and assuming no new Shares are allotted and issued on or before the Record Date)
Rights of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

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As at the date of the Announcement and the Latest Practicable Date, there were outstanding and vested options or options to be vested before the Record Date to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options). Assuming full exercise of the Vested Options, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme on or before the Record Date would be 100,000,000.

Save for 100,000,000 options granted and vested pursuant to the Share Option Scheme (including the Vested Options), the Company had no other outstanding options or outstanding derivatives, convertible securities, options or warrants in issue which entitled the holders thereof to subscribe for or convert into any Shares prior to the Record Date nor has entered into any agreement to do any of the foregoing as at the Latest Practicable Date.

None of the outstanding and vested Share Options have been exercised as at the Latest Practicable Date. As the register of members of the Company was closed from Wednesday, 20 March 2019 to Tuesday, 26 March 2019 (both days inclusive) for determining the entitlements to the Rights Issue and no transfer of any issued Shares of the Company would be registered during this period, there was no change in the total number of issued Shares. As a result, the total number of issued Shares as at the Record Date and the total number of Rights Shares to be issued by the Company were 11,806,681,672 Shares and up to 5,903,340,836 Rights Shares, respectively.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 50.00% of the total number of Shares in issue as at the Latest Practicable Date and will represent approximately 33.33% of the Shares in issue as enlarged by the Rights Issue, assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertakings given by the Undertaking Covenantors, it is anticipated that at least 4,106,763,500 Rights Shares will be taken up.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

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Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and is not extended to the Excluded Shareholders. The Company will send the Issue Documents to the Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) have been registered as a member in the register of members of the Company as at the close of business on the Record Date; and
- (ii) not be an Excluded Shareholder.

In order for transferees to be registered as a member of the Company by the Record Date, any transfers of Shares (with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 19 March 2019. The last day for dealing in the Shares on a cum-rights basis is Friday, 15 March 2019.

Qualifying Shareholders who take up their pro rata entitlements in full will not suffer any dilution to their shareholding interests in the Company (save as a result of fractional entitlements to Rights Shares). If a Qualifying Shareholder does not take up his/her/its entitlement under the Rights Issue in full, his/her/its proportionate shareholding in the Company will be diluted.

Distribution of Issue Documents

Distribution of the Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Issue Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, this Prospectus should not be distributed, forwarded to or transmitted in, into or from any jurisdictions outside Hong Kong with or without the PAL and EAF. The Issue Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Excluded Shareholders

As at the Latest Practicable Date, to the Company's best knowledge, there were four Overseas Shareholders on the register of members of the Company, whose addresses were located in the PRC, the BVI and Samoa. Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Rights Shares to Shareholders situated in such overseas jurisdictions.

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The Company has obtained advice from legal advisers in the PRC, the BVI and Samoa, and has been advised that under the applicable legislations of these jurisdictions, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdictions. Accordingly, the Rights Issue will be extended to the Overseas Shareholders having registered addresses in the PRC, the BVI, and Samoa and such Overseas Shareholders are Qualifying Shareholders. As such, based on the register of members of the Company as at the Record Date, there was no Excluded Shareholder as at the Record Date.

For the purposes of the Rights Issue, an Excluded Shareholder is:

- (a) a Shareholder whose name appeared in the register of members of the Company as at the close of business on the Record Date and whose address as shown in such register is in any territory or jurisdiction outside Hong Kong, the PRC, the BVI and Samoa; and
- (b) any Shareholder at that time who are otherwise known by the Company to be resident in any territory or jurisdiction outside Hong Kong, the PRC, the BVI and Samoa.

No person receiving a PAL or an EAF in any territory or jurisdiction other than Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof or where the offer is made in reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. Where permitted by the laws of the relevant overseas jurisdictions, the Company will send this Prospectus to the Excluded Shareholders for their information only.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or other Issue Documents must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of the Issue Documents or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdiction outside Hong Kong, unless offer to such jurisdictions could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus and/or a PAL and/or an EAF in, into or from, any jurisdiction outside Hong Kong (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

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Notwithstanding any other provision in the Issue Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or a beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up his/her/its nil-paid rights and/or apply for excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Arrangements for Rights Shares which would otherwise have been available to the Excluded Shareholders

Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be distributed by the Company to the Excluded Shareholders in Hong Kong dollars, at their own risk, pro rata to their respective entitlements provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Excluded Shareholders would otherwise have been entitled, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, any Rights Shares representing unsold fractional entitlements, Waived Excess Shares and Waived Pro Rata Entitlement Shares, will be available for excess application by the Qualifying Shareholders under the EAF(s).

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Issue Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Acceptance Date.

Subscription Price

The Subscription Price is HK\$0.05 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or applications for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

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The Subscription Price represents:

- (i) a discount of approximately 43.18% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 44.2% to the average closing price of approximately HK\$0.0896 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 45.12% to the average closing price of approximately HK\$0.0911 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 35.06% to the theoretical ex-rights price of approximately HK\$0.077 per Share, based on the average closing price of approximately HK\$0.0902 per Share for the last five trading days as quoted on the Stock Exchange immediately prior to the date of the Announcement; and
- (v) a premium of approximately 1.2% over the audited total equity attributable to owners of the Company of approximately HK\$0.0494 per Share as at 30 June 2018 (which is calculated based on the total equity attributable to the owners of the Company as at 30 June 2018 of approximately HK\$583.2 million and 11,806,681,672 Shares in issue as at the Latest Practicable Date).

The Subscription Price and the subscription rate (i.e. one (1) Rights Share for every two (2) existing Shares held) were arrived at after arm's length negotiations between the Company and the Underwriter with reference to the amount of fund raising targeted by the Company under the Rights Issue, the market price of the Shares under the prevailing market conditions and the financial position of the Group.

The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the rate of commission) to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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Certificates for the Rights Shares and Refund Cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Tuesday, 23 April 2019 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or about Tuesday, 23 April 2019 by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s). No odd lot matching services will be provided.

The Company reserves the right to treat as invalid any acceptances of or applications for the nil-paid Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Furthermore, the Company reserves the right to treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a PAL and/or any application for excess Rights Shares under an EAF or to refuse to register any purported transfer of the rights represented thereby if it appears to the Company or its agents that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or the EAF in respect of such matters.

Procedures for acceptance and payment or transfer

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory or jurisdictions including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes and duties due in such territories or jurisdictions. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Excluded Shareholders” in this letter.

Completion and return of the PAL and/or EAF will constitute a warranty and representation to the Company, from such person, that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it and/or the EAF and any applications under it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representation or warranty.

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The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus for each Qualifying Shareholder which entitles him/her/it to subscribe for the number of Rights Shares shown in the PAL. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Thursday, 11 April 2019. All remittances must be made by cheque or banker's cashier order in Hong Kong dollars. Cheques must be drawn on a bank account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Birmingham Sports Holdings Limited – PAL Account**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Thursday, 11 April 2019, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

Transfer and "splitting" of nil-paid Rights Shares

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on Tuesday, 2 April 2019 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than 4:00 p.m. on Thursday, 11 April 2019.

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or banker's cashier order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "*Conditions of the Rights Issue and the Underwriting Agreement*" in this letter) is not fulfilled or waived (as applicable), the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed "ACCOUNT PAYEE ONLY" to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around Tuesday, 23 April 2019.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than through CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Owner in respect of your Shares, or sell the respective nil-paid Rights Shares or "split" those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or "splitting" of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" of this Prospectus and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

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Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, Waived Excess Shares (if any), Waived Pro Rata Entitlement Shares (if any) and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by not later than 4:00 p.m. on Thursday, 11 April 2019.

All remittances must be made by cheque or banker’s cashier order in Hong Kong dollars. Cheques must be drawn on a bank account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**Birmingham Sports Holdings Limited – EAF Account**” and crossed “**ACCOUNT PAYEE ONLY**”.

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The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

All cheques and banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Any EAF in respect of which a cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected.

No receipt will be given in respect of any application monies received.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or around Tuesday, 23 April 2019. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or about Tuesday, 23 April 2019.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "*Conditions of the Rights Issue and the Underwriting Agreement*" in this letter) is not fulfilled or waived (as applicable), the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares will be returned without interest to the relevant Qualifying Shareholders and, in the case of joint applicants, to the registered address of the first-mentioned person by means of cheque(s) to be despatched by ordinary post at their own risk on or around Tuesday, 23 April 2019.

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Important notice to Beneficial Owners

Beneficial Owners whose Shares are held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees Limited) as a single Shareholder on the register of members of the Company. Accordingly, such Beneficial Owners should note that the above arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Rights Issue on a best effort underwritten basis and public float

The Rights Issue is only underwritten on a best effort basis. Any Shareholder who applies to take up all or part of his entitlement under the PAL or apply for excess Rights Shares under the EAF may also unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

LETTER FROM THE BOARD

Also, the Undertaking Covenantors may apply respectively to take up all or part of their entitlements under the PALs and/or apply for excess Rights Shares under the EAFs. Depending on the level of subscription of the Rights Shares, the taking up of the entitlement to the Rights Shares by the Undertaking Covenantors respectively or the allotment and issue of the excess Rights Shares applied for by the Undertaking Covenantors respectively may cause the Company failing to comply with the public float requirement under Rule 8.08 of the Listing Rules.

Notwithstanding any terms and conditions of the PALs as may be lodged by the Undertaking Covenantors, the Undertaking Covenantors has respectively waived the right of taking up the Waived Pro Rata Entitlement Shares such that the number of Rights Shares (rounded up to the nearest integral multiples of a board lot) to be allotted and issued to them will not result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be) and the Company shall be entitled to allot and issue such number of Rights Shares taken up or applied by the Undertaking Covenantors less the Waived Pro Rata Entitlement Shares to the Undertaking Covenantors respectively. The Waived Pro Rata Entitlement Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders.

Notwithstanding any terms and conditions of the EAFs as may be submitted by the Undertaking Covenantors, the Undertaking Covenantors has respectively waived the right of taking up the Waived Excess Shares such that the number of excess Rights Shares (rounded up to the nearest integral multiples of a board lot) to be allotted and issued to them will not result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be) and the Company shall be entitled to allot and issue the excess Rights Shares allocated to the Undertaking Covenantors upon fair and equitable basis as described in the paragraph headed “Procedures for acceptance and payment or transfer – Application for excess Rights Shares” in this letter less the Waived Excess Shares to the Undertaking Covenantors respectively. The Waived Excess Shares would be made available to meet excess applications on EAFs by other Qualifying Shareholders.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 20,000 Shares in one board lot. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. No new class of securities is to be listed. It is expected that dealings in the Rights Shares in nil-paid form will commence on Friday, 29 March 2019 and will end on Monday, 8 April 2019 (both days inclusive) and dealings in the Rights Shares in fully paid form will commence on Wednesday, 24 April 2019.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE UNDERWRITING AGREEMENT

On 28 February 2019 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect the underwriting arrangement for the Rights Issue. Further details of the Underwriting Agreement are set out below:

Date	:	28 February 2019 (after trading hours)
Underwriter	:	Lego Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the Latest Practicable Date, it is independent of and not connected with the Company or its connected persons
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to subscribe for, or procure the subscription for the Underwritten Shares not taken up (other than the Committed Shares) on a best effort basis
Commission	:	1.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed for through the Underwriter and/or its sub-underwriters

The Rights Issue is underwritten by the Underwriter on a best effort basis on the terms of the Underwriting Agreement other than all the Committed Shares that will be provisionally allotted to and which are to be taken up by the Undertaking Covenantors pursuant to the Irrevocable Undertakings on the terms and conditions set out therein.

LETTER FROM THE BOARD

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the Underwriting Agreement are conditional upon the following:

- (a) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms thereof;
- (b) the delivery to the Stock Exchange, and filing and registration with the Registrar of Companies in Hong Kong of one copy of each of the Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Despatch Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (c) the posting of the Issue Documents to the Qualifying Shareholders on the Despatch Date;
- (d) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (other than any suspension pending clearance of the Announcement); and (ii) no indication being received on the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (e) there being no breach of any provision of the Underwriting Agreement by the Company at all times prior to the Latest Time for Termination;
- (f) the representations and warranties of the Company remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination; and
- (g) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked.

LETTER FROM THE BOARD

If any of the above conditions have not been fulfilled (or in respect of conditions (a), (d)(i), (e) or (f) above waived by the Underwriter at its sole discretion) in all respects by or at the time and/or date specified therefor (or if no time or date is specified 30 June 2019), or such later time as the Underwriter may agree with the Company, or if the Underwriting Agreement shall be terminated (as described below), the obligations of the Underwriter and the Company under the Underwriting Agreement shall ipso facto cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other expenses incurred in connection with the Rights Issue (other than any underwriting commission) which will be borne by the Company).

Termination of the Underwriting Agreement

If at any time on or before the Latest Time for Termination:

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

LETTER FROM THE BOARD

Upon rescission of the Underwriting Agreement by the Underwriter, all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other expenses incurred in connection with the Rights Issue (other than any underwriting commission) which will be borne by the Company).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or in the event the Underwriter exercises its rights to rescind or terminate the Underwriting Agreement prior to the Latest Time for Termination, then the Rights Issue will not proceed, and all obligation and liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other expenses incurred in connection with the Rights Issue (other than any underwriting commission) which will be borne by the Company). In such an event, the Company will make a further announcement at the relevant time.

INFORMATION ABOUT THE UNDERWRITER

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the Latest Practicable Date, the Underwriter did not hold any Shares and is independent of and not connected with the Company or its connected persons.

The Underwriter confirmed that (i) it is independent of and not connected with the Company or its connected persons; and (ii) it has complied with Rule 7.19(1)(a) of the Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary business includes underwriting of securities.

IRREVOCABLE UNDERTAKINGS BY UNDERTAKING COVENANTORS

As of the Latest Practicable Date, Trillion Trophy, Ever Depot and Dragon Villa hold 3,825,000,000 Shares, 2,919,161,000 Shares and 2,094,366,000 Shares, respectively, representing approximately 32.40%, 24.72% and 17.74% of the total issued Shares, respectively.

Pursuant to the respective Irrevocable Undertakings, each of the Undertaking Covenantors has provided an irrevocable and unconditional undertaking to the Company, among other things:

- (a) to subscribe for the Rights Shares in the amount set out as follows:

Trillion Trophy	1,600,000,000 Rights Shares
Ever Depot	1,459,580,500 Rights Shares
Dragon Villa	1,047,183,000 Rights Shares

LETTER FROM THE BOARD

- (b) to deliver the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Issue Documents on or before the Acceptance Date; and
- (c) not to sell or transfer Shares held by them in any manner before the completion of the Rights Issue.

Besides, Ever Depot and Dragon Villa have also indicated their intention in applying for excess Rights Shares, in addition to their respective Irrevocable Undertakings provided to the Company. The number of excess Rights Shares that may be allotted and issued to the Undertaking Covenantors is subject to (i) the subscription level of other Qualifying Shareholders; and (ii) the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger any GO obligation or result in the Company failing to comply with the Public Float Requirement (as the case may be).

Other than the relationship as being fellow Shareholders, the Company is not aware of any relationship, business arrangements, transactions, agreements or understandings between (i) Trillion Trophy and its connected persons and (ii) each of Ever Depot and Dragon Villa (including their respective connected persons) in relation to the Rights Issue and its related transactions.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Monday, 18 March 2019. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 29 March 2019 to Monday, 8 April 2019 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (or waived (as appropriate)) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

LETTER FROM THE BOARD

Effect of the Rights Issue on shareholdings in the Company

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows (assuming there being no other changes in the number of issued share capital of the Company since the Latest Practicable Date).

Name of Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	Number of Shares	Approximate % of the total issued Shares	Assuming 100% taken up by the Qualifying Shareholders		Assuming none taken up by the Qualifying Shareholders other than the Undertaking Covenantors pursuant to their respective Irrevocable Undertaking and all the Underwritten Shares were subscribed for through the Underwriter	
Number of Shares			Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares	Number of Shares
Trillion Trophy (Note 1)	3,825,000,000	32.40%	5,737,500,000	32.40%	5,425,000,000	30.63%
Ever Depot (Note 2)	2,919,161,000	24.72%	4,378,741,500	24.72%	4,378,741,500	24.72%
Dragon Villa (Note 3)	2,094,366,000	17.74%	3,141,549,000	17.74%	3,141,549,000	17.74%
Underwriter	–	–	–	–	1,796,577,336	10.14%
Other Shareholders	2,968,154,672	25.14%	4,452,232,008	25.14%	2,968,154,672	16.76%
Total (Note 4)	11,806,681,672	100.00%	17,710,022,508	100.00%	17,710,022,508	100.00%

Notes:

- As at the Latest Practicable Date, Trillion Trophy directly owns approximately 32.40% of the total number of issued Shares of the Company and is wholly owned by Wealthy Associates International Limited, which is in turn wholly owned by Mr. Suen Cho Hung, Paul.
- As at the Latest Practicable Date, Ever Depot directly owns approximately 24.72% of the total number of issued Shares of the Company and is wholly owned by GRED, which is in turn wholly owned by Mr. Vong Pech.
- As at the Latest Practicable Date, Dragon Villa directly owns approximately 17.74% of the total number of issued Shares of the Company and is wholly owned by Mr. Lei Sutong.
- The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

LETTER FROM THE BOARD

REASONS FOR RIGHTS ISSUE AND USE OF PROCEEDS OF RIGHTS ISSUE

The Company is engaged in investment holding. The principal activities of its major subsidiaries are the operation of a professional football club in the United Kingdom and investment in properties.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$295.2 million and the estimated net proceeds of the Rights Issue will be approximately HK\$292.2 million. The net subscription price per Rights Share is expected to be approximately HK\$0.0495. The Company intends to use the net proceeds from the Rights Issue for the following:

- (i) approximately 80%, or HK\$233.8 million will be used for repayment of external debts so as to lower the gearing and finance costs of the Group; and
- (ii) approximately 20%, or HK\$58.4 million will be used as the general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

As disclosed in the annual report of the Company for the year ended 30 June 2018 (the “2018 Annual Report”), the Group incurred a net loss of approximately HK\$437.7 million for the year ended 30 June 2018. As further disclosed in the interim report of the Company for the six months ended 31 December 2018 (the “2019 Interim Report”), the Group continued to incur a net loss of approximately HK\$173.1 million for such period. As at 31 December 2018, the Group had (i) total debts of approximately HK\$367.0 million; (ii) bank and cash balances of approximately HK\$70.4 million; and (iii) net current liabilities of approximately HK\$34.4 million. The debt-to-equity ratio of the Group was approximately 74.4% as at 31 December 2018, which represented a prominent increase as compared to that of approximately 28.5% as at 30 June 2018.

The Group had arranged further borrowings since 31 December 2018 to finance its operational funding needs in view of the continued operating loss of the Group’s football club operation. As at the date of the Announcement, the outstanding total debts amount of the Group further increased to approximately HK\$411.8 million with interest rates ranging from 4.5% to 8.0% per year. As evidenced by the fact that the Group was not able to conclude commercially acceptable terms with underwriters to conduct this Rights Issue on a fully underwritten basis due to the Group’s financial performance and financial position, the Directors consider that the debt position of the Group is too high and may affect the future funding activities that might be carried out by the Group when necessary. Accordingly, the Group intends to raise fund and apply the net proceeds to repay its existing debts so as to lower the gearing of the Group. On the other hand, the Directors also intend to lower the Group’s finance costs and to improve the financial results of the Group by repayment of outstanding debt. The Group incurred finance cost of approximately HK\$19.1 million for the year ended 30 June 2018 and approximately HK\$14.0 million for the six months ended 31 December 2018.

LETTER FROM THE BOARD

As further disclosed in the 2018 Annual Report, the Group recorded a net cash outflow for operating activities of approximately HK\$365.8 million (which can be translated to net operating outflow of approximately HK\$30.5 million per month), and a net decrease in cash and cash equivalents of approximately HK\$64.6 million for the year ended 30 June 2018. As at 31 December 2018, the Group had bank balances and cash of approximately HK\$70.4 million which is equivalent to less than three months of net operating cash outflow. In light of the cash position and loss-making performance of the Group, it is anticipated that the Group would require further external funding in the near future to finance its operations, which is expected to bring the gearing level and debt-to-equity ratio of the Group to a higher or even caution level by the end of the current financial year, and in turn further worsen the fund raising capability of the Company in the future. Given the financial performance of the Group, the Directors expect that improvement in the financial condition of the Group can facilitate the Group to obtain further borrowings. Therefore, the Directors intend to raise funds through the Rights Issue to improve the financial condition of the Group by lower the gearing and interest burden of the Group before the Group's gearing reaches an excessive or higher caution level.

Taking into consideration the Irrevocable Undertakings provided by the Undertaking Covenantors to subscribe for a total of 4,106,763,500 Rights Shares, representing gross proceeds of approximately HK\$205.3 million based on the Subscription Price (subject to the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger any GO obligation or result in the Company failing to comply with the Public Float Requirement (as the case may be)), the Directors are of the view that the Rights Issue can serve the intended purpose of repaying part of the Company's external debts so as to lower the gearing and finance costs of the Group.

Further, given the low cash level of the Group as aforesaid, the Directors also intend to apply the net proceeds from the Rights Issue to replenish the general working capital of the Group. The net proceeds allocated to the general working capital from the Rights Issue is equivalent to around two months of net operating cashflow based on the Group's performance for the year ended 30 June 2018.

The Company had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares.

The Company is of the view that debt financing will result in additional interest burden and will further increase the gearing of the Group which is not beneficial to the Group given that the Group incurred a net loss for the year ended 30 June 2018 and the six months ended 31 December 2018 and was at a net current liabilities position as at 31 December 2018. The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. In the contrary, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

SHAREHOLDERS' APPROVAL NOT REQUIRED

As the Rights Issue would not increase either the total issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules. There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date:

Date of initial announcement	Fund raising activity	Net proceeds raised <i>Approximate (HK\$)</i>	Intended use of proceeds	Actual use of proceeds at the Latest Practicable Date
14 June 2018	Issue of 1,380,080,000 new Shares at the subscription price of HK\$0.105 per subscription share under general mandate	144.9 million	To offset an equivalent amount which is owed by the Company to the subscriber	Used as intended
28 August 2018	Issue of 832,610,000 new Shares at the subscription price of HK\$0.0947 per subscription share under specific mandate	84.1 million	As consideration shares for the settlement of part of the consideration for a long term lease	Used as intended

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

LETTER FROM THE BOARD

TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in the nil-paid Rights Shares or the Rights Shares and regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully
On behalf of the Board
Birmingham Sports Holdings Limited
Zhao Wenqing
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 30 June 2016, 2017 and 2018 are disclosed in the annual reports of the Group for the years ended 30 June 2016 (pages 41 to 119) and 30 June 2017 (pages 51 to 123), 30 June 2018 (pages 50 to 123), and the interim report of the Group for the six months ended 31 December 2018 (pages 15 to 46) respectively. The above said published annual reports and the interim report of the Group are available on the Company's website at www.bshl.com.hk and the website of the Stock Exchange at www.hkexnews.hk through the links below:

2019 interim report

<http://www3.hkexnews.hk/listedco/listconews/sehk/2019/0320/LTN20190320422.pdf>

2018 annual report

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1030/LTN20181030343.pdf>

2017 annual report

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/1030/LTN20171030231.pdf>

2016 annual report

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/1028/LTN20161028548.pdf>

2. INDEBTEDNESS

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

Borrowings

	<i>HK\$'000</i>
Loan from a shareholder	66,197
Other loans	320,830
	<hr/>
	387,027
	<hr/> <hr/>

The loan from a shareholder and the other loans are at fixed interest rates and are unsecured and unguaranteed.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 31 January 2019.

Contingent Liabilities

As at 31 January 2019, the Group had the following contingent liabilities:

(a) Player transfer costs

Under the terms of certain contracts with other football clubs in respect of player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 31 January 2019 was approximately HK\$66,236,000 (equivalent to approximately GBP6,440,000).

(b) Litigation: High Court Action No. 1099 of 2013

On 9 May 2013, Mr. Lee Yiu Tung (“Mr. Lee”), a former executive director of the Company, filed a claim with the Labour Tribunal of Hong Kong against the Company for, inter alia, unpaid wages, wages in lieu of notice and expenses allegedly paid by him on behalf of the Company for a sum of approximately HK\$1,484,000. The Company made a counterclaim against Mr. Lee on 8 October 2013 in respect of, inter alia, wages paid to him in the aggregate sum of HK\$240,000 for the months from July to October 2012 and reimbursement of out-of-pocket expenses paid by the Company to him during 2010 to 2012 totalling approximately HK\$2,000,000. On 4 June 2013, the Labour Tribunal of Hong Kong made an order to transfer the case to the High Court of Hong Kong.

This trial hearing of this case is now fixed on 2 to 6 March 2020. The pre-trial review will be held on 4 December 2019.

In this statement of indebtedness, certain foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 31 January 2019.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the internally generated funds, other borrowings and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital to meet its present working capital requirements, that is for at least 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the loss attributable to owner of the Company of approximately HK\$168.9 million for the six months ended 31 December 2018, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2018, the date to which the latest published audited consolidated financial statements of the Company were made up. For details of the loss recorded by the Group for the six months ended 31 December 2018, please refer to the interim report of the Group for the six months ended 31 December 2018.

5. LATEST DEVELOPMENT AND PROSPECTS OF THE GROUP

The Group has had the following developments since 30 June 2018, being the date to which the latest published audited accounts of the Group were made up:

The Company is engaged in investment holding and the principal activities of its major subsidiaries are the operation of Birmingham City Football Club in the United Kingdom (the “Club”) and investment in properties. The Company has been actively seeking business opportunities from time to time, including investments in new markets, in order to enhance the long term growth potential of the Company and the Shareholders’ value.

For the six months ended 31 December 2018, the revenue of the Group was approximately HK\$116.4 million, representing an increase of approximately 3.8% over the same period last year. The loss attributable to owners of the Company during the period was approximately HK\$168.9 million, being approximately 9.5% lower as compared to the same period last year. As at 31 December 2018, the Group’s equity attributable to owners of the Company was approximately HK\$493.2 million. The Group’s current ratio (as defined by current assets divided by current liabilities) was 80.5% and the gearing ratio (as defined by total borrowings divided by equity attributable to owners of the Company plus total borrowings) was 42.7%. The ratio of total liabilities to total assets of the Group was 55.1%.

During the 2018/19 season, the Club continued to play in the highly competitive English Football League Championship Division (the “Championship Division”). Following a finish at the 19th position in the Championship Division for the season 2017/18, the Club started well in this season and the squad demonstrated stability in performance and the overall game play was well improved. As at 28 February 2019, the Club stood at the 8th position in the Championship Division.

The Group acquired certain residential apartments and commercial properties at a property development project in Phnom Penh, Cambodia, developed by GRED (“One Park”) in November 2017. In November 2018, the construction of the commercial properties was completed and the commercial properties were handed over to the Group. In August 2018, the Group acquired further properties at One Park. Such properties, together with the residential apartments acquired in 2017, are expected to be delivered on or before end of August 2019. The Group’s properties in Cambodia were leased for a fixed term of 3 years. The investment in the properties in Cambodia represents a good opportunity to secure a stable stream of income for the Group. At the same time, the long-term appreciation in value of the investment properties can bring further values to the Company and the Shareholders in future as a whole.

Looking forward, although the Club's on-the-field performance had been improved as compared to the previous season and the management had been keen for achieving better operating results, the Club was still incurring substantial loss and required continual support by the Company. In terms of future development of the Company and for the interest of the Shareholders, the management will, on one hand, continue to support the Club for further improvement in performance and, on the other hand, take a keen but cautious approach to explore all possible solutions, including the possible introduction of a joint venture with strategic partners who can bring in financing and management support to the Club so as to enhance its competitiveness and to attain better results. At the same time, with an aim to broaden the business scope and scale of the Company, to reduce the risk associated with reliance on one single operation and to enhance the performance of the Group, the management has been ambitious in exploring development in different markets and industries. So far, the Company has identified certain potential opportunities which include investments in companies engaging in mobile technology and services related businesses. At the moment, the Company is reviewing the potential of such opportunities and targets and some preliminary approaches have taken place. However, nothing has been finalised at this stage and the Group has not entered into any agreement in such regard as at the Latest Practicable Date. The management will take a cautious approach to consider such opportunities and will take appropriate steps to comply with the relevant provisions of the Listing Rules as and when required.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2018.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 31 December 2018, adjusted as described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2018	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2018
<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>
314,646	292,215	606,861
		<i>HK\$</i>
Unaudited consolidated net tangible assets per share before completion of the Rights Issue <i>(Note 3)</i>		0.0266
Unaudited pro forma adjusted consolidated net tangible assets per share immediately after completion of the Rights Issue <i>(Note 4)</i>		0.0343

Notes:

- The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 are based on the unaudited consolidated net assets as extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2018 after deduction of intangible assets of approximately HK\$178,599,000.

2. The estimated net proceeds from the Rights Issue are based on 5,903,340,836 Right Shares at the Subscription Price of HK\$0.05 each after deduction of the professional fees and other share issue related expenses payable by the Company of approximately HK\$2,952,000.
3. Based on 11,806,681,672 shares of the Company in issue as at 31 December 2018 before completion of the Rights Issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is calculated based on the pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$606,861,000 and on 17,710,022,508 Shares in issue and issuable, comprising 11,806,681,672 Shares of the Company in issue as at 31 December 2018, 5,903,340,836 Rights Shares to be issued, assuming that the Rights Issue had been completed on 31 December 2018.
5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2018.

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



27 March 2019

The Board of Directors
Birmingham Sports Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Birmingham Sports Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Director”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2018 (“Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 27 March 2019 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 5,903,340,836 rights shares on the basis of one rights share for every two existing shares in issued and held on the record date (the “Rights Issue”) on the Group’s net tangible assets as at 31 December 2018 as if the transaction had been taken place at 31 December 2018. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited interim report for the six months ended 31 December 2018.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under “Reasons for Rights Issue and use of proceeds of Rights Issue” set out on page 32 of the Prospectus.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practicing Certificate Number P03614
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued Shares of the Company (i) as at the Latest Practicable Date; and (ii) immediately following completion of the Rights Issue (assuming no new Shares (other than Rights Shares) are allotted and issued from the Latest Practicable Date up to completion of the Rights Issue and full subscription under the Rights Issue) are set out as follows:

(i) As at the Latest Practicable Date

Authorised:

50,000,000,000 Shares

Issued and fully paid:

11,806,681,672 Shares

(ii) Immediately following completion of the Rights Issue (assuming no new Shares (other than Rights Shares) are allotted and issued from the Latest Practicable Date up to completion of the Rights Issue and full subscription under the Rights Issue)

Authorised:

50,000,000,000 Shares

Issued and fully paid:

11,806,681,672 Shares in issue as at the Latest Practicable Date

5,903,340,836 Rights Shares to be allotted and
issued upon completion of the Rights Issue

17,710,022,508 Shares

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. Save as disclosed below, the Company has no other outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert or exchange into the Shares.

3. SHARE OPTION SCHEME

As at the Latest Practicable Date, there were outstanding and vested options or options to be vested before the Record Date which have an exercise price of HK\$0.1084 per Share exercisable from 6 December 2018 to 5 December 2023 (both dates inclusive) to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options). Assuming full exercise of the Vested Options, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme on or before the Record Date would be 100,000,000.

4. BIOGRAPHICAL DETAILS OF THE DIRECTORS

Mr. Zhao Wenqing

Executive Director and Chairman

Mr. Zhao, aged 52, joined the Company as an Executive Director on 15 October 2016 and is the Chairman of the Board. He is also a director of certain subsidiaries of the Company. Mr. Zhao holds a Bachelor of Engineering degree from Beijing University of Iron and Steel Technology (now known as University of Science and Technology Beijing) and a Master of Engineering degree from University of Science and Technology Beijing in the PRC. Mr. Zhao had worked as the head of risk management department and the chief accountant in Beijing Centergate Technologies (Holding) Co., Ltd. (北京中關村科技發展(控股)股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 931.

Mr. Huang Dongfeng

Executive Director and Chief Executive Officer

Mr. Huang, aged 60, joined the Company as an Executive Director and the Chief Executive Officer on 27 January 2017. Mr. Huang graduated with a major in management engineering from the Central South University of Technology (中南工業大學) (now known as Central South University) in the PRC and is a senior economist. Prior to joining the Company, Mr. Huang was the company secretary (deputy general manager) of Jiangxi Copper Company Limited (Hong Kong stock code: 358), the shares of which are listed on the Main Board of the Stock Exchange, and was the director and general manager of its group companies. Mr. Huang has extensive experience in corporate management, corporate finance, merger and acquisition as well as strategies formulation, and has been awarded the Gold Medal Board Secretary Award (金牌董秘) by New Fortune Magazine (新財富雜誌).

Ms. Chan Yuk Yee

Executive Director and Company Secretary

Ms. Chan, aged 50, joined the Company as an Executive Director and the Company Secretary on 15 October 2016 and is also a director of certain subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has extensive experience in corporate administration and company secretarial practice.

Ms. Chan is an executive director and the company secretary of Sustainable Forest Holdings Limited (Hong Kong stock code: 723). Ms. Chan was an executive director of EPI (Holdings) Limited (“EPI”) (Hong Kong stock code: 689) and Courage Investment Group Limited (“Courage Investment”) (Hong Kong stock code: 1145 and Singapore stock code: CIN) from 18 October 2016 to 10 November 2017 and from 30 October 2015 to 19 October 2017 respectively. All of the aforementioned companies with Hong Kong stock code are listed on the Main Board of the Stock Exchange, and Courage Investment is primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited.

Mr. Yiu Chun Kong*Executive Director*

Mr. Yiu, aged 34, joined the Company as an Executive Director on 15 October 2016 and is also a director of certain subsidiaries of the Company. Mr. Yiu holds a Bachelor of Business Administration in Accountancy degree from the Hong Kong Polytechnic University and is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has rich experience in auditing, accounting and finance.

Mr. Yiu is an executive director of EPI, a company listed on the Main Board of the Stock Exchange.

Mr. Hsiao Charng Geng*Executive Director*

Mr. Hsiao, aged 55, joined the Company as an Executive Director on 14 June 2017. Mr. Hsiao graduated from the Tamkang University in Taiwan with a Bachelor of Business degree in Banking and Finance. Prior to joining the Company, Mr. Hsiao held senior management positions in certain commercial banks. Mr. Hsiao has extensive experience in strategies formulation, corporate management, risk control and internal control in multinational corporations, and in financial institutions in particular.

Mr. Sue Ka Lok*Non-executive Director*

Mr. Sue, aged 53, joined the Company as an Executive Director on 15 October 2016 and was re-designated to a Non-executive Director with effect from 1 May 2017. Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of the CPA Australia and a fellow of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators and the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is a director of certain subsidiaries of the Company. As at the Latest Practicable Date, Mr. Sue is a director of Trillion Trophy, the controlling Shareholder.

Mr. Sue is an executive director and the chief executive officer of China Strategic Holdings Limited (“China Strategic”) (Hong Kong stock code: 235). He is an executive director of EPI, PYI Corporation Limited (Hong Kong stock code: 498) and PT International Development Corporation Limited (Hong Kong stock code: 372). He was an executive director and the chairman of Courage Investment until 19 October 2017 when he stepped down from the position as the chairman and was re-designated as a non-executive director, and was subsequently re-appointed as the chairman on 28 February 2018. Mr. Sue was an executive director of Tianli Holdings Group Limited (Hong Kong stock code: 117) (“Tianli Holdings”) from 3 July 2015 to 8 November 2016 when he was re-designated as a non-executive director of Tianli Holdings and subsequently resigned on 17 January 2018. All of the aforementioned companies with Hong Kong stock code are listed on the Main Board of the Stock Exchange, and Courage Investment is primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited.

Mr. To Yan Ming, Edmond*Independent Non-executive Director*

Mr. To, aged 47, joined the Company as an Independent Non-executive Director on 15 October 2016 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. To holds a Bachelor of Commerce Accounting degree from Curtin University of Technology in Western Australia. He is a Certified Public Accountant (Practising) in Hong Kong, a Certified Practising Accountant of the CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He had worked for Deloitte Touche Tohmatsu, an international accounting firm, and has extensive experience in auditing, accounting, initial public offerings and taxation matters. Mr. To is also a director of Edmond To CPA Limited, R.C.W. (HK) CPA Limited and Asian Alliance (HK) CPA Limited.

Mr. To is an independent non-executive director of EPI, Courage Investment, Tianli Holdings, Wai Chun Group Holdings Limited (Hong Kong stock code: 1013), Wai Chun Mining Industry Group Company Limited (Hong Kong stock code: 660), SH Group (Holdings) Limited (Hong Kong stock code: 1637) and Asia Grocery Distribution Limited (Hong Kong stock code: 8413). Mr. To was an independent non-executive director of China Vanguard You Champion Holdings Limited (“China Vanguard”) (Hong Kong stock code: 8156) from 11 January 2006 to 23 November 2017 and was re-appointed as an independent non-executive director of the China Vanguard with effect from 11 December 2017. All of the aforementioned companies with Hong Kong stock code are listed on the Main Board/GEM of the Stock Exchange (as the case may be), and Courage Investment is primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited.

Mr. Pun Chi Ping*Independent Non-executive Director*

Mr. Pun, aged 52, joined the Company as an Independent Non-executive Director on 15 October 2016, and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Pun holds a Master of Science in Finance degree from the City University of Hong Kong and a Bachelor of Arts in Accountancy degree from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong). Mr. Pun is a Fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Pun is an independent non-executive director of EPI and Huajun International Group Limited (Hong Kong stock code: 377), and is the financial controller of Poly Property Group Co., Limited (Hong Kong stock code: 119). All of the aforementioned companies are listed on the Main Board of the Stock Exchange.

Ms. Leung Pik Har, Christine*Independent Non-executive Director*

Ms. Leung, aged 49, joined the Company as an Independent Non-executive Director on 15 October 2016, and is the Chairlady of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Ms. Leung holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong. Ms. Leung has extensive experience in banking and financial services industries and had worked at several international financial institution including Citibank, N.A. Hong Kong, Bank of America, Industrial and Commercial Bank of China (Asia) Limited and Fubon Bank (Hong Kong) Limited.

Ms. Leung is an independent non-executive director of EPI and was an independent non-executive director of Enviro Energy International Holdings Limited (Hong Kong stock code: 1102) from 8 June 2015 to 23 January 2018. All of the above companies are listed on the Main Board of the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Positions and addresses of the Directors

Name of Director	Position	Address
Mr. Zhao Wenqing	Executive Director and Chairman	1-4-201, Dahezhuangyuan, No. 3 Suzhou Street, Haidian District, Beijing, PRC
Mr. Huang Dongfeng	Executive Director and Chief Executive Officer	Room 1102, Unit 2, Block 3, No.15 Fanyang Road (Wannianhuacheng Haojing), Fengtai District, Beijing, PRC
Ms. Chan Yuk Yee	Executive Director and Company Secretary	Flat D, 37/F, Tower 7, Island Harbourview, 11 Hoi Fai Road, Kowloon, Hong Kong
Mr. Yiu Chun Kong	Executive Director	Flat F, 37/F, Block 1, Illumination Terrace, 5 Tai Hang Road, Causeway Bay, Hong Kong
Mr. Hsiao Charnng Geng	Executive Director	7C, Tower 10, Park Avenue, No. 18 Hoi Ting Road, Tai Kok Tsui, Kowloon, Hong Kong

Name of Director	Position	Address
Mr. Sue Ka Lok	Non-executive Director	Flat A, 38th Floor, Tower 8, Residence Bel-Air, 28 Bel-Air Avenue, Hong Kong
Mr. To Yan Ming, Edmond	Independent Non-executive Director	Flat C, 7/F, Tower 1A, Cullinan West, 28 Sham Mong Road, Kowloon, Hong Kong
Mr. Pun Chi Ping	Independent Non-executive Director	Flat 618, 11/F, Ruby Court, 618 King's Road, North Point, Hong Kong
Ms. Leung Pik Har, Christine	Independent Non-executive Director	Flat C, 53/F, Tower 1, The Pacifica, 9 Sham Shing Road, Kowloon, Hong Kong

5. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were otherwise required pursuant to section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares and Underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Underlying Shares (Note 1)	Approximate percentage of the total issued Shares
Mr. Zhao Wenqing	Beneficial owner (Note 2)	60,000,000(L)	0.51%
Mr. Huang Dongfeng	Beneficial owner (Note 2)	60,000,000(L)	0.51%

Notes:

- "L" denotes long position.
- 60,000,000 Share Options were granted to each of Mr. Zhao Wenqing and Mr. Huang Dongfeng on 6 December 2018 pursuant to the Share Option Scheme. Therefore under Part XV of the SFO, Mr. Zhao Wenqing and Mr. Huang Dongfeng are taken to be interested in the underlying shares that they are entitled to subscribe for subject to the exercise of and/or the validity period of the Share Options granted.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or in the shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO); or were otherwise required pursuant to section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under section 336 of the SFO and so far as is known to any Directors, no other person nor company (other than the Directors whose interests are disclosed above) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other principal members of the Group or had any option in respect of such capital:

Interests of substantial shareholders of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested <i>(Note 1)</i>	Approximate percentage of the total issued Shares
Trillion Trophy <i>(Note 2)</i>	Beneficial owner	5,425,000,000(L)	30.63%
Wealthy Associates International Limited <i>(Note 2)</i>	Interest of controlled corporation	5,425,000,000(L)	30.63%
Mr. Suen Cho Hung, Paul <i>(Note 2)</i>	Interest of controlled corporation	5,425,000,000(L)	30.63%
Ever Depot <i>(Note 3)</i>	Beneficial owner	2,919,161,000(L)	24.72%
GRED <i>(Note 3)</i>	Interest of controlled corporation	2,919,161,000(L)	24.72%
Mr. Vong Pech <i>(Note 3)</i>	Interest of controlled corporation	2,919,161,000(L)	24.72%
Dragon Villa <i>(Note 4)</i>	Beneficial owner	2,094,366,000(L)	17.74%
Mr. Lei Sutong <i>(Note 4)</i>	Interest of controlled corporation	2,094,366,000(L)	17.74%

Notes:

1. “L” denotes long position.
2. As at the Latest Practicable Date, Trillion Trophy holds 3,825,000,000 Shares and is interested in 1,600,000,000 shares which it has undertaken to take up under the Rights Issue pursuant to the Irrevocable Undertaking. Trillion Trophy is wholly owned by Wealthy Associates International Limited, which is in turn wholly owned by Mr. Suen Cho Hung, Paul. Therefore, Mr. Suen Cho Hung, Paul and Wealthy Associates International Limited are taken to be interested in the number of shares interested by Trillion Trophy pursuant to Part XV of the SFO. The approximate percentage of the total issued Shares interested by Trillion Trophy, Wealthy Associates International Limited and Mr. Suen Cho Hung, Paul was calculated based on the enlarged issued Shares of the Company upon completion of the Rights Issue assuming full subscription under the Rights Issue.
3. As at the Latest Practicable Date, Ever Depot is wholly owned by GRED, which is in turn wholly owned by Mr. Vong Pech. Therefore, Mr. Vong Pech and GRED. are taken to be interested in the number of shares held by Ever Depot pursuant to Part XV of the SFO.
4. As at the Latest Practicable Date, Dragon Villa is wholly owned by Mr. Lei Sutong. Therefore, Mr. Lei Sutong is taken to be interested in the number of shares held by Dragon Villa pursuant to Part XV of the SFO.

7. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation other than statutory compensation.

8. DIRECTORS’ INTERESTS IN THE GROUP’S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 30 June 2018 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this Prospectus, which is significant in relation to the business of the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given statement or opinion or advice for inclusion in this Prospectus:

Name	Qualification
ZHONGHUI ANDA CPA Limited (“ZHONGHUI ANDA”)	Certified Public Accountants

ZHONGHUI ANDA has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter, report and/or references to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, ZHONGHUI ANDA did not have any direct or indirect interest in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either directly or indirectly, in any assets which had been, since 30 June 2018 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands
Principal place of business in Hong Kong	31/F, Vertical Sq, No.28 Heung Yip Road, Wong Chuk Hang, Hong Kong
Underwriter	Lego Securities Limited Room 301, 3rd Floor, China Building, 29 Queen's Road Central, Hong Kong
Legal advisers to the Company as to Hong Kong law in relation to the Rights Issue	<i>As to Hong Kong law</i> Tung & Co. Office 1601, 16th Floor, LHT Tower, 31 Queen's Road Central, Hong Kong
Reporting accountant	ZHONGHUI ANDA CPA Limited <i>Certified Public Accountants</i> Unit 701, 7/F., Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong

Principal bankers	Bank of Communications Co., Ltd., Hong Kong Branch 20 Pedder Street, Central, Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
Principal share registrar and transfer office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place, 103 South Church Street, George Town, P. O. Box 10240, Grand Cayman KY1-1002, Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Company secretary	Ms. Chan Yuk Yee
Authorised representative	Mr. Sue Ka Lok

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) the sale and purchase agreement dated 30 June 2017 entered into among the Company, Orchard Gold Limited, a wholly owned subsidiary of the Company, as purchaser, Ever Depot as vendor and GRED as guarantor in relation to the entire issued share capital of Celestial Fame Investments Limited ("Celestial Fame BVI") at a consideration of approximately US\$9.7 million which shall be satisfied by the allotment and issue of 500,665,000 Shares to Ever Depot;
- (b) the long term lease agreement dated 30 June 2017 entered into between Celestial Fame Investment (Cambodia) Co., Ltd. ("Celestial Fame Cambodia") as lessee and GRED as lessor relating to the lease of a parcel of land of One Park (a property development project in Cambodia) ("One Park") for a term of 50 years (extendable by the lessee for another 50 years) with a net site area of 1,200 square meters by GRED to Celestial Fame Cambodia at the total rent of US\$3.0 million;

- (c) the property sale and purchase agreement dated 30 June 2017 entered into between Deep Blue Trade (Cambodia) Co., Ltd., a wholly owned subsidiary of the Company (“Deep Blue”) and GRED in relation to the acquisition of the properties in One Park by Deep Blue from GRED at a consideration of approximately US\$26.2 million which shall be satisfied by the issue and allotment of 1,359,400,000 Shares to GRED;
- (d) the design and construction contract dated 20 November 2017 entered into between Celestial Fame Cambodia and GRED relating to the provision of construction and design work of the building with total area of approximately 5,674.59 square meters at One Park by GRED at a consideration of approximately US\$4.4 million which shall be satisfied by the issue and allotment of 226,486,000 Shares;
- (e) the subscription agreement dated 14 December 2017 entered into between the Company and Chigwell Holdings Limited in relation to the subscription of 500,000,000 Shares by Chigwell Holdings Limited at a subscription price of HK\$0.14 per Share which shall be offset by an equivalent amount owed by the Company to Chigwell Holdings Limited;
- (f) the subscription agreement dated 14 December 2017 entered into between the Company and Dragon Villa in relation to the subscription of 714,286,000 Shares by Dragon Villa at the subscription price of HK\$0.14 per Share which shall be offset by an equivalent amount owed by the Company to Dragon Villa;
- (g) the subscription agreement dated 14 June 2018 entered into between the Company and Dragon Villa in relation to the subscription of 1,380,080,000 Shares by Dragon Villa at the subscription price of HK\$0.105 per Share which shall be offset by an equivalent amount owed by the Company to Dragon Villa;
- (h) the long term lease agreement dated 28 August 2018 entered into between GRED as lessor and Deep Blue as lessee relating to the lease of properties at One Park by GRED to Deep Blue for a term of 50 years (extendable by the lessee) at a rent of approximately US\$16.3 million which shall be satisfied by the allotment and issue of 832,610,000 Shares to GRED and cash payment of approximately US\$6.2 million;
- (i) the master lease agreement dated 28 August 2018 entered into between Celestial Fame BVI as lessor and Ever Depot as lessee relating to the lease of properties at One Park by Celestial Fame BVI to Ever Depot for a term of 3 years at the rent of US\$15 per square meter per month;
- (j) the supplemental facility agreement dated 21 December 2018 entered into between the Company as borrower and Trillion Trophy as lender in relation to, among others, the extension of the facility period of a facility agreement dated 21 December 2016 entered into between the same parties in respect of provision of a loan facility of up to HK\$250 million by Trillion Trophy to the Company, to 31 December 2020;

- (k) the Underwriting Agreement; and
- (l) the Irrevocable Undertakings.

12. LITIGATION

Save as disclosed in the section headed “2. Indebtedness – Contingent Liabilities” in Appendix I, as at the Latest Practicable Date, no member of the Group is engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

13. EXPENSES

The expenses in connection with the Rights Issue and the application for listing, including underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$3.0 million and will be payable by the Company.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (WUMP) Ordinance.

15. LEGAL EFFECT

The Issue Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 31/F., Vertical Sq, No.28 Heung Yip Road, Wong Chuk Hang, Hong Kong during normal business hours (i.e. from 9:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 6:00 p.m. on Monday to Friday) unless (i) a tropical cyclone warning signal number 8 or above is hoisted, or (ii) a “black” rainstorm warning signal is issued, except public holidays, from the date of this Prospectus up to and including the date which is 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 30 June 2017 and 2018, respectively and the interim report of the Company for the six months ended 31 December 2018;

- (c) the report on the unaudited pro forma financial information of the Group issued by ZHONGHUI ANDA CPA Limited set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the paragraph headed “*Qualification and Consent of Expert*” in this appendix;
- (e) the material contracts of the Group listed in the paragraph headed “*Material Contracts*” in this appendix;
- (f) this Prospectus; and
- (g) the circular published by the Company on 20 November 2018 in respect of, among others, a major and connection transaction in relation to the acquisition of properties in Cambodia.

17. MISCELLANEOUS

This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text unless otherwise specified.