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BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED

伯明翰環球控股有限公司

(Incorporated in the Cayman Island with limited liability)

(Stock Code: 2309)

PLACING OF CONVERTIBLE NOTES

Placing Agent



KINGSTON SECURITIES LTD.

On 2 August, 2011, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed amongst other things to procure, on a best effort basis, Placee(s) to subscribe for Convertible Notes up to the principal amount of HK\$79,500,000. Assuming all the Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the HK\$79,500,000 principal amount of the Convertible Notes at the Conversion Price, a total of 636,000,000 Conversion Shares will be issued, representing approximately 16.36% of the existing issued share capital of the Company and approximately 14.06% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

On the assumption that all Convertible Notes are fully placed, the gross proceeds from the Placing will be HK\$79,500,000 and the net proceeds from the Placing will be approximately HK\$76,500,000.

The Placing is not subject to approval of Shareholders. The Conversion Shares will be issued under the general mandate granted to the Directors at the Company's annual general meeting held on 17 December, 2010. This mandate has not been utilised as at the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

A summary of the principal terms of the Placing Agreement is set out below:

Issuer: The Company

Placing Agent: Kingston Securities Limited. To the best of the director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

The Placing Agreement: On 2 August, 2011, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed on a best effort basis to procure Placee(s) to subscribe for the Convertible Notes up to an aggregate principal amount of HK\$79,500,000.

Placing Conditions Precedent:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and Placing Agent do not reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon exercise of conversion rights under the Convertible Notes;
- (ii) the obligations of the Placing Agent under this Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure event; and
- (iii) a further Order being made by the Court to vary the Restraint and Charging Order Prohibiting Disposal of Assets in Hong Kong and Elsewhere made by Mrs. Justice V. Bokhary on 6th July 2011 in High Court Miscellaneous Proceedings No. HCMP 1254 of 2011 (the "Restraint Order") to the extent that the Placing which will result in a dilution of the existing shareholdings of Mr. Yeung Ka Sing, Carson (and thus diminishes the value of such shares), is to be excluded from the restrictions under the Restraint Order.

Placing Commission: The Company shall pay to the Placing Agent a fee equal to 2.50% of the aggregate principal amount of the Convertible Notes placed by the Placing Agent to the Placee(s)

Placing Period: A period of 90 days from the date of the Placing Agreement.

- Placee: The Placing Agent will place the Convertible Notes to Inkatha Group Limited who are and whose ultimate beneficial owners are third parties independent of and not connected with the Company and Connected Persons of the Company and not acting in concert (as such term is defined in Takeovers Code) with Connected Persons of the Company. Inkatha Group Limited is a company incorporated in the British Virgin Islands, whose principal business is investment holding.
- Completion: Completion of the Placing shall take place on the fifth Business Day after all the conditions as set out in the Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.
- Termination: If, at any time prior to 9:00 a.m. on the relevant Completion of Convertible Notes, in the absolute opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:
- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
 - (b) any of the following events:
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *eiusdem generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Notes to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Notes; or

- (iii) any change in market conditions (including without limitation, a suspension or limitation on trading in securities generally on the Stock Exchange) which would materially and adversely affect the success of the placing of the Convertible Notes to potential investor(s) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Notes

then and in any such case, the Placing Agent may terminate this Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the Completion of Convertible Notes and provided further that such termination shall not affect any partial completion of the Convertible Notes that have taken place prior to such date of termination.

If the Placing Agent terminates the Placing Agreement, all obligations of the Placing Agent and the Company under the Placing Agreement will cease and determine and neither party may have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The following summarizes certain of the principal terms of the Convertible Notes:

Aggregate Principal amount of the Convertible Notes: up to HK\$79,500,000

Authorized denomination for issue, transfer and conversion: HK\$1,500,000

Maturity Date: Two years from the relevant date of issue

Conversion Period: The holders of Convertible Notes will be able to convert the outstanding principal amount of the Convertible Notes in whole or in part into Shares at any time following the relevant date of issue until a date falling seven days prior to (and excluding) the maturity date.

Conversion Price:	HK\$0.125 per Conversion Share, subject to customary adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue and issues of other securities.
Interest Rate:	5% per annum payable annually.
Transferability:	The Convertible Notes will be transferrable without the consent of the Company except that the Convertible Notes can only be transferred to a Connected Person of the Company if prior written consent of the Company is obtained.
Voting:	Holders of Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of them being holders of Convertible Notes.
Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes.
Ranking:	The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all other Shares outstanding on the date the name of the noteholder is entered on the register of the members of the Company as a holder of the Conversion Shares.
Conversion restriction:	(i) the conversion rights attaching to a Convertible Note cannot be exercised (and accordingly the Company will not issue Conversion Shares) if and to the extent that the total number of Conversion Shares (together with other Shares) with voting rights held by the holder of the Convertible Notes in question and parties acting in concert with it within the meaning of the Takeovers Code immediately after the issue of the relevant Conversion Shares would be more than 29.9% of the enlarged issued share capital of the Company or of such other amount equal to 0.1% below the amount as may be specified in the Takeovers Code as being the level for triggering a mandatory general offer.

- (ii) if the Conversion Shares are to be issued to a Connected Person in which case the exercise of the relevant Conversion Rights will be subject to approval of shareholders of the Company in a general meeting (if required) and compliance with relevant requirements of the Listing Rules.
- (iii) the maintenance of public float as required under Rule 8.08 of the Listing Rules immediately after issue of Conversion Shares.

Redemption and Repurchase: The Company may at any time and from time to time, by 10 Business Days prior written notice (“Redemption Notice”) to a Noteholder elect to redeem the whole or part (being an authorised denomination of being not less than HK\$10,000,000) of the then outstanding principal amount of its Notes (together with accrued and outstanding interest to the extent redemption is in full).

The Company may also repurchase Convertible Notes at prices to be agreed between the Company and the holder of the Convertible Notes.

Assuming all the Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the HK\$79,500,000 principal amount of the Convertible Notes at the Conversion Price, a total of 636,000,000 Conversion Shares (with an aggregate nominal value of HK\$6,360,000) will be issued, representing approximately 16.36% of the existing issued share capital of the Company and approximately 14.06% of the Company’s issued share capital as enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued under the general mandate granted to the Directors at the Company’s annual general meeting held on 17 December, 2010. This mandate has not been utilised as at the date of this announcement. Accordingly, the Placing is not subject to Shareholders’ approval.

CONVERSION PRICE

The Conversion Price of HK\$0.125 per Conversion Share was arrived at after arm’s length negotiation between the Company and the Placing Agent and represent:

- (i) a discount of approximately 18.83% to the closing price of HK\$0.154 per Share quoted on the Stock Exchange prior to its suspension of trading on 30 June 2011; and
- (ii) a discount of approximately 19.45% to the average closing price of HK\$0.1552 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to its suspension of trading on 30 June 2011.

The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm’s length basis between the Company and the Placing Agent.

SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is illustrated as follows:

	As at the date of this announcement		Upon completion of the Placing (assuming the Convertible Notes are placed and converted in full) at the Conversion Price	
	Shares	Approximate %	Shares	Approximate %
Mr. Yeung Ka Sing, Carson (<i>Note 1</i>)	185,452,800	4.77	185,452,800	4.10
Great Luck Management Ltd (<i>Note 2</i>)	837,469,066	21.54	837,469,066	18.51
Premier Rise Investments Limited (<i>Note 3</i>)	163,800,000	4.21	163,800,000	3.62
Mr. Liu Xingcheng	453,237,000	11.66	453,237,000	10.02
The Placee (<i>Note 4</i>)	—	—	636,000,000	14.06
Others	<u>2,247,794,534</u>	<u>57.82</u>	<u>2,247,794,534</u>	<u>49.69</u>
Total	<u><u>3,887,753,400</u></u>	<u><u>100.00</u></u>	<u><u>4,523,753,400</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Yeung Ka Sing, Carson is the Executive Director of the Company.
2. These Shares are held by Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson, an executive Director.
3. These Shares are held by Premier Rise Investment Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Hui Ho Luek, Vico, an executive Director.
4. Inkatha Group Limited, a company incorporated in the British Virgin Islands, whose principal business is investment holding.

REASONS FOR THE PLACING

The reason for the Placing is to strengthen the capital base of the Company. On the assumption that all Convertible Notes are fully placed, the gross proceeds from the Placing will be HK\$79,500,000. On the assumption that 636,000,000 Conversion Shares are issued at the Conversion Price, the net price raised per Conversion Share is HK\$0.120. The net proceeds from the Placing of up to approximately HK\$76,500,000 is to be used for general working capital of the Group.

In order to secure sufficient proceeds available to fund the potential investment opportunities if and when they arise, the Company considers that this is a good opportunity for the Company to raise funds from the Placing. On the basis that the Placing provides an opportunity for the Company to strengthen its capital base, to be equipped with readily available funds to enable it to grasp the potential investment opportunities, the Directors consider the terms of the Placing to be fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds actually raised	Intended use of proceeds	Actual use of proceeds raised
22 October, 2010	Placing of new shares under special mandates including a total of 450,000,000 fully underwritten placing shares and a maximum of 1,100,000,000 best effort placing shares.	Net proceeds of proposed placing would be approximately HK\$299 million, but net proceeds of completed actual placing was approximately HK\$136 million. The remaining placing of approximately HK\$163 million was not completed and lapsed.	The Group intended to use the net proceeds: (i) as to approximately HK\$96 million for recovering a bank loan facility in the UK, (ii) as to approximately HK\$75 million for general working capital for its Hong Kong operation, and (iii) approximately HK\$128 million for general working capital for its UK operation and financial support to the operation of Birmingham City Football Club.	Approximately HK\$94 million was used for repayment of a bank loan facility in the UK and general working capital and financial support for its UK operation. Approximately HK\$29 million was used as general working capital for the Group's Hong Kong operations. The balances of the proceeds is currently deposited with Kingston Securities Limited's client cash account.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in operating a football club in the United Kingdom, apparel sourcing, apparel trading, provision of entertainment services.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:

“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Business Days”	a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
“Company”	Birmingham International Holdings Limited, a company incorporated in the Cayman Island with limited liability whose shares are listed on the Stock Exchange
“Completion”	the date which is the fifth Business Day after the date of fulfilment of the Placing Conditions Precedent
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the conversion price of HK\$0.125 per Conversion Share (subject to adjustments)
“Conversion Shares”	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	5% coupon convertible notes due 2013 of up to an aggregate principal amount of HK\$79,500,000 proposed to be issued by the Company
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Notes pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Convertible Notes of up to an aggregate principal amount of HK\$79,500,000 Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 regulated activities (dealing in securities)
“Placing Agreement”	the placing agreement dated 2 August, 2011 between the Company and the Placing Agent in respect of placing of the Convertible Notes
“Placing Conditions Precedent”	the conditions precedent referred to in the section headed “Placing Conditions Precedent” in this Announcement
“Placing Period”	a period of 90 days commencing from the date of the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

By Order of the Board
BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
Hui Ho Luek, Vico
Executive Director and Chief Executive Officer

Hong Kong, 2 August, 2011

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Lee Yiu Tung, Mr. Chan Shun Wah and Ms. Wong Po Ling, Pauline, the non-executive director is Mr. Chan Wai Keung and the independent non-executive directors are Mr. Yau Yan Ming, Raymond and Mr. Zhou Han Ping.