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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)**

**(I) PLACING OF NEW SHARES UNDER  
A SPECIFIC MANDATE  
ISSUE OF THE FIRST CONVERTIBLE BOND UNDER  
A SPECIFIC MANDATE  
ISSUE OF THE SECOND CONVERTIBLE BOND UNDER  
A SPECIFIC MANDATE  
AND  
(II) PROPOSED CONNECTED TRANSACTIONS  
DEED OF NOVATION, DEBT CAPITALISATION AGREEMENT,  
SUBSCRIPTION AGREEMENT  
AND  
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**Placing Agent**



Shenyin Wanguo Capital (H.K.) Limited

#### **I. PLACING AND CONVERTIBLE BONDS**

##### **The Placing of New Shares**

On 12 November 2013, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent will conduct the Placing, on a fully underwritten basis, of 1,260,000,000 Placing Shares to not less than six professional, institutional, or other investor(s) that are Independent Third Parties and to the extent any such Placing Shares are not placed, to take up those Placing Shares itself at the placing price of HK\$0.05 per Placing Share.

### **The First CB Subscription Agreement**

On 12 November 2013, the Company and Subscriber entered into the First CB Subscription Agreement, pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, the First Convertible Bond to the principal amount of HK\$50 million with a conversion price of HK\$0.03 per First Conversion Share. The First Convertible Bond has a maturity date of two years from the date of issue.

### **The Second CB Subscription Agreement**

On 12 November 2013, the Company and Subscriber entered into the Second CB Subscription Agreement, pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, the Second Convertible Bond to the aggregate principal amount of HK\$250 million in two tranches of HK\$125 million each, with a conversion price of HK\$0.03 per Second Conversion Share. Each tranche of the Second Convertible Bond has a maturity date of two years from the date of issue.

## **II. NOVATION AND CAPITALISATION OF MR. YEUNG'S DEBT**

The Company intends to enter into certain agreements in relation to Mr. Yeung's Debt, as follows:

### **The Proposed Deed of Novation**

The Company, BCFC and Mr. Yeung propose to enter into the Deed of Novation, pursuant to which Mr. Yeung will agree to and accept the liabilities of BCFC under the Debt being assumed by the Company. Upon completion of the Deed of Novation, the Company will assume the obligations and liabilities under the Debt, and Mr. Yeung will have no further rights against BCFC under the Debt.

### **The Proposed Debt Capitalisation Agreement and the Proposed Subscription Agreement**

The Company and Mr. Yeung propose to enter into the Debt Capitalisation Agreement, pursuant to which and subject to the entering into of the Deed of Novation, the Company will agree to capitalise the Debt owed by the Company to Mr. Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt Convertible Bond.

The Company and Mr. Yeung further propose to enter into the Subscription Agreement, pursuant to which and subject to the completion of the Debt Capitalisation Agreement, the Company will agree to capitalise the Debt owed by the Company to Mr. Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt Convertible Bond, to the principal amount of HK\$190,074,205.58 with a conversion price of HK\$0.03 per Debt Conversion Share.

**Shareholders and potential investors are advised that the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement have not yet been entered into and as such are not yet legally binding. Accordingly, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement are subject to change, or may not be entered into at all.**

### **Implications under the Listing Rules**

Mr. Yeung is a Director and a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement would, if they proceed, constitute connected transactions of the Company, which are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Company will at the EGM seek approval for, among other things, the Specific Mandates and, should they proceed, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement. Mr. Yeung and his associates required to abstain from voting in relation to the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement.

### **III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to cater for, among others, the issue of the Placing Shares, the First Conversion Shares, the Debt Conversion Shares (as applicable) and the Second Conversion Shares, the Company proposes to increase its authorised share capital from HK\$100 million to HK\$500 million by the creation of 40,000,000,000 new Shares.

### **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) particulars of the Placing Agreement, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement (as applicable); (ii) the Specific Mandates; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders regarding the Deed of Novation, the Debt Capitalisation and the Subscription Agreement; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Deed of Novation, the Debt Capitalisation and the Subscription Agreement; (v) the notice of the EGM together with the proxy form and (vi) other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules, which is expected to be on or before 29 November 2013.

**Shareholders and potential investors should note that the entering into of the Placing Agreement, the First CB Subscription Agreement, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement and the Second CB Subscription Agreement does not necessarily mean that the Shares will resume trading. Resumption of trading in the Shares is subject to the Stock Exchange being satisfied that the Group has fulfilled all resumption conditions as set out in the Company's announcement dated 19 August 2013.**

## **I. PLACING AND CONVERTIBLE BONDS**

### **The Placing of New Shares**

On 12 November 2013, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent will conduct the Placing, on a fully underwritten basis, of 1,260,000,000 Placing Shares to not less than six professional, institutional, or other investors that are Independent Third Parties (the "Placees") and to the extent any such Placing Shares are not placed, to take up those Placing Shares itself at the Placing Price. The Placing Shares will be issued pursuant to a specific mandate to be obtained at the EGM.

The terms of the Placing Agreement have been negotiated on an arm's length basis and the principal terms are summarised below:

- Parties to the agreement:**
- (i) The Company
  - (ii) The Placing Agent

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

**Agreement date:** 12 November 2013

**Structure of placing:** The Placing Agent has conditionally agreed to place up to 1,260,000,000 Placing Shares. The Placing Agent will receive a placing commission of 1.50% on the gross proceeds of the actual number of Placing Shares being placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

|                                       |   |
|---------------------------------------|---|
| <b>Placees:</b>                       | <p>The Placing Shares are to be placed to not less than six Placees. They and their ultimate beneficial owners are Independent Third Parties and not acting in concert (as defined under the Takeovers Code) with any Directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules). To the extent any such Placing Shares are not placed, the Placing Agent will take up those Placing Shares at the Placing Price.</p> <p>None of the Placees shall become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.</p>   |
| <b>Placing Price:</b>                 | HK\$0.05 per Placing Share  |
| <b>Ranking of the Placing Shares:</b> | The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.   |
| <b>Conditions precedent:</b>          | <ul style="list-style-type: none"> <li>• Specific mandate to be sought from the Shareholders at the EGM in relation to the issue of the Placing Shares</li> <li>• The Stock Exchange granting the listing of and permission to deal in the Placing Shares</li> <li>• The approval from the Stock Exchange approving the resumption in trading in the Shares having been obtained conditional only upon (a) completion successfully occurring and (b) such other administrative conditions as are customarily stipulated by the Stock Exchange for listing of Shares on the Stock Exchange and not having been revoked</li> <li>• The obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof</li> </ul> |
| <b>Completion:</b>                    | Completion will take place on the day the last of the above conditions has been fulfilled. If the above condition precedents are not satisfied and/or waived in whole or in part by the Placing Agent on or before 5:00 p.m. of the 90th day from the date of the Placing Agreement, the Placing will be terminated.  |

**Termination:**

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing and (b) termination of the Placing Agreement by the Placing Agent in accordance with the terms and conditions of the Placing Agreement.

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events. For this purpose, a "force majeure event" refers to, among others,

- (a) 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
- (b) 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 sui 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 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 adversely prejudices the success of the Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares 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.

### ***Placing Price***

The Placing Price of HK\$0.05 per Placing Share represents:

- (i) a discount of approximately 67.53% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange as of 29 June 2011, being the last trading day prior to suspension of the trading in the Shares; and
- (ii) a discount of approximately 67.78% to the average closing price of HK\$0.1552 per Share for the last five consecutive trading days up to and including 29 June 2011, being the last trading day prior to suspension of the trading in the Shares.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the Group's existing financial position and current market conditions.

The Directors consider that, in light of the financial position and requirement of the Group, the terms of the Placing Agreement (including the Placing Price and the placing commission to be received by the Placing Agent) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### ***The Placing Shares***

The 1,260,000,000 Placing Shares represent (i) approximately 32.41% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 24.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares; and (iii) approximately 18.49% of the issued share capital of the Company as enlarged by the allotment and issue of the First Conversion Shares and the Placing Shares, assuming the conversion rights attaching to the First Convertible Bond are exercised in full.

### ***Use of proceeds***

The net proceeds from the issue of the Placing Shares of approximately HK\$62 million are intended to be used for the repayment of debts and for the Group's working capital purposes and the general improvement of the Group's liquidity position. A creditor of the Company has agreed to take a 50% haircut on the amount of debt due to it provided that the balance is paid within 3 months following the date of resumption in the trading in the Shares. The amount to be repaid under this arrangement is HK\$28 million. As such, part of the proceeds of the Placing will be used to repay such agreed reduced debt.

### ***Reasons for and benefit of issuing the Placing Shares***

Given (i) the Group's net liabilities position as at the date of this announcement, and (ii) the Group's working capital requirement, especially in light of the cash requirements to maintain and run a football club in the Championship Division of a professional competitive football league, the Board considers that the Placing can improve the gearing ratio and strengthen the Group's financial position and provide working capital to the Group to meet future development needs and obligations.

The Directors believe that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Mandate to issue the Placing Shares***

The Placing Shares will be issued by the Company under a specific mandate to be sought from the Shareholders at the EGM.

### ***Application for listing***

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### **The First CB Subscription Agreement**

On 12 November 2013, the Company and Subscriber entered into the First CB Subscription Agreement, pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, the First Convertible Bond under a specific mandate, to the principal amount of HK\$50 million with a conversion price of HK\$0.03 per First Conversion Share. The First Convertible Bond has a maturity date of two years from the date of issue.



The terms of the First Convertible Bond, including the conversion price of the First Convertible Bond, have been negotiated on an arm's length basis and the principal terms of the First Convertible Bond are summarised below:

**Parties to the agreement:** (i) The Company

(ii) The Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties, and neither the Subscriber nor its associates are Shareholders.

**Agreement date:** 12 November 2013

**Principal amount:** HK\$50 million

**Maturity date:** Two years from the date of issue

**Interest rate:** Zero

**Conversion price:** HK\$0.03 per First Conversion Share

**Conversion shares:** A total of 1,666,666,666 new Shares subject to adjustment provisions, of a par value of HK\$0.01 each to be issued upon conversion of the First Convertible Bond

**Conversion period:** The period commencing on the date of issue and expiring on the date falling 2 years thereafter. To the extent possible pursuant to the conversion rights, the Bondholder must convert the entire First Convertible Bond before its maturity date, otherwise it or any part thereof outstanding will automatically be converted into Shares on maturity date. Any part of the First Convertible Bond outstanding following its maturity date will lapse and be cancelled.

- Conversion rights:** The Bondholder may convert the First Convertible Bond in whole or in part (in an integral multiple of HK\$500,000.0) of the outstanding principal amount of the First Convertible Bond on any business day during the conversion period.
- The Company shall not be required to allot and issue First Conversion Shares to the Bondholder nor shall the Bondholder be permitted to convert the First Convertible Bond (or parts thereof) if upon such allotment and issue or conversion (as the case may be), the Bondholder and parties acting in concert with it shall be interested (whether directly or indirectly) in 30.00% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company at the date of the relevant exercise.
- The conversion rights attaching to the First Convertible Bond cannot be exercised if the issue of the First Conversion Shares result in the Company being unable to fulfill the maintenance of public float requirement as required under the Listing Rules immediately after issue of the First Conversion Shares.
- Adjustment provisions:** The conversion price is subject to adjustment for, among other things, consolidation, subdivision or reduction of Shares, capitalisation of profits or reserves, rights issues, and other events.
- Transferability:** Neither the First Convertible Bond nor any part thereof may be transferred without the prior written consent of the Company, except for a transfer to wholly-owned subsidiaries or the holding company (as defined in the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) of the Bondholder.
- Security:** None
- Ranking of the conversion shares:** Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the First Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

- Conditions precedent:**
- Specific mandate to be sought from the Shareholders at the EGM in relation to the issue of the First Convertible Bond
  - The approval from the Stock Exchange approving the resumption in trading in the Shares having been obtained conditional only upon (a) Completion successfully occurring and (b) such other administrative conditions as are customarily stipulated by the Stock Exchange for listing of Shares on the Stock Exchange and not having been revoked
  - The Department of Justice or other relevant Hong Kong government body not raising an objection as to the issue of the First Convertible Bond by the Company before completion of the EGM approving the First CB Subscription Agreement

**Completion:** Completion will take place on the business day following the date on which the above conditions precedents are fulfilled.

As announced by the Company on 1 August 2013, the Subscriber has granted to the Company a loan in the amount of HK\$20 million (the “**Loan**”). For the avoidance of doubt, the Subscriber will on completion instruct the Company to retain the Loan amount as part of the principal amount of HK\$50 million such that only the balance of HK\$30 million (the “**Balance**”) shall be due from the Subscriber to the Company on completion. The Subscriber will within 14 days following the execution of the First CB Subscription Agreement deposit with the legal advisers to the Company an amount equal to the Balance to be held in escrow for release to the Company, subject to satisfaction of the conditions precedent, before resumption of trading in the Shares.

### ***Conversion price***

The Conversion Price of HK\$0.03 per First Conversion Share represents:

- (i) a discount of approximately 80.52% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange as of 29 June 2011, being the last trading day prior to suspension of the trading in the Shares; and
- (ii) a discount of approximately 80.67% to the average closing price of HK\$0.1552 per Share for the last five consecutive trading days up to and including 29 June 2011, being the last trading day prior to suspension of the trading in the Shares.

The conversion price was determined after arm's length negotiations between the Company and the Subscriber, with reference to the Group's existing financial position and current market conditions, and the fact that the shareholder had already granted the loan to the Company during the relevant time period.

### ***The First Conversion Shares***

Upon full conversion of the First Convertible Bond in the principal amount of HK\$50 million by the Bondholder at the conversion price, a maximum of 1,666,666,666 First Conversion Shares will be issued. The First Conversion Shares will represent (i) approximately 42.87% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 30.01% of the issued share capital of the Company as enlarged by the allotment and issue of the First Conversion Shares assuming the conversion rights attaching to the First Convertible Bond are exercised in full.

### ***Use of proceeds***

The net proceeds from the issue of the First Convertible Bond of approximately HK\$50 million, assuming that the Loan will be retained as part of the principal amount of the First Convertible Bond, are intended to be used for the Group's working capital purposes, the general improvement of the Group's liquidity position, repayment of debts and possible future investments and acquisitions, as and when opportunities arise.

### ***Reasons for and benefit of issuing the First Convertible Bond***

The Board considers raising funds by issuing the First Convertible Bond represent an opportunity for the Company to enhance its liquidity and working capital positions and strengthen its general financial position, while not having an immediate dilution effect on the shareholdings of the existing Shareholders. The Board considers the issue of the First Convertible Bond to be an appropriate means of raising additional capital to fund the Group's operations.

The Directors believe that the terms of the First Convertible Bond are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Mandate to issue the First Conversion Shares***

The First Conversion Shares will be issued by the Company under a specific mandate to be sought from the Shareholders at the EGM.

### *Application for listing*

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the First Conversion Shares.

### **The Second CB Subscription Agreement**

On 12 November 2013, the Company and Subscriber entered into the Second CB Subscription Agreement, pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, the Second Convertible Bond under a specific mandate, to the principal amount of HK\$250 million, in two tranches of HK\$125 million each, with a conversion price of HK\$0.03 per Second Conversion Share. Each tranche of the Second Convertible Bond has a maturity date of two years from the date of issue.

The terms of the Second Convertible Bond, including the conversion price of the Second Convertible Bond, have been negotiated on an arm's length basis and the principal terms of the Second Convertible Bond are summarised below:

**Parties to the agreement:** (i) The Company

(ii) The Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties, and neither the Subscriber nor its associates are Shareholders.

**Agreement date:** 12 November 2013

**Principal amount:** HK\$250 million, in two tranches of HK\$125 million each

**Maturity date:** Two years from the date of issue

**Interest rate:** Zero

**Conversion price:** HK\$0.03 per Second Conversion Share

**Conversion shares:** A total of 8,333,333,333 new Shares subject to adjustment provisions, of a par value of HK\$0.01 each to be issued upon conversion of the entire Second Convertible Bond.

**Conversion period:** The period commencing on the date of issue and expiring on the date following 2 years thereafter. To the extent possible pursuant to the conversion rights, the Bondholder must convert the entire Second Convertible Bond before its maturity date, otherwise it or any part thereof outstanding will automatically be converted into Shares on maturity date. Any part of the Second Convertible Bond outstanding following its maturity date will lapse and be cancelled.

**Conversion rights:** The Bondholder may convert the Second Convertible Bond in whole or in part (in an integral multiple of HK\$500,000.0) of the outstanding principal amount of the Second Convertible Bond on any business day during the conversion period.

The Company shall not be required to allot and issue Second Conversion Shares to the Bondholder nor shall the Bondholder be permitted to convert the Second Convertible Bond (or parts thereof) if upon such allotment and issue or conversion (as the case may be), the Bondholder and parties acting in concert with it shall be interested (whether directly or indirectly) in 30.00% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company at the date of the relevant exercise.

The conversion rights attaching to the Second Convertible Bond cannot be exercised if the issue of the Second Conversion Shares result in the Company being unable to fulfill the maintenance of public float requirement as required under the Listing Rules immediately after issue of the Second Conversion Shares.

The Bondholder undertakes not to, without the prior written consent of the Company, at any time during the period commencing on the date of completion of the Second CB Subscription Agreement and ending twelve months thereafter to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Second Conversion Shares held/ owned by it.

**Adjustment provisions:** The conversion price is subject to adjustment for, among other things, consolidation, subdivision or reduction of Shares, capitalisation of profits or reserves, rights issues, and other events.

**Transferability:** Neither the Second Convertible Bond nor any part thereof may be transferred without the prior written consent of the Company, except for a transfer to wholly-owned subsidiaries or the holding company (as defined in the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) of the Bondholder.

**Security:** None

**Ranking of the conversion shares:** Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the Second Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

**Conditions precedent:**

- Specific mandate to be sought from the Shareholders at the EGM in relation to the issue of the Second Convertible Bond
- The Stock Exchange granting the listing of and permission to deal in the Second Conversion Shares
- Resumption of trading in the Shares on the Stock Exchange

The Department of Justice or other relevant Hong Kong government body not raising an objection as to the issue of the Second Convertible Bond by the Company before the close of the EGM approving the Second CB Subscription Agreement and the transaction contemplated therein

**Completion:** Completion of the first tranche of the Second Convertible Bond will take place on a Business Day within 12 months from the date of resumption of trading in the Shares. Completion of the second tranche of the Second Convertible Bond will take place on a Business Day within 24 months from the date of the resumption in trading in the Shares.

### ***Conversion price***

The conversion price of HK\$0.03 per Second Conversion Share represents:

- (i) a discount of approximately 80.52% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange as of 29 June 2011, being the last trading day prior to suspension of the trading in the Shares; and

- (ii) a discount of approximately 80.67% to the average closing price of HK\$0.1552 per Share for the last five consecutive trading days up to and including 29 June 2011, being the last trading day prior to suspension of the trading in the Shares.

The conversion price was determined after arm's length negotiations between the Company and the Subscriber, with reference to the Group's existing financial position and current market conditions, and the 12 months lock-up period as stated above.

### ***The Second Conversion Shares***

Upon full conversion of all tranches of the Second Convertible Bond in the principal amount of HK\$250 million by the Bondholder at the conversion price, a maximum of 8,333,333,333 Second Conversion Shares will be issued. The Second Conversion Shares will represent: (i) approximately 214.35% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 68.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Second Conversion Shares assuming the conversion rights attaching to the Second Convertible Bond are exercised in full; and (iii) approximately 7.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the First Conversion Shares and the Debt Conversion Shares, assuming the conversion rights attaching to the First Convertible Bond, the Debt Convertible Bond and the Second Convertible Bond are exercised to the extent allowed under the terms of the First CB Subscription Agreement, the Subscription Agreement and the Second CB Subscription Agreement, respectively.

### ***Use of proceeds***

The net proceeds from the issue of the first tranche of the Second Convertible Bond of approximately HK\$125 million are intended to be used for the repayment of creditors and general working capital purposes of the Group and the net proceeds of the second tranche of the Second Convertible Bond of approximately HK\$125 million are intended to be used for the general improvement of the Group's liquidity position and possible future investments and acquisitions, as and when opportunities arise.

### ***Reasons for and benefit of issuing the Second Convertible Bond***

The Board considers raising funds by issuing the Second Convertible Bond represent an opportunity for the Company to enhance its liquidity and working capital positions and strengthen its general financial position, while not having an immediate dilution effect on the shareholdings of the existing Shareholders. The Board considers the issue of the Second Convertible Bond to be an appropriate means of raising additional capital to fund the Group's operations, following the resumption of trading in the Shares.



The Directors believe that the terms of the Second Convertible Bond are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Mandate to issue the Second Conversion Shares***

The Second Conversion Shares will be issued by the Company under a specific mandate to be sought from the Shareholders at the EGM.

### ***Application for listing***

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Second Conversion Shares.

## **II. NOVATION AND CAPITALISATION OF MR. YEUNG'S DEBT**

The Company intends to enter into certain agreements in relation to Mr. Yeung's Debt, as follows:

### **The Proposed Deed of Novation**

The Company, BCFC and Mr. Yeung propose to enter into the Deed of Novation, pursuant to which Mr. Yeung will agree to and accept the liabilities of BCFC under the Debt being assumed by the Company. Upon completion of the Deed of Novation, the Company will assume the obligations and liabilities under the Debt, and Mr. Yeung will have no further rights against BCFC under the Debt.

The Deed of Novation has not yet been entered into and as such is not yet legally binding. Accordingly, it is subject to change, or may not be entered into at all.

As at 8 November 2013, the Debt, representing the entire debt owed by BCFC to Mr. Yeung, amounted to approximately GBP15,255,119 (approximately HK\$190,074,205.58).

The terms of the Deed of Novation are being negotiated on an arm's length basis and the proposed principal terms are summarised below:

**Parties to the agreement:** (i) The Company

(ii) BCFC

(iii) Mr. Yeung

**Agreement date:** To be decided

- Structure of novation:**
- The Company agrees to assume the rights and obligations of BCFC under the Debt
  - The Company consents to and accepts the assumption by it of the liabilities under the Debt and the agreement by it to perform the obligations of BCFC under the Debt
  - Mr. Yeung agrees to and accept the liabilities of BCFC under the Debt being assumed by the Company
  - Mr. Yeung releases and discharges BCFC from all liabilities under the Debt, agrees that he has no further rights against BCFC under the Debt and hereby warrants and represents that he is not owed any other sums from BCFC
  - The Company releases BCFC from its obligations under the Debt and agrees that it has no further rights against BCFC under the Debt

- Conditions precedent:**
- The approval of the Deed of Novation by the Independent Shareholders
  - The Department of Justice in Hong Kong or other relevant Hong Kong government body not raising an objection to the transaction contemplated under the Deed of Novation prior to the close of the EGM approving the Deed of Novation
  - All necessary consents of all relevant governmental and regulatory authorities and other relevant third parties having been obtained

**Completion:** Completion will take place after the date on which the last of the above conditions precedents are fulfilled but before resumption in trading in the Shares and simultaneous with the Debt Capitalisation Agreement and Subscription Agreement.

### ***Financial effect of the Deed of Novation***

A loss attributable to the Company is expected upon completion of the Deed of Novation, due to the fact that BCFC, being an indirect non wholly-owned subsidiary of the Company, will be released from its obligations under the Debt owed to Mr. Yeung. Based on the Debt of approximately GBP15,255,119 (or approximately HK\$190,074,205.58) as at 8 November 2013, it is estimated that a loss attributable to the Company of approximately HK\$6,386,493.31 will be incurred upon completion of the Deed of Novation.

## **The Proposed Debt Capitalisation Agreement and The Proposed Subscription Agreement**

The Company and Mr. Yeung propose to enter into the Debt Capitalisation Agreement, pursuant to which and subject to the entering into of the Deed of Novation, the Company will agree to capitalise the Debt owed by the Company to Mr. Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt Convertible Bond.

The Company and Mr. Yeung further propose to enter into the Subscription Agreement, pursuant to which and subject to the completion of the Debt Capitalisation Agreement, the Company will agree to capitalise the Debt owed by the Company to Mr. Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt Convertible Bond, to the principal amount of HK\$190,074,205.58 with a conversion price of HK\$0.03 per Debt Conversion Share. The principal amount of HK\$190,074,205.58 for the Debt Convertible Bond shall be satisfied by setting off against the entire amount of the Debt.

The Debt Capitalisation Agreement and the Subscription Agreement have not yet been entered into and as such are not yet legally binding. Accordingly, they are subject to change, or may not be entered into at all.

The terms of the Debt Capitalisation Agreement are being negotiated on an arm's length basis and the proposed principal terms are summarised below:

**Parties to the agreement:** (i) The Company

(ii) Mr. Yeung

**Agreement date:** To be decided

**Terms:**

- Mr. Yeung agrees to subscribe for, and the Company agrees to issue to Mr. Yeung, the Debt Convertible Bond. The Debt Convertible Bond will be issued, free from encumbrances and the Debt Conversion Shares will rank pari passu in all respects with the existing Shares in issue as at the date of completion of the Debt Capitalisation Agreement
- The consideration shall be satisfied by capitalising the Debt due from the Company to Mr. Yeung
- The Debt Convertible Bond will be allotted and issued credited as fully paid and the Debt shall be deemed to have been fully paid to the Company and, for the avoidance of doubt, BCFC, shall not have any liabilities, obligations and duties to Mr. Yeung in relation to the Debt whatsoever

- Conditions precedent:**
- The approval of the Debt Capitalisation Agreement by the Independent Shareholders
  - The completion of the Deed of Novation
  - The Stock Exchange granting the listing of and permission to deal in the Debt Conversion Shares
  - The approval from the Stock Exchange approving the resumption in trading in the Shares having been obtained conditional only upon (a) Completion successfully occurring and (b) such other administrative conditions as are customarily stipulated by the Stock Exchange for listing of Shares on the Stock Exchange and not having been revoked
  - All consents of all relevant governmental and regulatory authorities having been obtained
  - The Department of Justice in Hong Kong or other relevant Hong Kong government body not raising an objection to the transaction contemplated under the Debt Capitalisation Agreement prior to the close of the EGM approving the Debt Capitalisation Agreement

**Completion:** Completion will take place on the business day following the date after the satisfaction of last of the conditions precedents above (or such other date as the parties to the Debt Capitalisation Agreement may agree).

The terms of the Subscription Agreement, including the conversion price of the Debt Convertible Bond, are being negotiated on an arm's length basis and the proposed principal terms of the Subscription Agreement are summarised below:

- Parties to the agreement:**
- (i) The Company
  - (ii) Mr. Yeung

**Agreement date:** To be decided

**Principal amount:** HK\$190,074,205.58

As at 8 November 2013, the Debt, representing the entire debt owed by BCFC to Mr. Yeung, amounted to approximately GBP15,255,119 (approximately HK\$190,074,205.58)

**Maturity date:** Two years from the date of issue

**Interest rate:** Zero

**Conversion price:** HK\$0.03 per Debt Conversion Share

**Conversion shares:** A total of 6,335,806,852 new Shares subject to adjustment provisions, of a par value of HK\$0.01 each to be issued upon conversion of the Debt Convertible Bond.

**Conversion period:** The period commencing on the date of issue and expiring on the date falling 2 years thereafter. To the extent possible pursuant to the conversion rights, Mr. Yeung must convert the entire Debt Convertible Bond before its maturity date, otherwise it or any part thereof outstanding will automatically be converted into Shares on maturity date. Any part of the Debt Convertible Bond outstanding following its maturity date will lapse and be cancelled.

**Conversion rights:** Mr. Yeung may convert the Debt Convertible Bond in whole or in part (in an integral multiple of HK\$500,000.0) of the outstanding principal amount of the Debt Convertible Bond on any business day during the conversion period.

The Company shall not be required to allot and issue Debt Conversion Shares to Mr. Yeung nor shall Mr. Yeung be permitted to convert the Debt Convertible Bond (or parts thereof) if upon such allotment and issue or conversion (as the case may be), Mr. Yeung and parties acting in concert with him shall be interested (whether directly or indirectly) in 30.00% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company at the date of the relevant exercise.

The conversion rights attaching to the Debt Convertible Bond cannot be exercised if the issue of the Debt Conversion Shares results in the Company being unable to fulfill the maintenance of public float requirement as required under the Listing Rules immediately after issue of the Debt Conversion Shares.

**Adjustment provisions:** The conversion price is subject to adjustment for, among other things, consolidation, subdivision or reduction of Shares, capitalisation of profits or reserves, rights issues, and other events.

**Transferability:** Neither the Debt Convertible Bond nor any part thereof may be transferred without the prior written consent of the Company, except for a transfer to wholly-owned subsidiaries or the holding company (as defined in the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) of the Mr. Yeung.

**Security:** None

**Ranking of the conversion shares:** Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the Debt Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

**Conditions precedent:**

- Shareholders approving the issuance of the Debt Convertible Bond
- The Stock Exchange granting the listing of and permission to deal in the Debt Conversion Shares
- Resumption of trading in the Shares on the Stock Exchange by 31 March 2014
- The Department of Justice or other relevant Hong Kong government body not raising an objection as to the issue of the Debt Convertible Bond by the Company before completion of the EGM approving the Subscription Agreement
- Entering into of the Debt Capitalisation Agreement
- Completion of the Deed of Novation

**Completion:** Completion will take place on the day following the date after the satisfaction of the last of the conditions precedents above.

### ***Conversion price***

The conversion price of HK\$0.03 per Debt Conversion Share represents:

- (vii) a discount of approximately 80.52% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange as of 29 June 2011, being the last trading day prior to suspension of the trading in the Shares; and
- (viii) a discount of approximately 80.67% to the average closing price of HK\$0.1552 per Share for the last five consecutive trading days up to and including 29 June 2011, being the last trading day prior to suspension of the trading in the Shares.

The conversion price is being determined after arm's length negotiations between the Company and Mr. Yeung, with reference to the Group's existing financial position, current market conditions, the long suspension of the trading in the Shares, the financial support provided by Mr. Yeung and his associates to the Group throughout the years and the fact that Mr. Yeung has agreed to take mandatorily convertible debt instruments in lieu of cash.

### ***The Debt Conversion Shares***

Upon full conversion of the Debt Convertible Bond in the principal amount of HK\$190,074,205.58 by Mr. Yeung at the conversion price, a maximum of 6,335,806,852 Debt Conversion Shares will be issued. The Debt Conversion Shares will represent: (i) approximately 162.97% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 61.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Debt Conversion Shares assuming the conversion rights attaching to the Debt Convertible Bond are exercised in full; and (iii) together with Mr. Yeung's shareholding in the Company, approximately 30.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the First Convertible Bond, and assuming the conversion rights attaching to the First Convertible Bond and the Debt Convertible Bond are exercised to the extent allowed under the terms of the First CB Subscription Agreement and the Subscription Agreement, respectively.

### ***Use of proceeds***

The Subscription Agreement will result in the Company capitalising the Debt owed by the Company to Mr. Yeung. As such, there will be no net proceeds resulting from the issue of the Debt Convertible Bond.

### ***Reasons for and benefit of entering into the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement***

The Company is in negotiations with third parties regarding a possible disposal of an interest (being less than a controlling interest) in BCP and/or BCFC (the “**Disposal**”). Against the backdrop of Mr. Yeung’s ongoing court case in Hong Kong, it has come to the attention of the Board that some potential buyers’ interest in BCP and/or BCFC are deterred by the financial links between BCFC and Mr. Yeung. By virtue of novating the Debt from BCFC to the Company, the value of the Company’s interest in BCFC to prospective buyers may be increased. Pursuant to the Deed of Novation, the Company will assume the Debt, which is held by BCP and as to 96.58% owned by the Company. Accordingly, BCP’s shareholders other than the Company will be released from their respective share in the Debt. Please see the section titled “Financial effect of the Deed of Novation” for further information. It is the Board’s view that adverse effects due to the assumption of all the Debt by the Company is outweighed by the potential advantages of completing the Disposal with terms that may be positive for the Shareholders. The Debt Capitalisation Agreement and the Subscription Agreement allow for the Debt to be converted into the Debt Convertible Bond. The Board considers this to be beneficial to the Company’s gearing ratio and for strengthening the financial position of the Group, upon the mandatory conversion of the Debt Convertible Bond into Shares upon maturity.

The Directors (excluding the independent non-executive Directors who will express their view in a separate letter to be included in the circular relating to the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement) believe that the terms of the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Mandate to issue the Debt Conversion Shares***

The Debt Conversion Shares will be issued by the Company under a specific mandate to be sought from the Shareholders at the EGM.

### ***Application for listing***

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Debt Conversion Shares.



**Shareholders and potential investors are advised that the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement have not yet been entered into and as such are not yet legally binding. Accordingly, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement are subject to change, or may not be entered into at all.**

### **Information on the Company**

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

### **Information on BCFC**

BCFC is a professional football club in the United Kingdom currently in the Championship Division. Its main assets consist of freehold land and buildings, acquired players' registration, fixtures and equipment and motor vehicles.

### **Information on the Subscriber**

U-Continent Holdings Limited is incorporated in the British Virgin Islands. The Principal activity is investment holding. It is directly and wholly owned by the Mr. Yung Yue Zhou, a previous Director who resigned from his position on 4 June 2012.

### **Shareholding Structure of the Company**

As at the date of this announcement, the Company has 3,887,753,400 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing Agreement and the First CB Subscription Agreement, assuming the conversion rights attaching to the First Convertible Bond are exercised to the extent allowed under the terms of the First CB Subscription Agreement; (iii) immediately after the completion of the Placing Agreement, the First CB Subscription Agreement and the Subscription Agreement, assuming the conversion rights attaching to the First Convertible Bond and the Debt Convertible Bond are exercised to the extent allowed under the terms of the First CB Subscription Agreement and the Subscription Agreement, respectively; and (iv) immediately after the completion of the Placing Agreement, the First CB Subscription Agreement, the Subscription Agreement and the Second CB Subscription Agreement, assuming the conversion rights attaching to the First Convertible Bond, the Debt Convertible Bond and the Second Convertible Bond are exercised to the extent allowed under the terms of the First CB Subscription Agreement, the Subscription Agreement and the Second CB Subscription Agreement, respectively, based on the best knowledge, information and belief of the Directors:

| Shareholders   | As at the date of this announcement |               | Immediately after the completion of the Placing Agreement and the First CB Subscription Agreement |               | Immediately after the completion of the Placing Agreement, the First CB Subscription Agreement and the Subscription Agreement (Note 3) |               | Immediately after the completion of the Placing Agreement, the First CB Subscription Agreement, the Subscription Agreement and the Second CB Subscription Agreement (Note 4) |               |
|--|-------------------------------------|---------------|---|---------------|--|---------------|--|---------------|
|  | Number of Shares                    | Approximate % | Number of Shares  | Approximate % | Number of Shares   | Approximate % | Number of Shares   | Approximate % |
|  | Mr. Yeung (Note 1)                  | 1,022,921,866 | 26.31   | 1,022,921,866 | 15.01  | 2,482,070,657 | 30.00  | 2,482,070,657 |
| Mr. Peter Panu   | 1,500,000                           | 0.04          | 1,500,000   | 0.02          | 1,500,000  | 0.02          | 1,500,000  | 0.02          |
| Mr. Cheung Kwai Nang   | 250,000                             | 0.01          | 250,000   | 0.00          | 250,000  | 0.00          | 250,000  | 0.00          |
| Mr. Hui Ho Luek, Vico<br>(resigned on 1 July 2012)<br>(Note 2) | 163,800,000                         | 4.21          | 163,800,000   | 2.40          | 163,800,000  | 1.98          | 163,800,000  | 1.82          |
| Mr. Liu Xingcheng  | 453,237,000                         | 11.66         | 453,237,000   | 6.65          | 453,237,000  | 5.48          | 453,237,000  | 5.04          |
| The Placees  | —                                   | —             | 1,260,000,000   | 18.49         | 1,260,000,000  | 15.23         | 1,260,000,000  | 14.02         |
| The Subscriber   | —                                   | —             | 1,666,666,666   | 24.46         | 1,666,666,666  | 20.14         | 2,377,275,945  | 26.46         |
| Other public shareholders                                      | 2,246,044,534                       | 57.77         | 2,246,044,534   | 32.96         | 2,246,044,534  | 27.15         | 2,246,044,534  | 25.00         |
| <b>Total</b>   | <b>3,887,753,400</b>                | <b>100.00</b> | <b>6,814,420,066</b>  | <b>100.00</b> | <b>8,273,568,857</b>   | <b>100.00</b> | <b>8,984,178,136</b>   | <b>100.00</b> |

*Notes:*

- 185,452,800 Shares are held by Mr. Yeung personally and 837,469,066 Shares are held through Great Luck Management Limited, a company wholly-owned by him.
- Mr. Hui Ho Luek, Vico holds 163,800,000 Shares through Premier Rise Investments Limited, a company wholly-owned by him.
- Assuming Mr. Yeung's shareholding pursuant to the conversion rights attaching to the Debt Convertible Bond are exercised to the extent allowed under the terms of the Subscription Agreement. Mr. Yeung is not permitted to convert the Debt Convertible Bond if upon such allotment and issue or conversion he is interested in 30.00% or more of the then issued share capital of the Company.
- Assuming Mr. Yeung's and the Subscriber's shareholdings pursuant to the conversion rights attaching to the Debt Convertible Bond and the Second Convertible Bond, respectively, are exercised to the extent allowed, resulting in the same shareholdings for Mr. Yeung and the Subscriber, pursuant to the maintenance of public float requirement.
- The above shareholding structure assumes there are no other changes in the issued share capital and shareholding in the Company since the date of this announcement.

## **Implications under the Listing Rules**

Mr. Yeung is a Director and a substantial shareholder of the Company beneficially interested in 1,022,921,866 Shares (representing approximately 26.31% of the issued share capital of the Company) as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement would, if they proceed, constitute connected transactions of the Company, which are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Company will at the EGM seek approval for, among other things, the Specific Mandates and, should they proceed, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement. Mr. Yeung and his associates are required to abstain from voting in relation to the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement.

## **III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to cater for, among others, the issue of the Placing Shares, the First Conversion Shares, the Debt Conversion Shares (as applicable) and the Second Conversion Shares, the Company proposes to increase its authorised share capital from HK\$100 million to HK\$500 million by the creation of 40,000,000,000 new Shares. As at the date of this announcement, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares, of which 3,887,753,400 Shares had been issued and fully paid or credited as fully paid.

The proposed increase in the authorised share capital is subject to the approval of the Shareholders at the EGM by poll. No Shareholder is required to abstain from voting on the resolution for the increase in the authorised share capital of the Company at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) particulars of the Placing Agreement, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement (as applicable); (ii) the Specific Mandates; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders regarding the Deed of Novation, the Debt Capitalisation and the Subscription Agreement; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Deed of Novation, the Debt Capitalisation and the Subscription Agreement; (v) the notice of the EGM together with the proxy

form and (vi) other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules, which is expected to be on or before 29 November 2013. A further announcement will be made as and when applicable.

**Shareholders and potential investors should note that the entering into of the Placing Agreement, the First CB Subscription Agreement, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement and the Second CB Subscription Agreement does not necessarily mean that the Shares will resume trading. Resumption of trading in the Shares is subject to the Stock Exchange being satisfied that the Group has fulfilled all resumption conditions as set out in the Company’s announcement dated 19 August 2013.**

**As the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement may not be entered into, and the Placing Agreement, the First CB Subscription Agreement, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement and the Second CB Subscription Agreement are subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent, the Placing Agreement, the First CB Subscription Agreement, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement and the Second CB Subscription Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

|                       |   |
|-----------------------|---|
| “BCFC”                | Birmingham City Football Club Plc., being a subsidiary of the Company and wholly and directly owned by BCP  |
| “BCP”                 | Birmingham City Plc., being a direct subsidiary of and 96.58% owned by the Company  |
| “Board”               | The board of Directors  |
| “Bondholder”          | The holder of the First Convertible Bond and the Second Convertible Bond  |
| “Company”             | Birmingham International Holdings Limited (stock code: 2309), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules   |

|                                   |   |
|-----------------------------------|---|
| “Debt”                            | the entire debt owed by BCFC to Mr. Yeung, to the amount of approximately GBP15,255,119 (approximately HK\$190,074,205.58)  |
| “Debt Capitalisation Agreement”   | the proposed debt capitalisation agreement to be entered into between the Company and Mr. Yeung in relation to the capitalization of the Debt   |
| “Debt Conversion Share(s)”        | new Shares to be allotted and issued by the Company upon the exercise by the holder of the Debt Convertible Bond with the conversion rights thereunder  |
| “Debt Convertible Bond”           | the convertible bond issued by the Company to Mr. Yeung, pursuant to the Subscription Agreement   |
| “Deed of Novation”                | the proposed deed of novation to be entered into between the Company, BCFC and Mr. Yeung in relation to the novation of the entire Debt, owed by BCFC to Mr. Yeung, to the Company  |
| “Director(s)”                     | the director(s) of the Company  |
| “EGM”                             | the extraordinary general meeting of the Company to be convened to approve, among other things, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement, the Specific Mandates, and the increase in authorised share capital of the Company |
| “First CB Subscription Agreement” | the subscription agreement dated 12 November 2013 entered into between the Company and the Subscriber in relation to the subscription and issue of the First Convertible Bond   |
| “First Conversion Share(s)”       | new Shares to be allotted and issued by the Company upon the exercise by the holders of the First Convertible Bond with the conversion rights thereunder  |
| “First Convertible Bond”          | the convertible bond to be issued by the Company to the Subscriber, pursuant to the First CB Subscription Agreement   |
| “GBP”                             | Pound Sterling, the lawful currency of the United Kingdom   |
| “Group”                           | the Company and its subsidiaries  |
| “HK\$”                            | Hong Kong dollar(s), the lawful currency of Hong Kong   |
| “Hong Kong”                       | the Hong Kong special administrative region of the People’s Republic of China   |

|                                    |  |
|------------------------------------|--|
| “Independent Board Committee”      | an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Deed of Novation and the Debt Capitalisation Agreement  |
| “Independent Shareholders”         | the Shareholders other than Mr. Yeung and his associates   |
| “Independent Third Party(ies)”     | third party(ies) and their ultimate beneficial owners are third parties independent from and not acting in concert with any of the Company and their concert parties, are independent of and not connected with any of the Company, their respective subsidiaries, their respective directors, chief executives, substantial shareholders, and their respective associates, and are not otherwise connected persons of the Company (as defined under the Listing Rules and/or the Takeovers Code, as applicable) |
| “Listing Rules”                    | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Mr. Yeung”                        | Mr. Yeung Ka Sing, Carson, an executive Director and the Chairman of the Company   |
| “Placing”                          | the placing of Placing Shares pursuant to the Placing Agreement  |
| “Placing Agent”                    | Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “Placing Agreement”                | the conditional placing agreement entered into between the Company and the Placing Agent dated 12 November 2013  |
| “Placing Price”                    | as defined herein the section titled “The placing of new shares”   |
| “Placing Share(s)”                 | 1,260,000,000 new Shares to be placed pursuant to the Placing Agreement  |
| “Second CB Subscription Agreement” | the subscription agreement dated 12 November 2013 entered into between the Company and the Subscriber in relation to the subscription and issue of the Second Convertible Bond   |
| “Second Conversion Share(s)”       | new Shares to be allotted and issued by the Company upon the exercise by the holders of the Second Convertible Bond with the conversion rights thereunder  |

|                           |   |
|---------------------------|---|
| “Second Convertible Bond” | the convertible bond to be issued by the Company in two tranches to the Subscriber, pursuant to the Second CB Subscription Agreement  |
| “Share(s)”                | ordinary share(s) of HK\$0.01 each in the share capital of the Company  |
| “Shareholders”            | holder(s) of the Share(s)   |
| “Specific Mandates”       | specific mandates to be sought from the Shareholders at the EGM to authorise the Directors to allot and issue the Placing Shares, the First Conversion Shares and the Second Conversion Shares                          |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited   |
| “Subscriber”              | U-Continent Holdings Limited  |
| “Subscription Agreement”  | the proposed subscription agreement to be entered into between the Company and Mr. Yeung, in relation to Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt Convertible Bond |
| “Takeovers Code”          | the Hong Kong Code on Takeovers and Mergers   |
| “%”                       | percentage  |

*In this announcement, certain amounts quoted in GBP should be translated into Hong Kong dollars at the reference rate of HK\$1.00 to GBP0.0803 for information purposes only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.*

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

Hong Kong, 12 November 2013

*As at the date hereof, the executive directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Peter Pannu, Mr. Ma Shui Cheong, Mr. Chan Shun Wah, Mr. Cheung Kwai Nang, Mr. Charlie Penn, Mr. Chen Liang and Mr. Cheung Shing and the independent non-executive directors are Mr. Wong Ka Chun, Carson and Mr. Gao Shi Kui.*