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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)

CONNECTED TRANSACTIONS **DEED OF NOVATION, DEBT CAPITALISATION AGREEMENT,** **SUBSCRIPTION AGREEMENT** **AND** **VARIATION OF THE SECOND CB SUBSCRIPTION AGREEMENT**

Reference is made to, among others, the Company's announcement dated 12 November 2013 regarding, inter alia, the proposed Deed of Novation, the proposed Debt Capitalisation Agreement and the proposed Subscription Agreement. The Board announces that on 20 December 2013 the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement have been entered into.

THE DEED OF NOVATION

The Company, BCFC and Mr. Yeung have entered 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 DEBT CAPITALISATION AGREEMENT AND THE SUBSCRIPTION AGREEMENT

The Company and Mr. Yeung have entered into the Debt Capitalisation Agreement, pursuant to which the Company agrees 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.

Further, the Company and Mr. Yeung have entered into the Subscription Agreement, pursuant to which the Company agrees 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 amount as at completion of the Subscription Agreement and the Debt Capitalisation Agreement is not yet ascertained. The amount of Debt as at the date of the announcement amounted to approximately HK\$192.2 million, and based on the expected date of completion of the Deed of Novation, the Subscription Agreement and the Debt Capitalisation Agreement, the actual amount of the Debt is expected not to exceed HK\$193.5 million. The conversion price is HK\$0.03 per Debt Conversion Share.

THE THIRD DEED OF VARIATION

The Board announces that on 20 December 2013, the Subscriber entered into the Third Deed of Variation with the Company whereby the parties mutually agreed to amend the Second CB Subscription Agreement.

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 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 Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement, and the transactions contemplated thereunder. 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.

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 Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement; (ii) 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; (iii) 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; (iv) the notice of the EGM together with the proxy form and (v) 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 10 January 2014. A further announcement will be made as and when applicable.

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

Shareholders and potential investors should note that the entering into of the Deed of Novation, the Debt Capitalisation Agreement and the 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.

Reference is made to the Company's announcements dated (i) 12 November 2013 in relation to, amongst others, the Placing Agreement, the First CB Subscription Agreement, the Second CB Subscription Agreement, the proposed Deed of Novation, the proposed Debt Capitalisation Agreement and the proposed Subscription Agreement (the "Announcement") and (ii) 19 November 2013 in relation to the First Deed of Variation and the Second Deed of Variation. Terms herein shall have the same meanings as defined in the Announcement, unless defined otherwise.

The Board announces that on 20 December 2013 the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement have been entered into. Shareholders should note that (i) the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement are expected to be completed before the resumption of trading in the Shares and simultaneous with each other, and (ii) the principal amount under the Deed of Novation, the Debt Capitalisation Agreement

and the Subscription Agreement is the Debt. Save from the above, the other principal terms and conditions of the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement remain unchanged since the Announcement.

THE DEED OF NOVATION

On 20 December 2013, the Company, BCFC and Mr. Yeung entered into the Deed of Novation, pursuant to which Mr. Yeung agrees to and accepts 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. As at the date of this announcement, the Debt amounted to approximately HK\$192.2 million. The Debt is not expected to be more than HK\$193.5 million upon completion of the Deed of Novation.

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

Parties to the agreement: (i) The Company

(ii) BCFC

(iii) Mr. Yeung

Agreement date: 20 December 2013

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 on the date on which the above conditions precedent are fulfilled, before the resumption of trading in the Shares and simultaneous with the completion of the Debt Capitalisation Agreement and the Subscription Agreement, respectively.

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 an amount of Debt of approximately HK\$193.5 million, being the maximum amount anticipated to be due as at the proposed date of completion of the Deed of Novation, it is estimated that a consolidated loss attributable to the Company of approximately HK\$6.5 million will be incurred upon completion of the Deed of Novation.

THE DEBT CAPITALISATION AGREEMENT AND THE SUBSCRIPTION AGREEMENT

On 20 December 2013, the Company and Mr. Yeung entered into the Debt Capitalisation Agreement, pursuant to which the Company agrees 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.

Further, on 20 December 2013, the Company and Mr. Yeung entered into the Subscription Agreement, pursuant to which the Company agrees 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 amount of the Debt to be capitalised as at completion of the Subscription Agreement and the Debt Capitalisation Agreement is not yet ascertained. The amount of Debt as at the date of the announcement amounted to approximately HK\$192.2 million, and based on the expected date of completion of the Deed of Novation, the Subscription Agreement and the Debt Capitalisation Agreement, the actual amount of the Debt is expected not to exceed HK\$193.5 million. The conversion price is HK\$0.03 per Debt Conversion Share. The actual principal amount for the Debt Convertible Bond shall be satisfied by setting off against the entire amount of the Debt.

The terms of the Debt Capitalisation 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) Mr. Yeung

Agreement date: 20 December 2013

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 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 date on which the above conditions precedent are fulfilled, before the resumption of trading in the Shares and simultaneous with the completion of the Deed of Novation and the Subscription Agreement, respectively.

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

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

Agreement date: 20 December 2013

Principal amount: The amount of Debt outstanding upon completion, which is expected to not exceed HK\$193.5 million

Maturity date: Two years from the date of issue

Interest rate: Zero

Conversion price: HK\$0.03 per Debt Conversion Share

Conversion shares: A maximum total of 6,450,000,000 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, on the basis of the Debt being HK\$193.5 million

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, subject to the conversion rights as stated below. Any remaining part of the Debt Convertible Bond outstanding following its maturity date will lapse and be cancelled.

Conversion rights:	<p>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.</p> <p>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.</p> <p>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.</p>
Adjustment provisions:	<p>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.</p>
Transferability:	<p>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.</p>
Security:	<p>None</p>
Ranking of the conversion shares:	<p>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.</p>

Conditions precedent:

- The approval of the Subscription Agreement by the Independent Shareholders
- 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
- 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

Completion:

Completion will take place on the date on which the above conditions precedent are fulfilled, before the resumption of trading in the Shares and simultaneous with the completion of the Deed of Novation and the Debt Capitalisation Agreement, respectively.

Conversion price

The conversion price of HK\$0.03 per Debt 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 has been determined after arm's length negotiations between the Company and Mr. Yeung, with reference to the Group's existing financial position, current market conditions and the long suspension of the trading in the Shares, the financial support provided by Mr. Yeung to the Group throughout the years and the fact that Mr. Yeung has agreed to take a convertible debt instrument in lieu of cash.

The Debt Conversion Shares

Upon full conversion of the Debt Convertible Bond in the maximum principal amount of approximately HK\$193.5 million by Mr. Yeung at the conversion price, a maximum of 6,450,000,000 Debt Conversion Shares will be issued. The Debt Conversion Shares will represent: (i) approximately 165.91% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 62.39% 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 as at the date of this announcement, 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 BCFC (a company directly wholly-owned by BCP, which is in turn 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.

THE THIRD DEED OF VARIATION

The Board announces that the parties to the Second CB Subscription Agreement have agreed to amend the Second CB Subscription Agreement by entering into the Third Deed of Variation dated 20 December 2013 pursuant to which the principal amount of the Second Convertible Bond of HK\$125.0 million will be divided into two tranches with the first tranche being HK\$105.0 million and the second tranche being HK\$20.0 million. Completion of the first tranche of the Second Convertible Bond will take place on the business day prior to the resumption of trading in the Shares. Completion of the second tranche of the Second Convertible Bond will take place within 3 months from the date of resumption of trading in the Shares. All other terms and conditions of the Second CB Subscription Agreement remain unchanged.

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' registrations, fixtures and equipment and motor vehicles.

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	3,013,623,650	30.00
Mr. Peter Pannu	1,500,000	0.04	1,500,000	0.02	1,500,000	0.02	1,500,000	0.01
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 (resigned on 1 July 2012) (Note 2)	163,800,000	4.21	163,800,000	2.40	163,800,000	1.98	163,800,000	1.59
Mr. Liu Xingcheng	453,237,000	11.66	453,237,000	6.65	453,237,000	5.48	453,237,000	4.4
The Independent Places	—	—	1,260,000,000	18.49	1,260,000,000	15.23	1,260,000,000	12.22
The Subscriber	—	—	1,666,666,666	24.46	1,666,666,666	20.14	3,013,623,650	30.00
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	21.78
Total	3,887,753,400	100.00	6,814,420,066	100.00	8,273,568,857	100.00	10,312,078,834	100.00

Notes:

1. 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.
2. Mr. Hui Ho Luek, Vico holds 163,800,000 Shares through Premier Rise Investments Limited, a company wholly-owned by him.
3. 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.
4. 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, also taking into account the maintenance of public float requirement.
5. 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.
6. Assuming Debt of HK\$193.5 million.

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 date of this announcement, and is therefore a connected person of the Company. Accordingly, the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement 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 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.

Other than Mr. Yeung, none of the Directors have a material interest in the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement and none of them abstained from voting on the board resolution in respect of the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement and the transactions contemplated thereunder.

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. Amasse Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard on the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement.

A circular containing, among others, (i) particulars of the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement; (ii) 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; (iii) 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; (iv) the notice of the EGM together with the proxy form and (v) 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 10 January 2014. A further announcement will be made as and when applicable.

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

Shareholders and potential investors should note that the entering into of the Deed of Novation, the Debt Capitalisation Agreement and the 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.

DEFINITIONS

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

“Debt”	the entire debt owed by BCFC to Mr. Yeung as at completion of the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement, of not more than HK\$193.5 million, which as at the date of this announcement amounted to approximately GBP15.3 million (or approximately HK\$192.2 million)
“Debt Capitalisation Agreement”	the debt capitalisation agreement dated 20 December 2013 entered into between the Company and Mr. Yeung in relation to the capitalisation of the Debt
“Deed of Novation”	the deed of novation dated 20 December 2013 entered into between the Company, BCFC and Mr. Yeung in relation to the novation of the entire Debt to the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Placing Agreement, the First CB Agreement, the Second CB Agreement, the Deed of Novation, the Debt Capitalisation Agreement, the Subscription Agreement, and the increase in authorised share capital of the Company
“First CB Subscription Agreement”	the subscription agreement dated 12 November 2013, as amended by the First Deed of Variation, entered into between the Company and the Subscriber in relation to the subscription and issue of the First Convertible Bond
“First Deed of Variation”	the deed of variation dated 19 November 2013, entered into between the Company and the Subscriber in relation to the First CB Subscription Agreement
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to be formed for the purpose of advising the Independent Shareholders on the Deed of Novation, the Debt Capitalisation Agreement and the Subscription Agreement

“Independent Placees”	third party placees under the Placing Agreement who, together with 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)
“Second CB Subscription Agreement”	the subscription agreement dated 12 November 2013, as amended by the Second Deed of Variation and the Third Deed of Variation, entered into between the Company and the Subscriber in relation to the subscription and issue of the Second Convertible Bond
“Second Deed of Variation”	the deed of variation dated 19 November 2013, entered into between the Company and the Subscriber in relation to the Second CB Subscription Agreement
“Subscriber”	U-Continent Holdings Limited, an Independent Third Party
“Subscription Agreement”	the subscription agreement dated 20 December 2013 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
“Third Deed of Variation”	The deed of variation dated 20 December 2013, entered into between the Company and the Subscriber in relation to the Second CB Subscription Agreement

In this announcement, certain amounts quoted in GBP should be translated into Hong Kong dollars at the reference rate of HK\$1.00 to GBP0.0798 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

Peter Pannu

Executive Director, Chief Executive Officer and Managing Director

Hong Kong, 20 December 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, Mr. Cheung Shing and Mr. Panagiotis Pavlakis and the independent non-executive directors are Mr. Wong Ka Chun, Carson, Mr. Gao Shi Kui, Mr. Liu Enxue and Mr. Li Hanguo.