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BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED **伯明翰環球控股有限公司**

(Receivers Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

(1) CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO A SETTLEMENT AGREEMENT AND (2) CONTINUOUS SUSPENSION OF TRADING

This announcement is made by Birmingham International Holdings Limited (Receivers Appointed) (the “Company”) pursuant to Rule 3.7 of Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 18 February 2015, 31 March 2015, 8 April 2015, 8 May 2015, 8 June 2015, 25 June 2015, 30 June 2015, 21 July 2015, 30 July 2015, 31 August 2015, 30 September 2015, 2 November 2015, 30 November 2015, 31 December 2015, 29 January 2016, 26 February 2016 and 31 March 2016 respectively.

SETTLEMENT AGREEMENT

On 12 April 2016, the Company entered into the Settlement Agreement with U-Continent to extend the Maturity Dates of the Unconverted Notes (with all the other terms and conditions of the Unconverted Notes remain unchanged) subject to the terms and conditions of the Settlement Agreement.

Background

By two agreements entered into between the Company and U-Continent dated 12 November 2013 (the “**First Agreement**”) and 19 November 2013 (the “**Second Agreement**”) (collectively referred to as the “**Agreements**”), the Company agreed to issue to U-Continent zero interest unsecured convertible notes in the principal amount of HK\$50,000,000 (the “**First Notes**”) and HK\$125,000,000 (the “**Second Notes**”), respectively. The First Agreement and the first tranche of the Second Agreement in the total principal amount of HK\$155,000,000 were completed on 5 February 2014. The second tranche of the Second Agreement in the principal amount of HK\$20,000,000 was completed on 14 April 2014.

U-Continent has converted HK\$10,000,000 in principal of the First Notes and HK\$45,000,000 in principal of the Second Notes into 333,333,333 shares and 1,500,000,000 shares in the Company respectively (collectively, the “**Converted Shares**”), in aggregate representing approximately 18.94% of the issued share capital of the Company as at the date of this announcement. The maturity dates of the remaining unconverted First Notes in the balance amount of HK\$40,000,000 in principal, the first tranche of the Second Notes remaining unconverted in the balance amount of HK\$60,000,000 in principal and the second tranche of the Second Notes in the amount of HK\$20,000,000 in principal (collectively, the “**Unconverted Notes**”) are 4 February 2016, 4 February 2016 and 13 April 2016 respectively (“**Maturity Dates**”).

Reference is made to the announcement of the Company dated 21 July 2015 in respect of a writ of summons against U-Continent. As announced therein, U-Continent represented that at the time of entering into the Agreements and up until the time of completion of the Agreements, U-Continent was independent from and not acting in concert with any of the Directors or substantial shareholders of the Company. The Company contends that at the time of entering into and/or completion of the Agreements, U-Continent knew that it was acting in concert with Mr. Yeung and that Mr. Yeung was the Company’s substantial shareholder and executive Director. By way of a letter dated 20 July 2015, the Company has rescinded the Agreements and on 21 July 2015 issued a writ against U-Continent under High Court Action No. HCA 1648/2015 (the “**Action**”) seeking, among other things, a declaration that it had validly rescinded the Agreements and an order compelling U-Continent to return the Converted Shares to the Company.

On 8 January 2016, the Company submitted a resumption proposal (the “**Resumption Proposal**”) which sets out, among others, potential steps to be taken by the Group under a proposed restructuring of the Company (the “**Proposed Restructuring**”), of which the Settlement Agreement forms part, in order to satisfy the general obligations as required under the Listing Rules to seek approval from the Stock Exchange on the resumption of trading in the Shares, which has been suspended since 4 December 2014. As at the date of this announcement, the resumption conditions imposed by the Stock Exchange in respect of the Resumption Proposal as stated in the announcement of the Company dated 18 February 2015 are yet to be fulfilled and the terms of the Proposed Restructuring are still under review.

Principal terms

On 12 April 2016, the Company entered into the Settlement Agreement with U-Continent such that:

- (i) subject to and conditional upon the fulfilment of all the conditions precedent as set out in the section headed “Conditions precedent” below, the Company agrees to extend the Maturity Dates of the Unconverted Notes (with all the other terms and conditions of the Unconverted Notes remain unchanged) to 31 December 2016 or such other date as the parties to the Settlement Agreement may agree in writing (“**Maturity Date Extension**”);
- (ii) U-Continent irrevocably and unconditionally undertakes to the Company that it shall not sell or transfer or otherwise dispose of any of its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of the Unconverted Notes in whole or in parts, or enter into any agreement or commitment to give or create any of the foregoing at any time before the Shares resume trading; and
- (iii) U-Continent irrevocably and unconditionally undertakes to the Company that it shall not exercise any conversion rights under the Unconverted Notes at any time before the Shares resume trading.

Upon signing of the Settlement Agreement, the Company and U-Continent shall jointly sign and file, and do all other necessary acts to cause or procure all parties named in the Action to sign and file consent summons at the Hong Kong Court within 7 Business Days to apply for an interim stay of the Action with liberty for both and/or either of the parties to restore.

Within 7 Business Days from the date of fulfilling the conditions precedent (i), (ii) and (v) as set out in the section headed “Conditions precedent” below whichever is later:

- (i) the Company shall waive, and fully and forever release and discharge U-Continent and its associates from, all actions, claims, causes of action, rights, demands, costs and liabilities of whatever nature, whether in the jurisdiction of Hong Kong or any other, whether actual or contingent, contained in the Action and/or in connection with or arising out of the subject matters of the Action;
- (ii) the Company shall file and serve a notice of discontinuance under the Action, with each party shall bear its own legal costs notwithstanding any previous costs order or the applicable Rules of Court to the contrary; and
- (iii) U-Continent agrees to irrevocably fully and forever release and discharge the Company and its associates from any actions, claims, causes of action, rights, proceedings, demands and set-offs, whether in law or in equity, of whatever nature and however arising, whether in the jurisdiction of Hong Kong or any other, that U-Continent and/or its associates have ever had or may have against the Company and/or its associates in respect of the Company’s rescission of the Agreements.

Conditions precedent

The Settlement Agreement is conditional upon:

- (i) the approval of the Settlement Agreement in respect of the Maturity Date Extension by the Independent Shareholders and authorising any one Director to execute documentation for such extensions;
- (ii) the approval of the Settlement Agreement by the Hong Kong Court;
- (iii) the sanctioning by the Cayman Court of the Proposed Restructuring;
- (iv) the Shares resume trading on the Stock Exchange; and
- (v) the Independent Shareholders passing at the EGM resolutions approving any special deal in accordance with Rule 25 of the Takeovers Code (if any) arising or as a result of the entering into the Settlement Agreement and consent from the Executive in relation to the Special Deal, if applicable.

In the event that any of the above conditions precedent, where applicable, is not met by 31 October 2016 or such other date as the Company and U-Continent may agree in writing, the Maturity Date Extension shall automatically become null and void and shall have no legal effect whatsoever and the Company and U-Continent shall be fully discharged from all and any obligations and liabilities under the Settlement Agreement.

Reasons for entering into the Settlement Agreement

On 8 January 2016, the Company submitted the Resumption Proposal which sets out, among others, potential steps to be taken by the Group under the Proposed Restructuring, of which the Settlement Agreement forms part, in order to satisfy the general obligations as required under the Listing Rules to seek approval from the Stock Exchange on the resumption of trading in the Shares, which has been suspended since 4 December 2014. Subject to the approval by the Stock Exchange on the Resumption Proposal and prior compliance with the resumption conditions to be imposed by the Stock Exchange, the Company will proceed with the Proposed Restructuring.

In view of the outstanding legal proceedings involving the Company, the entering into of the Settlement Agreement as part of the Proposed Restructuring could facilitate the resumption of trading of the Shares. The Board considers that it will take a prolonged period of time before the legal proceedings involving the Company can be settled. After mutual arm's length negotiations, the Company and U-Continent agree to reach the terms and conditions of the Settlement Agreement. The Directors (other than the independent non-executive Directors whose recommendation will be set out in the Circular to be despatched to Shareholders) are of the view that the terms of the Settlement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Settlement Agreement

By virtue of U-Continent being a substantial Shareholder, U-Continent is a connected person of the Company within the meanings of the Listing Rules. As such, the entering into of the Settlement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the requirements of the reporting, announcement and Independent Shareholders' approval. Given the above, U-Continent and parties acting in concert with it will be required to abstain from voting in relation to the resolutions to approve the Settlement Agreement and the transactions contemplated thereunder at the EGM.

As at the date of this announcement, U-Continent was wholly owned by Mr. Wang Lei, the younger brother of Ms. Wang Man Li who is a domestic partner of Mr. Yeung, and interested in 1,500,000,000 Shares, representing approximately 15.49% of the issued share capital of the Company.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Special Deal

The Settlement Agreement is one of the conditions precedent under the terms of the Proposed Restructuring and the approval and completion of which will enable the Shares to resume trading on the Stock Exchange. In addition, subject to the materialisation of the Proposed Restructuring, the entering into of the Settlement Agreement (which includes an extension of the Maturity Dates of the Unconverted Notes held by U-Continent) with U-Continent (who is a Shareholder) which is not extended to all the other Shareholders will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code. The Special Deal requires consent from the Executive under Rule 25 of the Takeovers Code, and such consent, if granted, shall be conditional upon the approval of the Independent Shareholders by way of a poll at the EGM and the independent financial adviser to the Independent Board Committee publicly stating in its opinion that the terms of the Special Deal is fair and reasonable. The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

Shareholders including (i) U-Continent and parties acting in concert with it; and (ii) any Shareholders who are interested in or involved in the Settlement Agreement, the Special Deal and/or the Proposed Restructuring will be required to abstain from voting for the resolutions in respect of the Settlement Agreement, the Special Deal and the Proposed Restructuring at the EGM.

GENERAL

Circular

The Circular containing, among other things, information in respect of (i) the Settlement Agreement; (ii) the Special Deal; (iii) the Proposed Restructuring; (iv) a letter from the Independent Board Committee in relation to, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring; (v) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring; and (vi) a notice of the EGM will be despatched to the Shareholders as soon as practicable and upon the approval by the Stock Exchange on the Resumption Proposal.

Independent Shareholders are advised to read (i) the letter of advice from the Independent Board Committee; and (ii) the letter of advice from the independent financial adviser as contained in the Circular before making their voting decisions in respect of, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring.

THE EGM

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring. Accordingly, the Settlement Agreement, the Special Deal and the Proposed Restructuring will be subject to the approval by the Independent Shareholders by way of poll at the EGM.

Shareholders who are interested in, or involved in, the Settlement Agreement, the Special Deal and/or the Proposed Restructuring are required to abstain from voting for the resolutions in respect of the Settlement Agreement, the Special Deal and the Proposed Restructuring at the EGM.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, who have no direct or indirect interest in the Settlement Agreement, the Special Deal and the Proposed Restructuring has been established to advise the Independent Shareholders as to whether, among others, the Settlement Agreement, the Special Deal and the Proposed Restructuring are fair and reasonable and in the interests of the Company and the Independent Shareholders taken as a whole and to advise the Independent Shareholders on how to vote after taking into account the advice from the independent financial adviser.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring.

CONTINUOUS SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 10:21 a.m. on 4 December 2014. Trading in the Shares will remain suspended until further notice. The Company will make further announcements on the latest development of the Group as and when appropriate pursuant to the requirements of the Listing Rules.

Shareholders and potential investors of the Company should be aware that the discussions in respect of the Proposed Restructuring are still ongoing. There is no assurance that any discussions mentioned in this announcement will either be materialised or eventually be consummated. As such, the discussions may or may not lead to the making of a general offer for the shares of the Company under the Takeovers Code. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules, the subsidiaries, affiliates, officers, directors, employees, agents and advisers in relation to the Company and U-Continent
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Cayman Court”	the Grand Court of the Cayman Islands
“Circular”	the circular containing, among other things, information in respect of (i) the Settlement Agreement; (ii) the Special Deal; (iii) the Proposed Restructuring; (iv) a letter from the Independent Board Committee; (v) a letter of advice from the independent financial adviser; and (vi) a notice of the EGM, to be despatched by the Company to the Shareholders
“Company”	Birmingham International Holdings Limited (Receivers Appointed), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering, if thought fit, approving the resolutions in respect of, among other things, the Settlement Agreement, the Special Deal and the Proposed Restructuring
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of his delegates
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Court”	the High Court of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors as at the date of this announcement, namely Mr. Cheung Yuk Ming, Mr. Law Pui Cheung and Mr. Lai Hin Wing Henry Stephen
“Independent Shareholder(s)”	Shareholder(s) other than U-Continent and parties acting in concert with it and those Shareholders who are interested in or involved in the Settlement Agreement, the Special Deal and/or the Proposed Restructuring
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yeung”	Mr. Yeung Ka Sing, Carson, accordingly to the public information available to the Company, a substantial Shareholder holding approximately 27.89% of the issued share capital of the Company as at the date of this announcement
“Receivers”	Messrs. Stephen Liu Yiu Keung, David Yen Ching Wai and Koo Chi Sum all of Ernst & Young Transactions Limited of 62nd Floor, One Island East, 18 Westlands Road, Island East, Hong Kong appointed pursuant to an order of the Hong Kong Court dated 16 February 2015
“Settlement Agreement”	the settlement agreement dated 12 April 2016 entered into between the Company and U-Continent
“SFC”	the Securities and Futures Commission

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Deal”	the entering into of the Settlement Agreement between the Company and U-Continent which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code, subject to the materialisation of the Proposed Restructuring
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“U-Continent”	U-Continent Holdings Limited, a company registered in the British Virgin Islands, a substantial shareholder of the Company holding approximately 15.49% of the issued share capital of the Company as at the date of this announcement and was wholly owned by Mr. Wang Lei, a younger brother of Ms. Wang Man Li who is a domestic partner of Mr. Yeung, as at the date of this announcement

For and on behalf of
Birmingham International Holdings Limited
(Receivers Appointed)
Liu Yiu Keung Stephen, Yen Ching Wai David and Koo Chi Sum
Joint and Several Receivers

Hong Kong, 26 April 2016

As at the date of this announcement, the Board comprises of 6 Directors, namely Mr. Liu Yiu Keung Stephen, Mr. Yen Ching Wai David and Ms. Koo Chi Sum as executive Directors; and Mr. Cheung Yuk Ming, Mr. Law Pui Cheung and Mr. Lai Hin Wing Henry Stephen as independent non-executive Directors.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.