

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



BIRMINGHAM SPORTS HOLDINGS LIMITED

伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

SUPPLEMENTAL ANNOUNCEMENT MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF INTERESTS IN A SUBSIDIARY, MAJOR AND CONNECTED TRANSACTION IN RELATION TO FINANCIAL ASSISTANCE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Reference is made to the announcement of Birmingham Sports Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) dated 9 May 2023 in relation to the disposal of approximately 24% issued share capital of BCP by the Group (the “Announcement”). Capitalised terms used herein shall bear the same meaning as those defined in the Announcement unless otherwise specified.

The purpose of this announcement is to provide further information in relation to the Share Purchase Agreement and the Buyer as well as the appointment of the Independent Financial Adviser.

SHARE PURCHASE AGREEMENT

The Consideration and the EPL Bonuses

The Consideration was determined after arm’s length negotiations between the Company and the Buyer, taking into consideration:

- (i) the agreed value of 100% equity interest of BCP of approximately GBP22.0 million (equivalent to approximately HK\$216.0 million) derived based on (a) the adjusted net liabilities of BCP of approximately GBP105.4 million (equivalent to approximately HK\$1,035.4 million) as at 31 March 2023, based on the unaudited net liabilities of BCP in the amount of approximately GBP123.0 million (equivalent to approximately HK\$1,207.9 million) as at 31 March 2023, having adjusted for certain factors, such as contingent transfer fee of players’ registration to be received and market value adjustments for certain players and fair value adjustment for the training pitch, for an aggregate amount of approximately GBP17.6 million (equivalent to approximately HK\$172.8 million); plus (b) the total outstanding shareholders’ loan of BCP as at 31 March 2023 of approximately GBP127.8 million (equivalent to approximately HK\$1,255.0 million);

- (ii) the amount of the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023;
- (iii) the financial performance of the BCP Group for the year ended 30 June 2022 and the six months ended 31 December 2022 having recorded a loss of approximately GBP25.0 million and GBP12.1 million, respectively;
- (iv) the Operating Loan Facility to be provided by the Buyer; and
- (v) the benefits of the Disposal and use of proceeds as set out in the sections headed “Reasons for and benefits of the transactions” and “Use of Proceeds”, respectively, of the Announcement.

The EPL Bonuses were determined after arm’s length negotiations between the Company and the Buyer having taken into consideration (a) the average percentage increase in market value of the football clubs which promoted from the Championship to the EPL in recent years of approximately 94%, based on which and on the agreed current value of BCP of approximately GBP22.0 million as abovementioned the Company assessed the value appreciation for BCP to be approximately GBP20.0 million (the “Value Appreciation”); (b) the share of the Value Appreciation attributable to existing owners (i.e., ORIL and the Company) (the “ORIL/Company Value Appreciation”) in proportion to their shareholding in BCP after completion of the Disposal and the transfer of the ORIL Sale Shares of approximately 51%; and (c) the share of the ORIL/Company Value Appreciation attributable to the Company in proportion to its existing shareholding in BCP of approximately 75%.

Conditions Precedent

Pursuant to the Share Purchase Agreement, the Company and the Buyer have agreed that the Buyer shall not be obliged to complete the purchase and the Company shall not be obliged to complete the sale of any of the Sale Shares, unless (i) the sale of all the Sale Shares; and (ii) the sale of all shares in the capital of BCP held by ORIL and all shares in the capital of BCSL held by ORIL and AGGL pursuant to the ORIL/AGGL Share Purchase Agreement, are completed simultaneously.

In light of the above requirement under the Share Purchase Agreement, although the completion of the ORIL/AGGL Share Purchase Agreement is not a Condition Precedent, the Company considers that the completion of the Share Purchase Agreement and the ORIL/AGGL Share Purchase Agreement are inter-conditional on each other. The Share Purchase Agreement and the transactions contemplated thereunder, therefore, constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

INFORMATION ON THE BUYER, THE AGENT AND THE SECURITY AGENT

Below is further information on the Buyer, the Agent and the Security Agent, according to and based on information provided by the Buyer:

The Buyer

The Buyer is a company incorporated in England and Wales with limited liability. As at the date of the Announcement, the Buyer was wholly-owned by Knighthead Annuity & Life Assurance Company (“KHAL”), an exempted company incorporated in the Cayman Islands. As at the date of this supplemental announcement, the Buyer is owned as to approximately 72% by KHAL, and approximately 28% by Knighthead Master Fund, L.P. (“KMF”), an exempted limited partnership formed under the Exempted Limited Partnership Law of the Cayman Islands. Each of KHAL and KMF is managed and/or advised by Knighthead Capital Management, LLC (“Knighthead Capital”), an investment adviser registered with the United States Securities and Exchange Commission. As at the date of this supplemental announcement, Thomas A. Wagner, the co-founder and co-managing member of Knighthead Capital, and Gregory O’Hara, a director of KHAL, ultimately and beneficially owns 11.37% and 19.11% of the Buyer, respectively. The remaining balance of the voting right and economic interest of the Buyer is ultimately and beneficially owned by more than 40 individuals and institutional investors and each of them is interested in less than 10% of the Buyer. The Buyer has been incorporated for the sole purpose of purchasing and holding the Sale Shares and the Assigned Loans (subject to the Conditions Precedent). As at the date of the Announcement, the Buyer and its ultimate beneficial owners were Independent Third Parties.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of the Announcement, the Buyer and its ultimate beneficial owner(s) (i) were third parties independent of the Company, ORIL and AGGL; (ii) were not connected persons or associates of the Company, ORIL and AGGL and will, immediately after completion of the Share Purchase Agreement, be independent of any connected persons in relation to the control of the Company; and (iii) were not, directly or indirectly, financed, funded or backed by any core connected person of the Company and were not accustomed to take and have not taken any instructions from any such core connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company.

The Agent and the Security Agent

As at the date of the Announcement, the Agent (which is also the Security Agent) was, and as at the date of this supplemental announcement, the Agent is, ultimately and beneficially owned as to approximately 40.38% by Thomas A. Wagner and the entities controlled by him, and as to approximately 40.38% by Ara D. Cohen and the entities controlled by him. Mr. Cohen is another co-founder and co-managing member of Knighthead Capital. In addition, Petershill Partners plc, a company listed on the London Stock Exchange (LON: PHELL), as at the date of the Announcement held and as at the date of this supplemental announcement holds approximately 19.24% of the shares of the Agent. The principal business activities of the Agent are to service mortgage loans and other debt instruments and to hold security and other interests on behalf of other parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Announcement, the Agent and its ultimate beneficial owner(s) and/or associates (i) were third parties independent of the Company, ORIL and AGGL; (ii) were not connected persons or associates of the Company, ORIL and AGGL and will, immediately after completion of the Share Purchase Agreement, be independent of any connected persons in relation to the control of the Company; and (iii) were not, directly or indirectly, financed, funded or backed by any core connected person of the Company and were not accustomed to take and have not taken any instructions from any such core connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Board wishes to announce that Silver Nile Global Investments Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Share Purchase Agreement, the Shareholders' Agreement, the Finance Documents and the transaction contemplated thereunder.

The letter of advice from the Independent Financial Adviser will be included in the circular in relation to the Disposal to be despatched by the Company to the Shareholders in due course.

By Order of the Board
Birmingham Sports Holdings Limited
Zhao Wenqing
Chairman

Hong Kong, 30 May 2023

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

As at the date of this announcement, the Board comprises eight Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Mr. Yiu Chun Kong and Dr. Guo Honglin as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat as Independent Non-executive Directors.