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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

On 8 December 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best endeavour basis, an aggregate of up to 629,630,000 Placing Shares to the Placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons.

The maximum number of 629,630,000 Placing Shares under the Placing represents approximately 3.56% of the existing issued share capital of the Company of 17,710,022,508 Shares as at the date of this announcement and approximately 3.43% of the issued share capital as enlarged by the allotment and issue of the Placing Shares in full (assuming there is no change to the share capital of the Company between the date of the Placing Agreement and the Completion Date). The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$6,296,300.00.

The Placing Price of HK\$0.135 represents (i) a discount of approximately 16.67% to the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.18% to the average closing price of HK\$0.165 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate. The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

The maximum gross proceeds from the Placing will be approximately HK\$85.0 million. The maximum net proceeds from the Placing will amount to approximately HK\$83.6 million. The Company intends to use the net proceeds from the Placing for the following purposes: (i) approximately HK\$75.2 million, or 90.0% for repayment of debts to lower the gearing ratio and finance costs of the Group; and (ii) approximately HK\$8.4 million, or 10.0% for the general working capital of the Group. The maximum net price raised per Share upon the Completion will be approximately HK\$0.133 per Share.

The Completion is subject to the fulfilment of the condition set forth in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

The Board is pleased to announce that, on 8 December 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement with particulars set out as follows:

THE PLACING AGREEMENT

Date

8 December 2020 (after trading hours)

Parties

(a) Issuer

The Company

(b) Placing Agent

Cinda International Capital Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Placing

The Placing Agent has conditionally agreed to place a maximum of 629,630,000 Placing Shares on a best endeavour basis to not less than six (6) Placees and will receive a placing commission of 1.5% of the aggregate Placing Price of the Placing Shares being placed, which was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Company shall bear all costs and expenses (including legal expenses) incurred by the Placing Agent in relation to the Placing Agreement and the Placing. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission of 1.5% is fair and reasonable based on the current market conditions that the Placing is in the interests of the Company and the Shareholders as a whole.

The Company will issue further announcement upon the Completion.

The Placees

The Placing Shares will be placed by the Placing Agent, on a best endeavour basis, to not less than six (6) independent individual, corporate, institutional and/or professional investors. The Placees to be procured by the Placing Agent are expected to be independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates. Upon the Completion, it is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) after the Placing. If any of the Placees will become a substantial Shareholder after the Completion, further announcement will be made by the Company.

Number of Placing Shares

The maximum number of Placing Shares of up to 629,630,000 under the Placing represents approximately 3.56% of the existing issued share capital of the Company of 17,710,022,508 Shares as at the date of this announcement and approximately 3.43% of the issued share capital of the Company as enlarged by allotment and issue of the Placing Shares in full (assuming there is no change to the share capital of the Company between the date of the Placing Agreement and the Completion Date). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$6,296,300.00.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.135 per Placing Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 18.18% to the average closing price of HK\$0.165 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 3,542,004,501 Shares. Since the grant of the General Mandate and prior to the Placing, the Directors have not exercised their power to allot and issue any new Shares pursuant to the General Mandate. Accordingly, the issue of the Placing Shares will fall within the limit of the General Mandate and will not be subject to approval by the Shareholders.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion under the Placing Agreement is conditional upon (a) the Placing Agreement not having been terminated prior to the Completion; (b) the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange; and (c) all necessary consents and approval to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

If the above condition is not satisfied on or before 31 December 2020 (or such later date as the Company and the Placing Agent may agree in writing), all rights, obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the parties shall have any claim against the other in relation thereto save in respect of any antecedent breach of any obligation under the Placing Agreement.

Termination of the Placing

Under the Placing Agreement, the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by giving notice in writing to the Company at any time between the date of the Placing Agreement and at any time up to 8:00 a.m. on the Completion Date, if:

- (1) the success of the Placing would be materially and adversely affected by any force majeure events, which refer to:
 - (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 of the Placing Agreement) 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 prejudice the success of the placing of the Shares to 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 or trading in securities on the Stock Exchange) occurs which affect the success of the Placing (such success being the placing of the 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;
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) any statement contained in the announcement of the Company relating to the annual results of the Company for the year ended 30 June 2020 or any other public announcements issued by the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination, all rights, obligations and liabilities of the parties shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement which may have accrued prior to such termination and all payments already made to the Company in accordance to the Placing Agreement shall be refunded to the Placing Agent or in such manner as requested by the Placing Agent.

Completion

Completion will take place on the fourth Business Day after the fulfilment of the condition set out in the Placing Agreement or such later date as the Company and the Placing Agent may agree in writing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is engaged in investment holding and the principal activities of the Group are (i) operation of a professional football club in the United Kingdom, (ii) investment in properties, (iii) provision of lottery system and online payment system service solutions and (iv) medical and healthcare services.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$85.0 million. The net proceeds, after deduction all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$83.6 million. The Company intends to use such net proceeds for the following purposes: (i) approximately HK\$75.2 million, or 90.0% for repayment of debts to lower the gearing ratio and finance costs of the Group; and (ii) approximately HK\$8.4 million, or 10.0% for the general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn establish and strengthen the existing and future business of the Group, enhance the liquidity of the Shares, and provide working capital to the Group.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum net price raised per Share upon the Completion will be approximately HK\$0.133 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) upon the Completion (assuming there is no change in the issued share capital of the Company between the date of this announcement and Completion) are set out below for illustration purpose:

| Shareholders | As at the date of this announcement | | Upon the Completion | |
|---|--|---|-----------------------|--|
| | Number of Shares | Approximate % of the total issued Shares | Number of Shares | Approximate % of the total issued Shares ⁽⁴⁾ |
| <i>Substantial Shareholders</i> | | | | |
| Trillion Trophy Asia Limited ⁽¹⁾ | 5,425,000,000 | 30.63% | 5,425,000,000 | 29.58% |
| Ever Depot Limited ⁽²⁾ | 4,539,161,000 | 25.63% | 4,539,161,000 | 24.75% |
| Dragon Villa Limited ⁽³⁾ | 3,294,366,000 | 18.60% | 3,294,366,000 | 17.96% |
| <i>Public Shareholders</i> | | | | |
| The Places | – | – | 629,630,000 | 3.43% |
| Other public Shareholders | 4,451,495,508 | 25.14% | 4,451,495,508 | 24.27% |
| Total: | <u>17,710,022,508</u> | <u>100.00%</u> | <u>18,339,652,508</u> | <u>100.00%</u> |

Notes:

- (1) Trillion Trophy Asia Limited is a wholly-owned subsidiary of Wealthy Associates International Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.
- (2) Ever Depot Limited is a wholly-owned subsidiary of Graticity Real Estate Development Co., Ltd. which in turn is wholly-owned by Mr. Vong Pech.
- (3) Dragon Villa Limited is wholly-owned by Mr. Lei Sutong.
- (4) The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

The Completion is subject to the fulfilment of the condition set forth in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

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| “AGM” | the annual general meeting of the Company held on 31 December 2019 |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | means a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours |
| “Company” | Birmingham Sports Holdings Limited (stock code: 2309), an exempted company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | Completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement |
| “Completion Date” | the date of completion of transactions contemplated under the Placing Agreement |
| “connected person(s)” | the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

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|---------------------|--|
| “General Mandate” | the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM |
| “Group” | the Company and its subsidiaries, from time to time |
| “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 |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Placee(s)” | any investor who is either an individual, professional or an institutional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement |
| “Placing” | the placing of up to 629,630,000 Shares on a best endeavour basis pursuant to the terms of the Placing Agreement |
| “Placing Agent” | Cinda International Capital Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 8 December 2020 in relation to the Placing |
| “Placing Price” | HK\$0.135 per Placing Share |
| “Placing Share(s)” | a maximum of 629,630,000 new Shares to be allotted and issued pursuant to the Placing Agreement |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |

| | |
|------------------------------|--|
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “%” | per cent. |

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

Hong Kong, 8 December 2020

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Mr. Yiu Chun Kong, Mr. Hsiao Charng Geng 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.