
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Birmingham Sports Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer, or to the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

**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)****(1) MAJOR TRANSACTION
RELATING TO****(A) THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A COMPANY IN CAMBODIA;****(B) THE CONSTRUCTION OF A COMMERCIAL AND
EDUCATIONAL BUILDING IN CAMBODIA;****AND****(C) THE ACQUISITION OF PROPERTIES IN CAMBODIA;****(2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;****AND****(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular, unless the context otherwise requires.

A letter from the Board is set out on pages 6 to 27 of this circular.

A notice convening the EGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 November 2017 at 10:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

This circular will remain on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.bshl.com.hk).

31 October 2017

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE TARGET GROUP	II-1
APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	III-1
APPENDIX IV – INDEPENDENT VALUATION REPORT	IV-1
APPENDIX V – GENERAL INFORMATION	V-1
EGM NOTICE	EGM-1

DEFINITIONS

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

“Acquisitions”	collectively, the Equity Acquisition and the Properties Acquisition
“Agreements”	collectively, the Equity SPA, the Construction Contract and the Properties SPA
“Announcement”	the announcement of the Company dated 30 June 2017 in relation to, among other things, the Transactions
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Building”	the commercial and educational building to be constructed pursuant to the Construction Contract
“Business Day(s)”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for banking business throughout their normal business hours
“Cambodia”	the Kingdom of Cambodia
“Celestial Fame”	Celestial Fame Investment (Cambodia) Co., Ltd., whose information is set out in the section headed “Letter from the Board – 9. Information on the Target Group – Celestial Fame” of this circular
“Company”	Birmingham Sports Holdings Limited (伯明翰體育控股有限公司), a 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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration Share(s)”	collectively, the Equity Consideration Shares, the Construction Consideration Shares and the Properties Consideration Shares
“Construction Consideration”	approximately US\$4.4 million (equivalent to approximately HK\$34.2 million), being the consideration payable by Celestial Fame under the Construction Contract

DEFINITIONS

“Construction Consideration Shares”	226,486,000 new Shares to be issued and allotted by the Company at the Issue Price to satisfy the Construction Consideration
“Construction Contract”	the Design and Construction Contract to be entered into between Celestial Fame and GRED as more particularly described in the section headed “Letter from the Board – 4. The construction of a commercial and educational building in Cambodia” of this circular
“Construction Works”	construction and design work to be performed or procured by GRED including temporary work and any change(s) to the specification(s) and/or designs set out in the Construction Contract
“Deep Blue”	Deep Blue Trade (Cambodia) Co., Ltd., whose information is set out in the section headed “Letter from the Board – 8. Information on the parties – Deep Blue” of this circular
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 November 2017 at 10:30 a.m. for considering and if thought fit, approving the resolutions as set out in the EGM Notice
“EGM Notice”	the notice convening the EGM which is set out on pages EGM-1 to EGM-3 of this circular
“Enlarged Group”	the Group as enlarged by the Transactions
“Equity Acquisition”	the acquisition of the entire issued share capital of the Target Company by Orchard Gold from Ever Depot pursuant to the Equity SPA
“Equity Consideration”	approximately US\$9.7 million (equivalent to approximately HK\$75.5 million), being the consideration payable by Orchard Gold under the Equity SPA
“Equity Consideration Shares”	500,665,000 new Shares to be issued and allotted by the Company at the Issue Price to satisfy the Equity Consideration
“Equity SPA”	the Sale and Purchase Agreement relating to the entire issued share capital of the Target Company dated 30 June 2017 entered into among the Company, Orchard Gold, Ever Depot and GRED as more particularly described in the section headed “Letter from the Board – 2. The acquisition of the entire issued share capital of a company in Cambodia” of this circular

DEFINITIONS

“Ever Depot”	Ever Depot Limited (永聚有限公司), whose information is set out in the section headed “Letter from the Board – 8. Information on the parties – Ever Depot” of this circular
“GBP”	Pounds Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“GRED”	Graticity Real Estate Development Co., Ltd., whose information is set out in the section headed “Letter from the Board – 8. Information on the parties – GRED” of this circular
“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 PRC
“Independent Third Party(ies)”	third party(ies) which is (are) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Independent Valuer”	JP Assets Consultancy Limited, an independent valuer appointed by the Company
“Issue Price”	the issue price of HK\$0.15 per Consideration Share
“Land”	a parcel of land of One Park with a net area of approximately 1,200 sq.m.
“Last Trading Day”	30 June 2017, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	26 October 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2017 (or such other date as the relevant parties may agree)
“Long Term Lease Agreement”	the Long Term Lease Agreement dated 30 June 2017 entered into between Celestial Fame and GRED as more particularly described in the section headed “Letter from the Board – 3. Long Term Lease Agreement” of this circular

DEFINITIONS

“Mr. Suen”	Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Trillion Trophy
“One Park”	a property development project developed and owned by GRED as more particularly described in the section headed “Letter from the Board – 8. Information on the parties – GRED” of this circular
“Orchard Gold”	Orchard Gold Limited, whose information is set out in the section headed “Letter from the Board – 8. Information on the parties – Orchard Gold” of this circular
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the properties to be acquired by Deep Blue pursuant to the Properties SPA, which are located within and form part of One Park and comprise (i) portion of the 2-storey commercial podium adjacent to the main building of the condominium with saleable area of approximately 4,456 sq.m.; and (ii) 48 residential apartments at Block C of One Park with total saleable area of approximately 4,680.64 sq.m.
“Properties Acquisition”	the acquisition of the Properties by Deep Blue from GRED pursuant to the Properties SPA
“Properties Consideration”	approximately US\$26.2 million (equivalent to approximately HK\$203.8 million), being the consideration payable by Deep Blue under the Properties SPA
“Properties Consideration Shares”	1,359,400,000 new Shares to be issued and allotted by the Company at the Issue Price to satisfy the Properties Consideration
“Properties SPA”	the Property Sale and Purchase Agreement dated 30 June 2017 entered into between Deep Blue and GRED in relation to the Properties Acquisition as more particularly described in the section headed “Letter from the Board – 5. The acquisition of properties in Cambodia” of this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)

DEFINITIONS

“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM for the issue and allotment of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Celestial Fame Investments Limited (天譽投資有限公司), whose information is set out in the section headed “Letter from the Board – 9. Information on the Target Group – the Target Company” of this circular
“Target Group”	collectively, the Target Company and Celestial Fame
“Total Consideration”	collectively, the Construction Consideration, the Equity Consideration and the Properties Consideration
“Transactions”	collectively, the Acquisitions and the transactions contemplated under the Construction Contract and the Long Term Lease Agreement
“Trillion Trophy”	Trillion Trophy Asia Limited, the controlling Shareholder
“Unit Title(s)”	the Certificate Acknowledging the Private Unit Owner as issued by the relevant authorities of Cambodia in relation to a lot in a co-owned building
“US\$”	United States dollars, the lawful currency of the United States of America
“Wealthy Associates”	Wealthy Associates International Limited, a company wholly-owned by Mr. Suen and being the shareholder of Trillion Trophy
“%”	per cent
“sq.m.”	square meter

For illustration purposes, amounts in US\$ in this circular have been translated into HK\$ at the rate of US\$1.00 = HK\$7.78.

In the event of inconsistency, the English text of the circular, the EGM Notice and the enclosed form of proxy shall prevail over the Chinese text.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhao Wenqing (*Chairman*)
Mr. Huang Dongfeng (*Chief Executive Officer*)
Ms. Chan Yuk Yee
Mr. Yiu Chun Kong
Mr. Hsiao Charng Geng

Registered office:

4th Floor, Harbour Place
103 South Church Street
George Town
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Non-executive Director:

Mr. Sue Ka Lok

*Head office and principal place
of business in Hong Kong:*

31/F., Vertical Sq
No. 28 Heung Yip Road
Wong Chuk Hang
Hong Kong

Independent Non-executive Directors:

Mr. To Yan Ming, Edmond
Mr. Pun Chi Ping
Ms. Leung Pik Har, Christine

31 October 2017

To the Shareholders

Dear Sir or Madam,

- (1) MAJOR TRANSACTION
RELATING TO
(A) THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A COMPANY IN CAMBODIA;
(B) THE CONSTRUCTION OF A COMMERCIAL AND
EDUCATIONAL BUILDING IN CAMBODIA;
AND
(C) THE ACQUISITION OF PROPERTIES IN CAMBODIA;
(2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

On 30 June 2017, the Board announced that Orchard Gold, a wholly-owned subsidiary of the Company, entered into the Equity SPA, pursuant to which Orchard Gold has conditionally agreed to purchase and Ever Depot has conditionally agreed to sell the entire issued share capital of the Target Company at the consideration of approximately US\$9.7 million (equivalent to approximately HK\$75.5 million).

As at the date of the Equity SPA, Celestial Fame, being a wholly-owned subsidiary of the Target Company, and GRED entered into the Long Term Lease Agreement, pursuant to which GRED has agreed to lease the Land to Celestial Fame at the total rent of US\$3.0 million (equivalent to approximately HK\$23.3 million).

Upon completion of the Equity Acquisition, Celestial Fame shall enter into the Construction Contract with GRED regarding the design and construction of a building for commercial and educational use on the Land under the supervision of GRED at a total consideration of approximately US\$4.4 million (equivalent to approximately HK\$34.2 million).

The Board also announced that on 30 June 2017, Deep Blue, an indirectly wholly-owned subsidiary of the Company, and GRED entered into the Properties SPA, pursuant to which Deep Blue has conditionally agreed to purchase and GRED has conditionally agreed to sell the Properties at the aggregate consideration of approximately US\$26.2 million (equivalent to approximately HK\$203.8 million).

The Consideration Shares, being in aggregate 2,086,551,000 new Shares, will be issued at the Issue Price of HK\$0.15 per Consideration Share to satisfy the Equity Consideration, the Construction Consideration and the Properties Consideration.

The purpose of this circular is to provide you with, among other things, (i) details of the Transactions; (ii) the financial information of the Group, the Target Group and the Enlarged Group; (iii) the valuation report of the Land, the Building and the Properties; and (iv) the EGM Notice.

LETTER FROM THE BOARD

2. THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A COMPANY IN CAMBODIA

Principal terms of the Equity SPA are set out below:

Date	:	30 June 2017
Parties	:	(1) the Company; (2) Orchard Gold as purchaser; (3) Ever Depot as vendor; and (4) GRED as guarantor.
Subject matter	:	Orchard Gold has conditionally agreed to purchase and Ever Depot has conditionally agreed to sell the entire issued share capital of the Target Company.
Equity Consideration	:	Approximately US\$9.7 million (equivalent to approximately HK\$75.5 million), which shall be satisfied by the issue and allotment of the Equity Consideration Shares to Ever Depot (or its nominee(s)) at the Issue Price upon completion of the Equity SPA.

The Equity Consideration was determined after arm's length negotiations between the Company and GRED taking into account, among other things, (i) the preliminary valuation conducted by the Independent Valuer regarding the fair market value of the Land and the Building (on completion basis) of approximately US\$20.1 million (equivalent to approximately HK\$156.4 million) in May 2017; (ii) the reasons for and benefits of the Transactions as described in the section headed "11. Reasons for and benefits of the Transactions" of this letter; and (iii) the Construction Consideration. Although the Target Company was newly incorporated in May 2017 which has yet to generate any revenue and record any assets, the Company in fact is, through the purchase of the entire interest in the Target Company together with the Long Term Lease Agreement and the entering into of the Construction Contract, acquiring the entire interest in the Land and the Building which is valued at US\$20.1 million (equivalent to approximately HK\$156.4 million) (on completion basis) as at 30 September 2017. Besides, given the Equity SPA and the Properties SPA are inter-conditional and GRED will only enter into the Construction Contract upon completion of the the Equity SPA, the transactions contemplated under the Equity SPA, the Properties SPA, the Construction Contract and the Long Term Lease Agreement are negotiated and entered into as a whole transaction.

The Board considers that the Equity Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent : Completion of the Equity Acquisition shall be subject to and conditional upon:

- (a) the Company and Orchard Gold being satisfied in its absolute discretion with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group;
- (b) there shall not have occurred any material adverse effect or any event, change, effect or development that would, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on the Target Group, taken as a whole;
- (c) the passing of the resolution(s) by the Shareholders in the EGM approving, among other things, the Equity SPA, the Construction Contract and the transactions contemplated thereunder;
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Equity Consideration Shares and the Construction Consideration Shares;
- (e) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Cambodia and in any other applicable jurisdiction in connection with the transactions contemplated under the Equity SPA and the Construction Contract, the implementation of the transactions contemplated thereunder and all other matters incidental thereto;
- (f) there being no event existing or having occurred and no condition being in existence which would constitute a material breach of any of the terms and warranties by Ever Depot and/or GRED of the Equity SPA; and
- (g) simultaneous completion of the Equity SPA and the Properties SPA in accordance with the terms thereof.

Orchard Gold shall be entitled at its absolute discretion at any time on or before the Long Stop Date by notice in writing to Ever Depot to waive any of the above conditions precedent (save and except conditions (c) and (d), which cannot be waived) either in whole or in part.

LETTER FROM THE BOARD

In the event (i) any of the above conditions precedent that are not waived either in whole or in part by Orchard Gold shall not be fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, or (ii) Orchard Gold informs Ever Depot in writing that it is not satisfied with the results of the due diligence, the Equity SPA shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the Equity SPA without prejudice to the rights of any such parties in respect of any antecedent breaches.

- Completion : Within three (3) Business Days immediately after fulfilment (or waiver, as the case may be) of the conditions precedent (save and except condition (g) which shall be fulfilled as at completion of the Equities SPA).
- Construction Contract : On completion of the Equity SPA, Ever Depot and GRED shall deliver or cause to be delivered to Orchard Gold the Construction Contract duly executed by GRED.
- Guarantee : GRED shall as primary obligator procure that Ever Depot shall duly observe and promptly perform all of its obligations under the Equity SPA and if and whenever Ever Depot shall be in default in the payment when due of any amount payable under the Equity SPA or of any damages for breach of the same or of any of the warranties, representations or undertakings contained therein, pay all such amounts then payable by Ever Depot as though GRED instead of Ever Depot was expressed to be the principal debtor in respect of such amounts.
- Guaranteed Return : GRED has agreed, guaranteed and undertaken that for the period of eight (8) years commencing from the date of takeover by Celestial Fame of the Construction Works, in the event the annualised return (“**Actual Return**”) from Orchard Gold’s investment in the Land and the Building is less than five percent (5%) (“**Guaranteed Return**”), GRED shall pay within thirty (30) Business Days on demand a cash amount equal to the difference between the Actual Return and the Guaranteed Return.

LETTER FROM THE BOARD

The Actual Return and the Guaranteed Return shall be calculated based on the annual rental income (net of relevant taxes) from the lease of the Land and/or the Building. Based on the Equity Consideration, the rent payable under the Long Term Lease Agreement and the Construction Consideration in total of approximately US\$17.1 million (equivalent to approximately HK\$133 million), the annualised return of not less than 5% and hence the annual income (net of relevant taxes) from Orchard Gold's investment in the Land and the Building shall be not less than approximately US\$0.85 million (equivalent to approximately HK\$6.6 million). The Company and GRED consider that the aforesaid calculation of annualised return is straightforward and therefore it is not necessary to engage an independent third party to determine or assess the amount of compensation. Pursuant to the Equity SPA, any dispute or claim arising out of or relating to the Equity SPA shall be referred to and finally resolved by arbitration.

Having considered the recent rental rates in the range of US\$14 to US\$28 per sq.m. and yield of approximately 7% with respect to office in Phnom Penh, the Directors consider the guaranteed return of not less than 5% to be reasonably justified and achievable.

Having considered the findings of the due diligence and researches conducted by the Company regarding, among other things, the legal status of GRED that its is legally incorporated and subsisted, business carried out by GRED and financials of GRED including its registered capital, total asset and revenue in 2016, the Directors are satisfied that GRED, as a reputable developer of One Park, which is a sizeable property development project in a prime area of Phnom Penh, Cambodia, will be able to fully and promptly pay the monetary compensation to Orchard Gold if the guaranteed return is not met and therefore no steps are required to be taken to ensure the full and prompt payment of the monetary return.

Upon completion of the Equity SPA, the Target Company and Celestial Fame (being lessee of the Land as described in the section headed "3. Long Term Lease Agreement" of this letter) will become wholly-owned subsidiaries of the Company. As advised by the legal adviser to the Company as to Cambodian law, among other things, (a) the Long Term Lease Agreement provides Celestial Fame with good and legal title to the leasehold rights of the Land; (b) Celestial Fame is able to fully enjoy the leasehold right, the right to assign and transfer such leasehold right and is liable for the obligations under the Long Term Lease Agreement; and (c) Celestial Fame as the lessee of the leasehold right under the Long Term Lease Agreement has the right comprising the land use rights coupled with rights of building over the Land for the duration of the registered lease term.

LETTER FROM THE BOARD

3. LONG TERM LEASE AGREEMENT

Principal terms of the Long Term Lease Agreement are set out below:

Date	:	30 June 2017
Parties	:	(1) GRED as lessor; and (2) Celestial Fame as lessee.
Subject matter	:	GRED has agreed to lease exclusively to Celestial Fame and Celestial Fame has agreed to lease from GRED the Land.
Net site area	:	Approximately 1,200 sq.m.
Usage	:	For the development of a building for commercial use including but not limited to the operation of an international school and relevant ancillary educational programmes.
Term	:	An initial term of fifty (50) years commencing from the date of completion of the Equity SPA (the “ Initial Term ”). At the sole option of Celestial Fame, the Initial Term may be extended for another fifty (50) years (the “ Extended Term ”) under the same terms and conditions as contained in the Long Term Lease Agreement.
Rent	:	US\$3.0 million (equivalent to approximately HK\$23.3 million) which covers both the Initial Term and the Extended Term, i.e., 100 years in total, and shall be paid by Celestial Fame to GRED by fifty (50) equal instalments in cash in each year during the Initial Term. In the event Celestial Fame does not exercise its right to extend the term of the lease after the Initial Term, there will not be any refund of the rent paid.

LETTER FROM THE BOARD

The rent is determined after arm's length negotiations among the Company and GRED with reference to, among other things, (a) as advised by the legal adviser of the Company as to Cambodian law, foreigners are not allowed to own title in lands in Cambodia; and (b) prevailing rent and expected rent for long term lease of land in the adjacent area. For long term lease of land, the rent will be determined by referencing to the price for purchasing the land. The rent under the Long Term Lease Agreement is based on a purchase price of land of US\$2,500 per sq.m. and a site area of approximately 1,200 sq.m. Having reviewed the market information about the cost of land in the adjacent area which is in the range of US\$2,200 to US\$4,500 per sq.m. and discussed with the Independent Valuer, the Company came up with the view that the rent is within the range of rent in the area. The term of the Long Term Lease Agreement is determined after arm's length negotiations among the Company and GRED taking into account advices of their respective legal advisers.

Having considered the basis in determining the rent and term, the reasons for and benefit of the Transactions as described in the section headed "11. Reasons for and benefits of the Transactions" of this letter and the independent valuation report as set out in Appendix IV to this circular, the Directors considered that the terms of the Long Term Lease Agreement is on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. THE CONSTRUCTION OF A COMMERCIAL AND EDUCATIONAL BUILDING IN CAMBODIA

Principal terms of the Construction Contract are set out below:

Date	:	To be entered into on completion of the Equity SPA
Parties	:	(1) Celestial Fame as employer; and (2) GRED as contractor.
Subject matter	:	GRED shall perform and supervise the Construction Works on the Land. The Construction Works principally include, among other things, completion of piling, foundation and structure of a school building, interior wall, staircase partition wall, toilet and interior decoration, a main power switch, a main water tapping point and a swage access point, the installation of two units of elevators and the provision of a sound insulation layer.
Time of completion of the Construction Works	:	On or before 31 August 2018.

LETTER FROM THE BOARD

Takeover of the Construction Works : GRED shall notify Celestial Fame when it considers that the Construction Works are completed. Following on-site inspection and checking against the specifications in the Construction Contract, Celestial Fame shall (a) notify GRED when it considers that GRED has completed the Construction Works stating the date accordingly; or (b) notify GRED that the Construction Works, subject to the remedy of defects and/or completion of outstanding work, can be taken over, stating the date accordingly. Celestial Fame shall take over the Construction Works upon the issue of the said notice. It is contemplated that in considering whether a taking-over notice shall be issued, factors including whether the building meets the specifications set out in the Construction Contract, any defect which may be discovered after inspection, whether such defects are capable of remedied, would be taken into account. The Construction Contract does not stipulate any conditions or restrictions that Celestial Fame would be unable to issue the taking-over notice to GRED.

Celestial Fame may, at any time prior to the expiry of the period of 365 days from the date setting out in the taking-over notice, notify GRED of any defect or outstanding work. GRED shall remedy at no cost to Celestial Fame any defect due to GRED's design, materials, plant or workmanship not being in accordance with the Construction Contract. Failure to remedy any defect or complete outstanding work within a reasonable time of Celestial Fame's notice shall entitle Celestial Fame to carry out all necessary work at GRED's cost.

LETTER FROM THE BOARD

Construction Consideration : Approximately US\$4.4 million (equivalent to approximately HK\$34.2 million), which shall be satisfied by the issue and allotment of the Construction Consideration Shares to GRED (or its nominee(s)) at the Issue Price upon the signing of the Construction Contract by Celestial Fame and GRED.

The Construction Consideration was determined after arm's length negotiations between the Company and GRED taking into account, among other things, the construction cost estimate prepared by GRED of approximately US\$775 per sq.m. and the reasonableness of such construction cost estimate with reference to construction cost data in Cambodia and nearby Asian cities (including Vietnam and Thailand which the Company, as advised by the Independent Valuer, considers can be used as references) which is in the range of US\$600 to US\$1,100 per sq.m., and the discussions with the Independent Valuer. Having reviewed such construction cost data and discussed with the Independent Valuer, the Company came up with the view that the construction cost estimate prepared by GRED is within the range of construction cost in such construction cost data.

In the event that the actual construction cost is higher than the Construction Consideration or the actual completion time of the Construction Works is after 31 August 2018, GRED shall bear any additional construction costs.

If GRED fails to complete the Construction Works within the agreed time of completion, GRED shall pay Celestial Fame an amount equal to 0.1% per day up to a maximum of 3% of the Construction Consideration.

5. THE ACQUISITION OF PROPERTIES IN CAMBODIA

Principal terms of the Properties SPA are set out below:

Date : 30 June 2017

Parties : (1) GRED as seller; and
(2) Deep Blue as buyer.

Subject matter : Deep Blue has conditionally agreed to purchase and GRED has conditionally agreed to sell the Properties.

LETTER FROM THE BOARD

The Properties : The Properties, which are located within and form part of One Park, comprise (i) portion of the 2-storey commercial podium adjacent to the main building of the condominium with saleable area of approximately 4,456 sq.m.; and (ii) 48 residential apartments at Block C of One Park with total saleable area of approximately 4,680.64 sq.m.

The Properties were under construction as of the date of the Properties SPA and as at the Latest Practicable Date. GRED has undertaken to complete and deliver the Properties in compliance with the construction specifications set out in the Properties SPA. GRED shall bear the costs of the construction of the Properties until the completion of the construction.

The Properties have not yet generated any income as at the date of this circular.

Properties : Approximately US\$26.2 million (equivalent to approximately
Consideration HK\$203.8 million), which shall be satisfied by the issue and allotment of the Properties Consideration Shares to GRED (or its nominee(s)) at the Issue Price upon completion of the Properties SPA.

The Properties Consideration was determined after arm's length negotiations between the Company and GRED taking into account, among other things, (i) the preliminary valuation conducted by the Independent Valuer regarding the fair market value of the Properties (on completion basis) of approximately US\$30.5 million (equivalent to approximately HK\$237.3 million) in May 2017; and (ii) the reasons for and benefits of the Transactions as described in the section headed "11. Reasons for and benefits of the Transactions" of this letter. Given that GRED shall complete the construction of the Properties and bear the costs of the construction, the Directors consider that the preliminary valuation on completion basis is relevant in determining the Properties Consideration.

The Board considers that the Properties Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : Completion of the Properties Acquisition shall be subject to and conditional upon:

(a) Deep Blue being satisfied in its absolute discretion with the results of the due diligence review of the Properties;

LETTER FROM THE BOARD

- (b) the passing of the resolution(s) by the Shareholders in the EGM approving, among other things, the Properties SPA and the transactions contemplated thereunder;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Properties Consideration Shares;
- (d) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Cambodia and in any other applicable jurisdiction in connection with the transactions contemplated under the Properties SPA, the implementation of the transactions contemplated thereunder and all other matters incidental thereto;
- (e) there being no event existing or having occurred and no condition being in existence which would constitute a material breach of any of the terms and warranties by GRED under the Properties SPA; and
- (f) simultaneous completion of the Equity SPA and the Properties SPA in accordance with the terms thereof.

Deep Blue shall be entitled at its absolute discretion at any time on or before the Long Stop Date by notice in writing to GRED to waive any of the above conditions precedent (save and except the conditions (b) and (c), which cannot be waived) either in whole or in part.

In the event (i) any of the above conditions precedent that are not waived either in whole or in part by Deep Blue shall not be fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, or (ii) Deep Blue informs GRED in writing that it is not satisfied with the results of the due diligence, the Properties SPA shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the Properties SPA without prejudice to the rights of any such parties in respect of any antecedent breaches.

Completion : Within three (3) Business Days immediately after fulfilment (or waiver, as the case may be) of the conditions precedent (save and except condition (f) which shall be fulfilled as at completion of the Properties SPA).

LETTER FROM THE BOARD

Delivery of the Properties : GRED has undertaken to complete the construction of the Properties on or before 31 August 2018 (the “**Scheduled Delivery Date**”). Upon completion of the construction of the Properties, GRED shall notify Deep Blue to carry out physical inspection of the Properties against the construction specifications set out in the Properties SPA. Physical inspection shall be carried out within fifteen (15) Business Days after the Scheduled Delivery Date.

Once any defect or non-compliant items are found during inspection, GRED will take every step to ensure that such rectification requirements are met within fifteen (15) Business Days.

GRED shall as soon as practically possible upon completion of the construction of the Properties obtain the Unit Titles for the Properties at the costs and expenses of GRED and, at the cost of Deep Blue, arrange for the transfer of such Unit Titles of the Properties to Deep Blue or persons designated by Deep Blue.

Guaranteed Return : GRED has agreed and undertaken to procure lessee(s) and/or licensee(s) for the Properties, failing which GRED shall enter into a lease and/or license agreement for the Properties for the period of eight (8) years commencing from the delivery of the Properties and at an annualised return of not less than five percent (5%) based on the Properties Consideration. In the event that the rental income from the lessee and/or licensee is less than five percent (5%), GRED will pay Deep Blue the difference between the actual return and the guaranteed return.

The annualised return shall be calculated based on the annual rental income (net of relevant taxes) from the lease and/or license of the Properties. Based on the Properties Consideration of approximately US\$26.2 million (equivalent to approximately HK\$203.8 million), the annualised return of not less than 5% and hence the annual rental income (net of relevant taxes) from the lease and/or license of the Properties shall be not less than approximately US\$1.31 million (equivalent to approximately HK\$10.2 million). The Company and GRED consider that the aforesaid calculation of annualised return is straightforward and therefore it is not necessary to engage an independent third party to determine or assess the amount of compensation. Pursuant to the Properties SPA, any dispute or claim arising out of or relating to the Properties SPA shall be referred to and finally resolved by arbitration.

LETTER FROM THE BOARD

Having considered the recent rental rates in the range of US\$10 to US\$18 per sq.m. and yield of approximately 9% with respect to residential properties in Phnom Penh, the Directors consider the guaranteed return of not less than 5% to be reasonably justified and achievable.

Having considered the findings of the due diligence and researches regarding, among other things, the legal status, business and financials of GRED conducted by the Company on GRED, the Directors are satisfied that GRED, as a reputable developer of One Park, which is a sizeable property development project in a prime area of Phnom Penh, Cambodia, will be able to fully and promptly pay the monetary compensation to Deep Blue if the guaranteed return is not met and therefore no steps are required to be taken to ensure the full and prompt payment of the monetary return.

6. CONSIDERATION SHARES

The Consideration Shares, being in aggregate 2,086,551,000 new Shares, will be issued at the Issue Price (i.e., HK\$0.15 per Share), which was determined after arm's length negotiations between the Company and GRED with reference to the recent market prices of the Shares. Based on the closing price of HK\$0.178 per Share as quoted on the Stock Exchange on the Last Trading Day, the aggregate market value of the Consideration Shares is approximately HK\$371.4 million.

As at the Latest Practicable Date, the Company has 6,293,154,672 Shares in issue. The Consideration Shares represent:

- (i) approximately 33.2% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 24.9% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Issue Price represents:

- (i) a discount of approximately 15.7% to the closing price of HK\$0.178 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.5% to the average closing price of HK\$0.184 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day;
- (iii) a discount of approximately 18.9% to the average closing price of HK\$0.185 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the Last Trading Day; and

LETTER FROM THE BOARD

- (iv) a discount of approximately 13.8% to the closing price of HK\$0.174 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Immediately following the issue and allotment of the Consideration Shares, GRED will own approximately 24.9% of the enlarged issued share capital of the Company. The issue and allotment of the Consideration Shares will not result in a change of control of the Company.

According to the valuation report in relation to the Land and the Properties issued by the Independent Valuer as set out in Appendix IV to this circular, the total fair market value (on completion basis) is approximately US\$50.6 million (equivalent to approximately HK\$393.7 million). In determining the Issue Price, the Company and GRED have taken into account that the Total Consideration together with the guaranteed return represent a discount of approximately 19% to the fair market value of the Land together with the Building to be erected thereon and the Properties. Having considered such discount to the fair market value and the reasons for the benefits of the Transactions as described in the section headed “11. Reasons for and benefits of the Transactions” of this letter, the Directors consider that the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be issued and allotted pursuant to the Specific Mandate to be sought by the Company at the EGM. The Consideration Shares, when issued and allotted, will rank *pari passu* in all respects with the Shares in issue. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

7. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the changes in the shareholding structure of the Company immediately after the issue and allotment of the Consideration Shares:

Name of shareholder	As at the Latest Practicable Date		Immediately after issue and allotment of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate percentage of issued Share</i>	<i>Number of Shares</i>	<i>Approximate percentage of issued Share</i>
	Trillion Trophy (<i>Note</i>)	3,825,000,000	60.78%	3,825,000,000
GRED	–	–	2,086,551,000	24.90%
Public Shareholders	2,468,154,672	39.22%	2,468,154,672	29.45%
	<u>6,293,154,672</u>	<u>100.00%</u>	<u>8,379,705,672</u>	<u>100.00%</u>

Note: Trillion Trophy is a wholly-owned subsidiary of Wealthy Associates which in turn is wholly-owned by Mr. Suen.

LETTER FROM THE BOARD

8. INFORMATION ON THE PARTIES

The Company

The Company is engaged in investment holding and the principal activity of its major subsidiary is the operation of a professional football club in the United Kingdom.

Orchard Gold

Orchard Gold is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Orchard Gold is principally engaged in investment holding.

Deep Blue

Deep Blue is a limited company incorporated in Cambodia and an indirectly wholly-owned subsidiary of the Company. Deep Blue is principally engaged in investment holding.

Ever Depot

Ever Depot is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of GRED. As advised by GRED, Ever Depot is principally engaged in investment holding.

GRED

GRED is a limited company incorporated in Cambodia and is engaged in property development. GRED is the developer and owner of One Park. GRED is wholly-owned by Mr. Vong Pech, a Cambodian citizen.

Located at north of central Phnom Penh, Cambodia and in close proximity to many key amenities, One Park is a mixed-use development comprised of shop-houses, multiple mid-rise condominium buildings, residential buildings and a commercial and educational building erected on a parcel of land with a total site area of approximately 79,000 sq.m. As advised by GRED, One Park is scheduled to be completed by phases from late 2017 to mid 2018.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Ever Depot, GRED and their ultimate beneficial owner are Independent Third Parties.

LETTER FROM THE BOARD

9. INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is a limited company incorporated in the British Virgin Islands. As at the Latest Practicable Date, the Target Company is wholly-owned by Ever Depot and, save for holding the entire issued share capital of Celestial Fame, has not carried on any business and has no other assets since its incorporation.

Celestial Fame

Celestial Fame is a limited company incorporated in Cambodia. Since its incorporation and as at the Latest Practicable Date, save for the entering into of the Long Term Lease Agreement, Celestial Fame has not carried on any business and has no assets.

Financial information

Based on the audited consolidated financial statements of the Target Group for the period from the date of the incorporation of the Target Company on 31 May 2017 to 30 September 2017 provided by GRED, the Target Group recorded a consolidated loss (before and after taxation and extraordinary items) of approximately HK\$21,000 and the consolidated capital deficiency of the Target Group was approximately HK\$21,000 as at 30 September 2017. The consolidated loss is associated with expenses incurred in connection with its incorporation and the incorporation of Celestial Fame.

10. FINANCIAL EFFECT OF THE ACQUISITIONS

Upon completion of the Equity Acquisition, the Target Group will become wholly-owned subsidiaries of the Company and the results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group. The Group, through Celestial Fame as the leasee of the Land, is able to fully enjoy the leasehold right, the right to assign and transfer such leasehold right and is liable for the obligations under the Long Term Lease Agreement.

It is intended that after delivery, the Land, the Building and the Properties will be held for leasing to generate stable income and for capital gain in the future. The Acquisitions are expected to generate positive effects on the Group's earnings in future years.

It is expected that as a result of the Equity Acquisition, the entering into of the Construction Contract and the Properties Acquisition, the issued share capital of the Company will increase by approximately HK\$20.9 million, and the non-current assets will increase by approximately HK\$313.3 million in the consolidated statement of financial position of the Group.

LETTER FROM THE BOARD

11. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

(a) Future of property market in Cambodia

Cambodia is a member of the Association of Southeast Asian Nations (“ASEAN”) and is one of the most promising developing countries in the region. The country continuously recorded over 7% growth in its gross domestic product since 2011 and is ranked at the top places among the ASEAN countries in terms of economic growth. Cambodia has a long friendly relationship with China and has given strongest support to China in the ASEAN. The Company is mindful that the “One Belt One Road” development strategy of the PRC government has been attracting significant investment from the PRC enterprises to and creating great potential for business development in Cambodia. The Company is optimistic that the property market in Cambodia will continue to benefit from the “One Belt One Road” development strategy of the PRC government.

One Park is located at Phnom Penh City Center, a newly strategic development area located at the centre of Phnom Penh. The development was conceptualised to transform the area into a modern, sustainable, commercial and leisure hub with world class facilities purpose for both local and overseas businesses and investors. Through the creation of a central business district, mixed-used facilities and spaces and residential zone, Phnom Penh City Center will bring in the growth of commerce, culture, arts and sports in the area. Phnom Penh City Center is expected to be the prime commercial and living area in the city of Phnom Penh.

The Company has been actively seeking business opportunities from time to time, including investments in new markets, in order to enhance the long term growth potential of the Company and the shareholder value.

The Company has carried out the following due diligence works, among others, to assess the Transactions: (i) carried out site visits in Cambodia; (ii) obtained and assessed due diligence information and documents regarding One Park from GRED; (iii) carried out researches on Cambodia generally and specifically on economic, financial, political, legal and judicial aspects; (iv) carried out researches on property market in Cambodia generally and specifically on the government policy regarding property market, the location and background of One Park, the property and rental price in the location of One Park and its proximate areas; (v) obtained and reviewed reports on Cambodia property market published by various international and domestic property agents; (vi) engaged legal advisers in Cambodia to carry out legal due diligence; and (vii) engaged the Independent Valuer to carry out assessment on value of the Land, the Buildings and the Properties.

The Company believes that the Acquisitions, in particular the Guaranteed Return from the Building and the Properties under the Equity SPA and the Properties SPA, respectively, represent a good opportunity for the Group to secure a stable stream of income and thereby enhancing value to the Shareholders. At the same time, the Group will benefit from the possibility of future long term appreciation in value of the Building and the Properties.

LETTER FROM THE BOARD

(b) The valuation is fair and reasonable

The Group has engaged the Independent Valuer to conduct the valuation in respect of the Land (together with the Buildings) and the Properties (the “**Property Interests**”).

With regards to the independent valuation report prepared by the Independent Valuer, the Company has (i) discussed with the Independent Valuer regarding the methodology used, principal bases and assumptions adopted in the independent valuation report, which are summarised in the independent valuation report as set out in Appendix IV to this circular; (ii) reviewed the underlying calculations of the independent valuation report and the information of the comparables adopted by the Independent Valuer, which comparables are located in Phnom Penh, with similar usage and the transacted or sale dates were closed to the valuation date, with accommodation value range from US\$1,200 to US\$3,000 per sq.m. for the Land and the unit price range from US\$2,600 to US\$3,400 per sq.m. for the Properties; (iii) assessed the experience and expertise of the signatory of the independent valuation report; and (iv) reviewed that the unit price adopted by the Independent Valuer is within the range of unit price as obtained by the Group’s staff from the external public sources, i.e., research reports published by third party property agents and consultants available on the Internet. Based on the foregoing, the Directors consider that the valuation of the Property Interests is fair and reasonable.

In the course of the Company’s discussion with the Independent Valuer, the Company understands that there are three commonly adopted valuation methods for asset valuation, namely direct comparison (market) approach, income approach and cost based approach.

Cost based approach is not considered applicable to the valuation of property of which there is an active market since the market determined prices as observed from the market other than by reference to the replacement costs. Market prices shall provide better indication of the value of the property. The Independent Valuer therefore considers the cost based approach to be an inappropriate methodology in the case of the valuation of the Property Interests.

Income approach is not adopted as the Land and the Properties are still in the early stage of development, projections would therefore involve a high level of uncertainty and long term forecast estimates, therefore, the Independent Valuer considers that the income approach is an inappropriate methodology for the valuation of the Property Interests.

The Independent Valuer was able to identify sufficient comparable assets transactions in the market, hence the market approach is considered to be the most appropriate methodology for the valuation of the Property Interests. The Independent Valuer also confirms that the market approach is universally considered as an accepted valuation approach for valuing assets and is consistent with normal market practice.

In view of the respective shortcomings of the cost based approach and the income approach as advised by the Independent Valuer, the Company concurs with the Independent Valuer that the adoption of the market approach as the appropriate valuation methodology is suitable for the valuation of the Property Interests. Having considered the foregoing, the Company is of the opinion that the methodology used and principal bases and assumptions adopted by the Independent Valuer (including the selection of the comparables) are fair and reasonable.

LETTER FROM THE BOARD

(c) The Consideration Shares

As disclosed in the final results announcement dated 29 September 2017 of the Company for the year ended 30 June 2017, as at 30 June 2017, the Group's current ratio (as defined by current assets divided by current liabilities) was 111% and the gearing ratio (as defined by total borrowings divided by equity plus total borrowings) was 12%. The ratio of total liabilities to total assets of the Group was 44%. As at 30 June 2017, the Group's bank balances and cash was approximately HK\$131.2 million. The Group had outstanding borrowings as at 30 June 2017 of approximately HK\$39.3 million.

In determining the method of settlement of the Total Consideration, the Company has considered other alternative settlement methods such as cash payment. It is the intention of the Company to further develop its principal football business and at the same time to identify attractive business opportunities to broaden the income stream of the Group, with an aim to enhance the business model of the Group as well as to achieve better return for the Shareholders as a whole. To satisfy the foregoing business strategies, the Company expects the future cash requirement by the Group could be significant. The Group's bank balances and cash as at 30 June 2017 of approximately HK\$131.2 million is expected to be applied principally towards the existing principal football business of the Group. Accordingly, the Company considers to preserve its cash flow and not to proceed the settlement of the Total Consideration by way of cash payment. The settlement of the Total Consideration by way of issuance of the Consideration Shares would not cause or create cash outflows, liability or commitment on the part of the Company while the equity capital base of the Company would be enlarged and therefore, the current and future liquidity position of the Group can be maintained.

Regarding bank financing and/or debt financing, the Company considers that it may incur interest burden on the Group and incur lengthy due diligence and negotiations. Nevertheless, the Company has approached not less than three lenders for possible debt financing. After discussions with the Company and understanding the business and the financial position of the Group, such lenders did not proceed further. Accordingly, there is no guarantee that bank financing and/or debt financing can be obtained on such terms that are acceptable to and in the best interest of the Group.

With respect to pre-emptive equity financing, i.e., rights issue and open offer, the Company considers that rights issue and open offer could be more time consuming as compared to the issue and allotment of the Consideration Shares and would incur substantial legal costs and underwriting commission.

Having considered the above, the Directors (including the Independent Non-executive Directors) are of the view that (i) the settlement of the Total Consideration by way of the issue and allotment of the Consideration Shares is fair and reasonable and is in the interest of the Company and the Shareholders as a whole despite the dilution effect to the existing Shareholders upon the issue and allotment of the Consideration Shares; and (ii) the terms and conditions of the Equity SPA, the Construction Contract, the Properties SPA and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

12. INTENTION OF TRILLION TROPHY, GRED AND THE COMPANY

Trillion Trophy has advised the Company that currently it has no intention to fully or partially dispose of its interests in the Company which renders Trillion Trophy ceasing to be a controlling shareholder of the Company (as defined in the Listing Rules) in the twelve months from the Latest Practicable Date.

GRED has advised the Company that currently it has no intention to appoint any directors to the Company after completion of the Transactions.

The Company currently has no intention to partially or entirely dispose of, downscale or retreat from the existing football business.

13. LISTING RULES IMPLICATIONS

Since the highest of the applicable percentage ratios for the Equity Acquisition, the Construction Contract and the Properties Acquisition, as aggregated pursuant to Rule 14.22 of the Listing Rules, exceeds 25% but is less than 100%, the transactions contemplated under the Agreements constitute major transactions for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

It is expected that immediately following the issue and allotment of the Consideration Shares, GRED will hold 24.90% of the issued share capital and become a connected person of the Company. The Long Term Lease Agreement will constitute a continuing connected transaction for the Company under the Listing Rules. As the transactions contemplated under the Long Term Lease Agreement will be conducted on normal commercial terms and all the applicable percentage ratios on an annual basis is less than 0.1%, such transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

14. THE EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 November 2017 at 10:30 a.m. at which the relevant resolutions will be proposed at the EGM to approve, among other things, the Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate. The resolutions proposed to be approved at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company after the EGM.

Any Shareholder with a material interest in the proposed transaction and his/her/its close associates will abstain from voting on resolution(s) approving that transaction. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there was (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

In order to be eligible to attend and vote at the EGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 November 2017.

15. RECOMMENDATION

The Board (including the Independent Non-executive Directors), having taken into account the reasons set out in the section headed "11. Reasons for and benefits of the Transactions" of this letter, considers that the Agreements and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM for approving the Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

16. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Birmingham Sports Holdings Limited
Zhao Wenqing
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 30 June 2014, 2015 and 2016 are disclosed in the announcement of the Company dated 20 July 2016 regarding the results of a special audit for the year ended 30 June 2014 and in the annual reports of the Company for the years ended 30 June 2015 (pages 47 to 139) and 30 June 2016 (pages 41 to 119), respectively. The audited consolidated results of the Group for the year ended 30 June 2017 are disclosed in the announcement of the Company dated 29 September 2017, and are incorporated by reference into this circular. The above said announcements and published annual reports of the Company are available on the Company's website at www.bshl.com.hk and the website of the Stock Exchange at www.hkexnews.hk through the links below:

2017 annual result	http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0929/LTN201709291195.pdf
2016 annual report	http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1028/LTN20161028548.pdf
2015 annual report	http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1030/LTN201510301052.pdf
2014 special audit results	http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0720/LTN20160720005.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is engaged in investment holding and the principal activity of its major subsidiary is the operation of a professional football club in the United Kingdom.

The Company has been actively seeking business opportunities from time to time, including investments in new markets, in order to enhance the long term growth potential of the Company and the shareholder value. The Company believes that the Acquisitions, in particular the Guaranteed Return from the Building and the Properties under the Equity SPA and Properties SPA, respectively, represent a good opportunity for the Group to secure a stable stream of income and thereby enhancing value to the Shareholders. At the same time, the Group will benefit from the possibility of future long term appreciation in value of the Building and the Properties.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Borrowings

	<i>HK\$'000</i>
Loan from a shareholder	61,114
Other loans	100,000
	<hr/>
	161,114
	<hr/> <hr/>

The loan from a shareholder and the other loans are at fixed interest rates and are unsecured and unguaranteed.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 30 September 2017.

Contingent Liabilities

As at 30 September 2017, the Group had the following contingent liabilities:

(a) Player transfer costs

Under the terms of certain contracts with other football clubs in respect of player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 September 2017 was approximately HK\$110,932,000 (equivalent to approximately GBP10,570,000).

(b) Litigation: High Court Action No. 1099 of 2013

On 9 May 2013, Mr. Lee Yiu Tung (“**Mr. Lee**”), a former executive director, filed a claim with the Labour Tribunal of Hong Kong against the Company for, amongst others, unpaid wages, wages in lieu of notice and expenses allegedly paid by him on behalf of the Company for a sum of approximately HK\$1,484,000. The Company made a counterclaim against Mr. Lee on 8 October 2013 in respect of, amongst others, wages paid to him in the aggregate sum of HK\$240,000 for the months from July to October 2012 and reimbursement of out-of-pocket expenses paid by the Company to him during 2010 to 2012 totaling approximately HK\$2,000,000 for business and projects not related to the Company. On 4 June 2013, the Labour Tribunal of Hong Kong made an order to transfer the case to the High Court of Hong Kong (“**High Court**”).

At the case management conference on 27 September 2017, the High Court ordered that (i) Mr. Lee shall take out application to amend the statement of claim by 18 October 2017, if so advised; and (ii) any interlocutory application by the parties shall be taken out by 3 January 2018. Up to the Latest Practicable Date, Mr. Lee has taken out an application on 18 October 2017 to file and serve an amended statement of claim. The next case management conference is scheduled to be held on 8 March 2018.

In this statement of indebtedness, certain foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30 September 2017.

4. WORKING CAPITAL

Taking into account the expected completion of the Agreements and the transactions contemplated thereunder and the financial resources available to the Group (including the internally generated funds and the available loan facilities), the Board, after due and careful enquiry, is of the opinion that the Group shall have sufficient working capital to meet its present requirements for at least the next 12 months from the date of this circular in the absence of any unforeseen circumstances.

5. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group since 30 June 2017, being the date to which the latest published audited consolidated results of the Group has been made up, and up to the Latest Practicable Date.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



31 October 2017

The Board of Directors
Birmingham Sports Holdings Limited

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CELESTIAL FAME INVESTMENTS LIMITED AND ITS SUBSIDIARY TO THE DIRECTORS OF BIRMINGHAM SPORTS HOLDINGS LIMITED (THE "COMPANY")

Introduction

We report on the historical financial information of Celestial Fame Investments Limited (the "**Target Company**") and its subsidiary (hereinafter collectively referred to as the "**Target Group**") set out on pages II-3 to II-11, which comprises the consolidated statements of financial position of the Target Group as at 30 September 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the period from 31 May 2017 (date of incorporation) to 30 September 2017 (the "**Relevant Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Company dated 31 October 2017 in connection with the proposed acquisition of the entire equity interest in the Target Company.

Directors' Responsibility for the Historical Financial Information

The director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 30 September 2017 and of the Target Group's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

Emphasis of matters

Without qualifying our opinion, we draw attention to note 2 to the Historical Financial Information which mentions that as at 30 September 2017 the Target Group had net current liabilities and net liabilities of HK\$20,705. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Target Company is a limited liability company incorporated in the British Virgin Islands on 31 May 2017 and acts an investment holding company. The Target Company (together with its subsidiary hereinafter collectively referred to as the “**Target Group**”), as at the date of this report, has the following subsidiary:

Name of subsidiary	Place and date of incorporation	Issued share/ registered capital	Attributable equity interest of the Target Company	Principal activities
Celestial Fame Investment (Cambodia) Co., Ltd.	the Kingdom of Cambodia (“ Cambodia ”) 29 June 2017	1,000 shares of US\$1,000 each	100% direct	Properties investment

The Target Group has adopted 30 June as the financial year end date.

No audited financial statements of the Target Company and its subsidiary have been prepared for the Relevant Period as there is no statutory audit requirement in the country of their incorporation.

The director of the Target Company has prepared the consolidated financial statements of the Target Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA (the “**Underlying Financial Statements**”). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest dollars except when otherwise indicated.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 31 May 2017 (date of incorporation) to 30 September 2017

	<i>Notes</i>	From 31 May 2017 (date of incorporation) to 30 September 2017 HK\$ (Audited)
Revenue	4	–
Interest income		–
Administrative expenses		<u>(20,713)</u>
Loss before tax		(20,713)
Income tax expense	5	<u>–</u>
Loss and total comprehensive loss for the period		<u><u>(20,713)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	<i>Notes</i>	At 30 September 2017 HK\$ (Audited)
Current liabilities		
Amount due to a shareholder	7	<u>20,705</u>
		<u>20,705</u>
Net current liabilities		<u>(20,705)</u>
NET LIABILITIES		<u><u>(20,705)</u></u>
Capital and reserves		
Share capital	8	8
Reserves		<u>(20,713)</u>
CAPITAL DEFICIENCY		<u><u>(20,705)</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 31 May 2017 (date of incorporation) to 30 September 2017

	Share capital	Accumulated losses	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 31 May 2017 (date of incorporation)	–	–	–
Issue of share capital	8	–	8
Total comprehensive loss for the period	–	(20,713)	(20,713)
	<hr/>	<hr/>	<hr/>
At 30 September 2017	<u>8</u>	<u>(20,713)</u>	<u>(20,705)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 31 May 2017 (date of incorporation) to 30 September 2017

	From 31 May 2017 (date of incorporation) to 30 September 2017 <i>HK\$</i> (Audited)
Cash flows from operating activities	
Loss before tax	<hr/> (20,713)
Operating loss before working capital changes	(20,713)
Change in amount due to a shareholder	<hr/> 20,713
Net cash used in operating activities	<hr/> –
Net cash used in investing activities	<hr/> –
Net cash used in financing activities	<hr/> –
Net increase in cash and cash equivalents and cash and cash equivalents at end of period	<hr/> <hr/> –
Analysis of cash and cash equivalents	
Bank and cash balances	<hr/> <hr/> –

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

For the period from 31 May 2017 (date of incorporation) to 30 September 2017

1. GENERAL INFORMATION

Celestial Fame Investments Limited (the “**Target Company**”) was incorporated on 31 May 2017 in the British Virgin Islands with limited liability. Its registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Its principal place of business is Land Plot 58, Inside Boeung Kok Development Area, Village No. 1, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Cambodia.

The Target Company is an investment holding company. The principal activity of its subsidiary is set out in note 6 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Target Group incurred a loss attributable to owners of the Target Company of HK\$20,713 for the Relevant Period and as at 30 September 2017 the Target Group had net current liabilities and net liabilities of HK\$20,705. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group’s ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis because the controlling shareholder of the Target Group has agreed to provide financial support at a level sufficient to finance the working capital requirements of the Target Group.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The Historical Financial Information has been prepared in accordance with the accounting policies below which conform with HKFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention.

For the purpose of preparing and presenting the Historical Financial Information, the Target Group has adopted all the new and revised HKFRSs that are effective for its accounting year beginning on 31 May 2017.

The Target Group has not applied the new HKFRSs that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Consolidation

The Historical Financial Information include the financial statements of the Target Company and its subsidiary made up to 30 September 2017. Subsidiary is an entity over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiary is consolidated from the date on which control is transferred to the Target Group. It is de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

(b) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information are presented in Hong Kong dollars, which is the Target Group's functional and presentation currency.

ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

iii) Translation on consolidation

The results and financial position of all the Target Group entities that have a functional currency different from the Target Company's presentation currency are translated into the Target Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Leases

The Target Group as lessee

i) Operating leases

Leases that do not substantially transfer to the lessee all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

ii) Finance leases

Leases that substantially transfer to the lessee all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

(e) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of revenue can be measured reliably.

(g) Related parties

A related party is a person or entity that is related to the Target Group.

- a) A person or a close member of that person's family is related to the Target Group if that person:
 - (i) has control or joint control over the Target Group;
 - (ii) has significant influence over the Target Group; or
 - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

- b) An entity is related to the Target Group (reporting entity) if any of the following conditions applies:
 - (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(i) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

4. REVENUE AND OPERATING SEGMENTS

The Target Group did not record any revenue during the Relevant Period.

5. INCOME TAX EXPENSE

No provision for Hong Kong Profit Tax has been made in the Historical Financial Information as the Target Group had no assessable profit arising from Hong Kong during the Relevant Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Target Group's subsidiary in Cambodia is subject to Corporation Tax in Cambodia. No provision has been made in respect of Corporation Tax as the subsidiary did not derive any assessable profit for the Relevant Period.

6. SUBSIDIARY

Particulars of the Target Company's major subsidiary are set out below:

Name	Place of incorporation/ registration	Issued and registered capital	Percentage of ownership interest attributable to the Company	Principal activity
Celestial Fame Investment (Cambodia) Co., Ltd. ("Celestial Fame")	Cambodia	1,000 shares of US\$1,000 each	100% direct	Properties investment

7. AMOUNT DUE TO A SHAREHOLDER

The amounts are unsecured, non-interest bearing and have no fixed repayment terms.

8. SHARE CAPITAL

	At 30 September 2017	
	Number of shares	Amount HK\$
Authorised:		
Ordinary shares of US\$1.00 each	50,000	389,000
Issued and fully paid:		
Ordinary shares of US\$1.00 each	1	8

The Target Company was incorporated in the British Virgin Islands with limited liability on 31 May 2017. On the date of incorporation, 1 ordinary share of US\$1 each was issued. The amount was included in amount due to a shareholder.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

9. LEASE COMMITMENT

At 30 September 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Target Group <i>HK\$</i>
Within one year	466,800
In the second to fifth years inclusive	1,867,200
After five years	21,006,000
	<hr/>
	23,340,000
	<hr/> <hr/>

On 30 June 2017, Celestial Fame, a wholly-owned subsidiary of the Target Company, entered into a long term lease agreement with the ultimate shareholder of the Target Company, Graticity Real Estate Development Co., Ltd., (“**GREED**”), the initial lease term (“**Initial Term**”) is 50 years commencing from the date of completion of the transactions contemplated under the sale and purchase agreement relating to the entire issued share capital of the Target Company dated 30 June 2017. At the sole option of Celestial Fame, the Initial Term may be extended for another 50 years (the “**Extended Term**”).

Operating lease payments represent rentals payable by the Target Group for certain of its land. According to the long term lease agreement, Celestial Fame agrees to pay to GREED in total of US\$3,000,000 (equivalent to HK\$23,340,000), which covers both the Initial Term and the Extended Term, by 50 equal instalments in cash in each year during the Initial Term.

The transaction constitutes a related party transaction.

10. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiary in respect of any period subsequent to 30 September 2017.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Orchard Gold Limited, a wholly-owned subsidiary of Birmingham Sports Holdings Limited (the “**Company**”), has entered into a sale and purchase agreement to purchase the entire issued share capital of Celestial Fame Investments Limited (the “**Target Company**”), by issuance of 500,665,000 new shares of the Company at the issue price of HK\$0.15 per share (the “**Equity SPA**”). The Target Company and its subsidiary are collectively referred to as the “**Target Group**”. The Target Group has entered into a long term lease agreement to lease a parcel of land (the “**Land**”) for 50 years for a total rent of US\$3,000,000, payable by fifty equal instalments (the “**Long Term Lease Agreement**”). The Target Group will enter into a construction contract for the construction of a commercial and educational building in the Kingdom of Cambodia (“**Cambodia**”) and the consideration would be settled by issuance of 226,486,000 new shares of the Company at the issue price of HK\$0.15 per share (the “**Construction Contract**”).

Deep Blue Trade (Cambodia) Co., Ltd., an indirectly wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement to purchase certain properties in Cambodia, by issuance of 1,359,400,000 new shares of the Company at the issue price of HK\$0.15 per share (the “**Properties SPA**”).

The Company and its subsidiaries are collectively referred to as the “**Group**”. The Group and the Target Group are collectively referred as the “**Enlarged Group**”.

The accompanying unaudited pro forma statement of consolidated statement of financial position of the Enlarged Group (the “**Statement**”) has been prepared to illustrate the effect of the Equity SPA, the Long Term Lease Agreement, the Construction Contract and the Properties SPA (collectively, the “**Transactions**”), assuming the Transactions had been completed as at 30 June 2017, might have affected the financial position of the Group.

The Statement is prepared based on the audited consolidated statement of financial position of the Group as at 30 June 2017 as extracted from the final results announcement of the Company for the year ended 30 June 2017 dated 29 September 2017 and the audited consolidated statement of financial position of the Target Group as at 30 September 2017 as extracted from the accountants’ report set out in Appendix II of this circular after making certain pro forma adjustments resulting from the Transactions.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Transactions actually occurred on 30 June 2017. Furthermore, the Statement does not purport to predict the Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I of this circular, the financial information of the Target Group as set out in Appendix II of this circular and other financial information included elsewhere in this circular.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE ENLARGED GROUP**

	The Group as at 30 June 2017	The Target Group as at 30 September 2017	Sub-total HK\$'000	Pro forma adjustments			Pro Forma of the Enlarged Group
	HK\$'000 (Note 1)	HK\$'000 (Note 2)		HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000
Non-current assets							
Property, plant and equipment	199,007	–	199,007				199,007
Investment properties	–	–	–	237,300	156,400	935	394,635
Intangible assets	141,589	–	141,589	–	–	–	141,589
Deposits, prepayment and other receivables	2,570	–	2,570	–	–	–	2,570
Total non-current assets	343,166	–	343,166	237,300	156,400	935	737,801
Current assets							
Inventories	5,307	–	5,307	–	–	–	5,307
Trade receivables	5,203	–	5,203	–	–	–	5,203
Deposits, prepayment and other receivables	40,835	–	40,835	–	–	(109)	40,726
Cash and cash equivalents	131,188	–	131,188	–	–	(826)	130,362
Total current assets	182,533	–	182,533	–	–	(935)	181,598
Current liabilities							
Transfer fee payables	34,476	–	34,476	–	–	–	34,476
Trade payables	14,347	–	14,347	–	–	–	14,347
Accruals and other payables	48,645	21	48,666	–	–	–	48,666
Deferred capital grants	579	–	579	–	–	–	579
Deferred income	27,016	–	27,016	–	–	–	27,016
Borrowings	39,135	–	39,135	–	–	–	39,135
Total current liabilities	164,198	21	164,219	–	–	–	164,219
Net current assets	18,335	(21)	18,314	–	–	(935)	17,379
Total assets less current liabilities	361,501	(21)	361,480	237,300	156,400	–	755,180

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	The Group as at 30 June 2017	The Target Group as at 30 September 2017	Sub-total	Pro forma adjustments		Pro Forma of the Enlarged Group
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	<i>HK\$'000</i> <i>(Note 5)</i>
Non-current liabilities						
Transfer fee payables	18,895	-	18,895	-	-	18,895
Accruals and other payables	9,871	-	9,871	-	-	9,871
Deferred capital grants	15,421	-	15,421	-	-	15,421
Borrowings	188	-	188	-	4,629	4,817
Deferred tax liabilities	21,020	-	21,020	-	-	21,020
Total non-current liabilities	65,395	-	65,395	-	4,629	70,024
NET ASSETS/(LIABILITIES)	296,106	(21)	296,085	237,300	151,771	-
Capital and reserves						
Share capital	62,932	-	62,932	13,594	7,272	83,798
Reserves	237,842	(21)	237,821	223,706	144,499	606,026
Equity/(capital deficiency) attributable to owners of the Company	300,774	(21)	300,753	237,300	151,771	-
Non-controlling interests	(4,668)	-	(4,668)	-	-	(4,668)
TOTAL EQUITY/(CAPITAL DEFICIENCY)	296,106	(21)	296,085	237,300	151,771	-

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

1. The financial information is extracted from the audited consolidated statement of financial position of the Group as at 30 June 2017 as set out in the published final results announcement of the Company for the year ended 30 June 2017.
2. The financial information is extracted from the accountants' report of the Target Group as at 30 September 2017 as set out in Appendix II to this circular.
3. This adjustment represents the proposed acquisition of properties located in Cambodia by issuance of 1,359,400,000 new shares of the Company at HK\$0.15 per share, pursuant to the Properties SPA.

The transaction constitutes a share-based payment under HKFRS 2 "Share-Based Payments", which requires the fair value of the goods or services received to be measured at the date the entity obtains the goods or the counterparty renders the services.

The properties are under construction as of the date of the Properties SPA. The fair value of the properties was approximately US\$30,500,000 (equivalent to approximately HK\$237,290,000), with reference to the valuation report issued by a professional valuer, JP Assets Consultancy Limited as set out in Appendix IV to this circular.

4. (a) *The Equity SPA*

This adjustment represents the proposed acquisition of 100% issued share capital of the Target Company by issuance of 500,665,000 new shares of the Company at HK\$0.15 per share, pursuant to the sales and purchase agreement dated 30 June 2017 entered into between the Group and Ever Depot Limited, a wholly-owned subsidiary of Graticity Real Estate Development Co., Ltd. ("**GRED**").

(b) *The Long Term Lease Agreement*

The Target Group entered into the Long Term Lease Agreement with GRED on 30 June 2017 for the Land with a net area of approximately 1,200 sq.m., pursuant to which the Target Group agreed to pay GRED in total of US\$3,000,000 (equivalent to HK\$23,340,000) by fifty equal instalments in cash each year commencing from the date of completion of the Equity SPA. The fair value of the lease payable was approximately US\$595,000 (equivalent to approximately HK\$4,629,000) on initial recognition which was measured by computing the present value of estimated future cash flows at the effective interest rate of 10%.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

(c) *Construction Contract*

The Target Group will enter into a Construction Contract to develop a building with gross floor area of approximately 5,674.59 sq.m. on the Land which is scheduled to be completed in August 2018. Pursuant to the construction contract which will be entered into between the Target Group and GRED, GRED shall perform and supervise the construction works on the Land at a consideration which will be satisfied by issuance of 226,486,000 new shares of the Company at HK\$0.15 per share.

The above transactions constitute a share-based payment under HKFRS 2 “Share-Based Payments”, which require the fair value of the goods or services received to be measured at the date the entity obtains the goods or the counterparty renders the services.

The Construction Contract will be entered into at the date of completion of the Equity SPA. Since the counter party to the Equity SPA and the Construction Contract is ultimately the same party i.e. GRED, the Equity SPA and the Construction Contract are treated as one single transaction in this unaudited pro forma financial information.

The Land will be developed into properties for commercial and educational use under the Construction Contract. The fair value of the properties at completion status was approximately US\$20,100,000 (equivalent to approximately HK\$156,400,000), with reference to the valuation report issued by a professional valuer, JP Assets Consultancy Limited as set out in Appendix IV to this circular.

5. The adjustment reflects the legal and professional fee of approximately HK\$935,000 directly attributable to the acquisition of the Transactions.
6. Save as set out above, the Statement does not take into account any trading results or other transactions of the Enlarged Group subsequent to the date of the financial statements as included in the Statement.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

**C. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

31 October 2017

The Board of Directors
Birmingham Sports Holdings Limited

Dear Sirs/Madams,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Birmingham Sports Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of financial position of the Enlarged Group as at 30 June 2017 and related notes (the “**Statement**”) as set out in pages III-2 to III-5 of the investment circular (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Statement are set out in Section B of Appendix III of the Circular.

The Statement has been compiled by the Directors to illustrate the impact of (i) the proposed investment to acquire the the entire issued share capital of Celestial Fame Investments Limited (the “**Target Company**”), by issuance of 500,665,000 new shares of the Company at the issue price of HK\$0.15 per share (the “**Equity SPA**”); (ii) the long term lease agreement to lease the Land for 50 years for a total rent of US\$3,000,000, payable by fifty equal instalments (the “**Long Term Lease Agreement**”); (iii) a construction contract for the construction of a commercial and educational building in Cambodia by issuance of 226,486,000 new shares of the Company at the issue price of HK\$0.15 per share (the “**Construction Contract**”) and (iv) the proposed acquisition of properties located in Cambodia by issuance of 1,359,400,000 new shares of the Company at HK\$0.15 per share (the “**Properties SPA**”) on the Group’s financial position as at 30 June 2017 as if the Transactions had taken place on 30 June 2017. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements as included in the final results announcement of the Company for the year ended 30 June 2017.

Directors' Responsibilities for the Statement

The Directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

A reasonable assurance engagement to report on whether the Statement has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Statement provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Statement reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Statement has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practicing Certificate Number P03614

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from JP Assets Consultancy Limited, an independent valuer, in connection with its valuation as at 30 September 2017 for the property interests to be acquired by Birmingham Sports Holdings Limited.



Unit 3B, 3/F, Block A, Hong Kong Industrial Centre,
488-491 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

31 October 2017

**The Board of Directors
Birmingham Sports Holdings Limited**

31/F., Vertical Sq,
No. 28 Heung Yip Road,
Wong Chuk Hang,
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

We refer to your instruction for us to value the property interests to be acquired (the “**Property Interests**”) by Birmingham Sports Holdings Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) located in the Kingdom of Cambodia (“**Cambodia**”). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 September 2017 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“**Market Value**”) which we would define as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

The Property Interests are under development in Cambodia, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Company. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the property market of Phnom Penh and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The “market value when completed” represents our opinion of the aggregate selling prices of the development assuming that it was completed as at the valuation date.

VALUATION STANDARDS

In valuing the Property Interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition.

VALUATION ASSUMPTION

Our valuation has been made on the assumption that the Property Interests would be sold in the open market in their existing state, with the benefit of vacant possession, without the benefit of deferred term contract, leaseback, joint venture, management agreement or any similar arrangements which could affect the value of the Property Interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property Interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property Interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

All dimensions, measurements and areas are approximations. No on-site measurement has been conducted. We have reviewed the costs of development and the estimated landscaping cost provided by the Company. In assessing estimated costs of development of the properties, we have also researched and reviewed a cost report published by other international quantity survey firms in relation to information on unit construction cost per square meter (“sq.m.”) of residential, commercial and office or comparable properties. Appropriate adjustments are made in comparing the relevant costs. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Graticity Real Estate Development Co., Ltd. (“GRED”). We have also sought confirmation from the Company and GRED that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and have no reason to suspect that any material information has been withheld.

We have also assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, all required licenses, permit, certificates, and authorisations have been obtained.

Moreover, in undertaking our valuation for the Property Interests located in Cambodia, we have assumed that, unless otherwise stated, transferable land use rights in respect of such properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of such Property Interests have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

In the course of our valuation of the Property Interests, we have relied on the legal opinions provided by the Company’s Cambodian legal advisor. We have not, however, examined the original documents to verify ownership or existence of any amendments which do not appear on the copies provided to us. All documents and leases have been used for reference only.

LIMITING CONDITIONS

We have conducted on-site inspections to the Property Interests in April 2017 by Ms. Peggy Lai. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property Interests are free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property Interests but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property Interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property Interests is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

REMARKS

Where necessary, we have adopted the exchange rates for US dollars (“US\$”) to Hong Kong dollars (“HK\$”) at US\$1 = HK\$7.78 for illustration purpose.

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
JP Assets Consultancy Limited
Peggy Y. Y. Lai
MHKIS, MRICS, RPS(GP), BSc
Director

Ms. Peggy Y.Y Lai is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region including the Kingdom of Cambodia. Ms. Lai is a member of The Royal Institution of Chartered Surveyors and member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE

Property Interests to be acquired by the Group

Property 1	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
A parcel of land of One Park, Phnom Penh City Center, No. 58, Street R8, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Cambodia (the "Land")	One Park is a mixed-use development comprise of shop-houses, multiple mid-rise condominium buildings, residential buildings and a commercial and educational building erected on a parcel of land with a total site area of approximately 79,000 sq.m.	As at the Valuation Date, the foundation work has been completed.	US\$16,560,000 (United States Dollars Sixteen Million Five Hundred and Sixty Thousand Only)
	The Land comprises a parcel of land with a net area of approximately 1,200 sq.m.		Market Value when completed as at 30 September 2017 US\$20,100,000 (United States Dollars Twenty Million and One Hundred Thousand Only)
	As informed, the Land will be use for the development of a building with gross floor area of approximately 5,674.59 sq.m. for commercial and educational use and is scheduled to be completed in August 2018.		

Notes:

1. In accordance with the Long Term Lease Agreement (the "Long Term Lease Agreement") dated 30 June 2017 entered into between Celestial Fame Investment (Cambodia) Co., Ltd., ("Celestial Fame" or the "Lessee"), a wholly-owned subsidiary of Celestial Fame Investments Limited (the "Target Company") and Graticity Real Estate Development Co., Ltd., ("GRED" or the "Lessor"), the initial lease term (the "Initial Term") is 50 years commencing from the date of completion of the transaction contemplated under the Sale and Purchase Agreement relating to the entire issued share capital of the Target Company dated 30 June 2017 (the "Equity SPA"). At the sole option of Celestial Fame, the Initial Term may be extended for another 50 years (the "Extended Term").
2. According to the Long Term Lease Agreement, Lessee agrees to pay to Lessor in total of US\$3.0 million, which covers both the Initial Term and the Extended Term, by 50 equal instalments in cash in each year during the Initial Term.
3. Our valuation has been made on the following basis and analysis:
 - i. Various relevant sales evidences/asking price in the locality which have similar characteristics as the subject property were selected. The accommodation value of these comparables ranges from US\$1,200 to US\$3,000 per sq.m. In general, percentage adjustments are made to the unit rate of the comparables to show if they are superior or inferior to the subject. For example, negative adjustment is made to the comparables with better location, accessibility and amenities to take the comparable properties from its superior position down to an equal level with the subject property, vice versa. Positive adjustment is made to the comparables with larger size to reflect quantum allowance, vice versa. An assumed unit rate of US\$2,918 per sq.m. on gross floor area basis was then arrived, and
 - ii. The assumed accommodation value of the property is in line with the accommodation value of these comparables within a reasonable range.
4. According to the Construction Contract (the "Construction Contract") to be entered into between Celestial Fame as employer and GRED as contractor upon completion of the Equity SPA, GRED shall perform and supervise the construction works on the Land which is the construction of a commercial and educational building (the "Building"). The scheduled completion date in August 2018. As advised, the construction consideration is approximately US\$4.4 million. We are of an opinion that the construction consideration is fair and reasonable.

5. In the course of our valuation, we have been provided with a legal opinion on the title to the property issued by R&T Sok & Heng Law Office, the Company's Cambodian legal advisor, which contains, inter alia, the following information:
- i. The Long Term Lease Agreement and the Construction Contract are legal and enforceable under Cambodian law.
 - ii. GRED has the legal capacity and is duly authorised to sign and perform the Long Term Lease Agreement and the Construction Contract.
 - iii. Necessary approvals, consents, permits and filings pertaining to the Long Term Lease Agreement have been obtained and completed, save for:
 - a. The subdivision of the land subject to the construction of the school campus building from the master title deed;
 - b. Approval on the registration of the perpetual leasehold rights on the subdivided title deed and the approval and issuance of the Perpetual Lease Certificate;
 - c. The construction permit for the construction of the school campus building; and
 - d. The Construction Site Opening Permit for the construction of the school campus building.
 - iv. The Long Term Lease Agreement provides Celestial Fame with good and legal title to the leasehold rights of the property.
 - v. Celestial Fame is able to fully enjoy the leasehold right, the right to assign and transfer such leasehold right and is liable for the obligations under the Long Term Lease Agreement.
 - vi. According to the Long Term Lease Agreement, the 50-year long term lease is renewable for another term in accordance with the prevailing laws of Cambodia upon expiration.
 - vii. Celestial Fame as the lessee of the leasehold right under the Long Term Lease Agreement has the rights comprising the land use rights coupled with rights of building over the demised premise for the duration of the registered lease term.
6. The following assumptions are made in the course of our valuation.
- i. The proposed development of the Building will comply with the government lease and other statutory requirements upon the completion of the proposed development;
 - ii. Good and alienable title to the land use rights of the Land and Building can be proved to be free from any unduly onerous or unusual covenants, restrictions or outgoings upon the completion of the proposed development;
 - iii. The property rights proofed by lease agreement, is legal and valid. Celestial Fame has obtained all the relevant approvals upon the completion of the proposed development;
 - iv. There are no easements or rights of way affecting the Building upon the completion of the proposed development;
 - v. The Building is free from and clear of any and all charges, liens and encumbrances of any onerous or unusual nature likely to affect the value thereof upon the completion of the proposed development;
 - vi. The Building is able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development; and
 - vii. The Building is to be delivered with immediate vacant possession upon the completion of the proposed development.

VALUATION CERTIFICATE

Property Interests to be acquired by the Group

Property 2	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
The properties are under construction development comprise portion of the 2-storey commercial podium adjacent to the main building of the condominium and 48 residential apartments at Block C of One Park, Phnom Penh City Center, No. 58, Street R8, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Cambodia (the "Properties")	One Park is a mixed-use development comprise of shop-houses, multiple mid-rise condominium buildings, residential buildings and a commercial and educational building erected on a parcel of land with a total site area of approximately 79,000 sq.m.	As at the Valuation Date, the foundation work has been completed. The super-structure work of the residential blocks and commercial podium has been in progress.	US\$28,070,000 (United States Dollars Twenty Eight Million and Seventy Thousand Only)
	The Properties comprises portion of the 2-storey commercial podium and 48 residential apartments which has gross floor area ("GFA") with details as below:		Market Value when completed as at 30 September 2017

Use	Approximate GFA (sq.m.)
Residential	4,680.64
Shops	4,456.00
Total	9,136.64

As informed, the Properties are scheduled to be completed in August 2018.

Notes:

- In accordance with the Property Sale and Purchase Agreement (the "Properties SPA") dated 30 June 2017 entered into between Deep Blue Trade (Cambodia) Co., Ltd., ("Deep Blue"), an indirectly wholly-owned subsidiary of the Company and Graticity Real Estate Development Co., Ltd., ("GRED"), the consideration payable by Deep Blue is approximately US\$26.2 million.
- Details of residential units are listed below:

Tower	Floor Level	Unit Type	No. of Unit on each floor	GFA (sq.m.) per unit	Sub-Total GFA (sq.m.)
C	4/F-11/F	A1a	2	67.23	1,075.68
C	4/F-11/F	C2	2	112.88	1,806.08
C	4/F-11/F	C2b	2	112.43	1,798.88
				Total	4,680.64

3. Our valuation has been made on the following basis and analysis:
 - i. Various relevant sales evidences/asking price in the locality which have similar characteristics as the property were selected. The unit price of these comparables ranges from US\$2,600 to US\$3,400 per sq.m. on saleable area basis. In general, percentage adjustments are made to the unit rate of the comparables to show if they are superior or inferior to the subject. For example, negative adjustment is made to the comparables with better location, quality and amenities to take the comparable properties from its superior position down to an equal level with the subject property, vice versa. Positive adjustment is made to the comparables with larger size to reflect quantum allowance, vice versa. An assumed unit rate of US\$3,072 per sq.m. on saleable area basis of the subject property was then arrived, and
 - ii. The assumed unit rate of the property is in line with the unit rate of these comparables within a reasonable range.
4. For reference purpose, the market value of the Properties when completed as at 30 September 2017 assuming completion of the proposed development above is US\$30.5 million.
5. In the course of our valuation, we have been provided with a legal opinion on the title to the Properties issued by R&T Sok & Heng Law Office, the Company's Cambodian legal advisor, which contains, inter alia, the following information:
 - i. The Properties SPA is legal and enforceable under Cambodian law.
 - ii. GRED has the legal capacity and is duly authorised to sign and perform the Properties SPA.
 - iii. Necessary approvals, consents, permits and filings pertaining to the transaction contemplated under the Properties SPA have been obtained and completed, save for the subdivision of the Properties subject to the completion of construction of the Properties from the master title deed.
 - iv. Properties SPA provides Deep Blue with good and legal title to the ownership right of the Properties.
 - v. Deep Blue is able to fully enjoy the ownership right, the right to assign and transfer such ownership right and is liable for the obligations under Properties SPA.
6. The following assumptions are made in the course of our valuation.
 - i. The proposed development of the Properties will comply with the government lease and other statutory requirements upon the completion of the proposed development;
 - ii. Good and alienable title to the land use rights of the Properties can be proved to be free from any unduly onerous or unusual covenants, restrictions or outgoings upon the completion of the proposed development;
 - iii. The property rights proofed by land ownership is legal and valid. GRED has obtained all the relevant approvals upon the completion of the proposed development;
 - iv. There are no easements or rights of way affecting the Properties upon the completion of the proposed development;
 - v. The Properties are free from and clear of any and all charges, liens and encumbrances of any onerous or unusual nature likely to affect the value thereof upon the completion of the proposed development;
 - vi. The Properties are able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development; and
 - vii. The Properties are to be delivered with immediate vacant possession upon the completion of the proposed development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u>	Ordinary Shares of HK\$0.01 each	<u>500,000,000</u>
<i>Issued and fully paid:</i>		
6,293,154,672	Ordinary Shares of HK\$0.01 each	62,931,547
2,086,551,000	Consideration Shares to be issued and allotted upon completion	20,865,510
<u>8,379,705,672</u>	Total	<u>83,797,057</u>

All the Shares in issue and the Consideration Shares (when issued and allotted) to be issued rank *pari passu* with each other in all respects including as regards to dividends and voting rights. The Consideration Shares to be issued and allotted will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into existing Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Consideration Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, chief executives of the Company and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

4. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to the Directors, as at the Latest Practicable Date, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity and nature of interest	Number of shares interested (Note (i))	Approximate percentage of issued share capital of the Company
Trillion Trophy	Beneficial owner	3,825,000,000 (Note (ii))	60.78%
Wealthy Associates	Interest of controlled corporation	3,825,000,000 (Note (ii))	60.78%
Mr. Suen	Interest of controlled corporation	3,825,000,000 (Note (ii))	60.78%
Mr. Yeung Ka Sing, Carson	Beneficial owner	409,390,243	6.51%

Notes:

- (i) All the above interests in the shares of the Company were long positions.
- (ii) Trillion Trophy is a wholly-owned subsidiary of Wealthy Associates which in turn is wholly-owned by Mr. Suen. Accordingly, Wealthy Associates and Mr. Suen are deemed to be interested in the 3,825,000,000 shares held through Trillion Trophy under the SFO.

Save as disclosed above, to the best knowledge of the Directors, there is no person known to the Directors, who as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

5. DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2017, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service agreement between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

8. LITIGATION

Saved as disclosed in the section headed "3. Statement of Indebtedness – Contingent Liabilities" in Appendix I, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years preceding the date of this circular and are or may be material:

- (a) the loan facility agreement dated 26 June 2015 (the "**Loan Facility Agreement**") entered into between the Company and Trillion Trophy in relation to the provision of a term loan facility of up to HK\$212,813,600;
- (b) the deed of settlement dated 8 March 2016 entered into among the Company, Birmingham City Football Club PLC ("**BCFC**"), Mr. Yeung Ka Sing, Carson and Mr. Ryan Yeung, details of which were disclosed in the announcement of the Company dated 14 March 2016;

- (c) the deed of settlement dated 12 April 2016 entered into between the Company and U-Continent Holdings Limited, details of which were disclosed in the announcement of the Company dated 26 April 2016;
- (d) the deed of settlement dated 4 May 2016 entered into among the Company, BCFC, Mr. Peter Pannu, Asia Rays Limited and Amazing Top International Enterprise Limited, details of which were disclosed in the announcement of the Company dated 10 May 2016;
- (e) the amendment letter dated 31 May 2016 entered into among the Company, BCFC and the Trillion Trophy in relation to the amendments to certain terms of the Loan Facility Agreement;
- (f) the subscription agreement dated 6 June 2016 entered into between the Company and Trillion Trophy in relation to the share subscription of 3,125,000,000 ordinary shares of HK\$0.01 each in the issued share capital of the Company by Trillion Trophy (the “**Share Subscription Agreement**”);
- (g) the subscription agreement dated 6 June 2016 entered into between the Company and Trillion Trophy in relation to the subscription of the New Convertible Notes by Trillion Trophy (the “**CN Subscription Agreement**”);
- (h) the supplemental deed to the Share Subscription Agreement dated 8 June 2016 entered into between the Company and Trillion Trophy;
- (i) the supplemental deed to the CN subscription Agreement dated 8 June 2016 entered into between the Company and Trillion Trophy;
- (j) the underwriting agreement dated 1 August 2016 entered into between the Company and Kingston Securities Limited in relation to the proposed issue of the 242,027,168 ordinary shares of HK\$0.01 each in the issue share capital of the Company on the basis of one share for every two existing shares, pursuant to which the Kingston Securities Limited agreed to fully underwrite the offer shares under the open offer (the “**Underwriting Agreement**”);
- (k) the side letter to the Underwriting Agreement dated 6 September 2016 entered into between the Company and Kingston Securities Limited in relation to the amendments to, among others, the definitions of certain dates under the Underwriting Agreement;
- (l) the facility agreement dated 21 December 2016 entered into between the Company and Trillion Trophy in relation to the provision of a revolving loan facility up to a maximum of HK\$250 million by Trillion Trophy;

- (m) the Equity SPA (with the form of the Long Term Lease Agreement attached as Exhibit A and the Construction Contract attached as Exhibit B); and
- (n) the Properties SPA.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given its opinion which is contained in this circular:

Name	Qualification
JP Assets Consultancy Limited	An independent valuer
R&T Sok & Heng Law Office	Legal adviser as to Cambodian law
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did any of them have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial results of the Company were made up (i.e. 30 June 2017), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and reference to its name in the form and context in which they are included.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Chan Yuk Yee. Ms. Chan is an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master of Business Law degree from Monash University in Australia and has extensive experience in corporate administration and company secretarial practice.
- (b) The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at 31/F., Vertical Sq, No. 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (i.e. from 9:00 a.m. to 6:00 p.m. on Monday to Friday, except Saturdays, Sundays and public holidays of Hong Kong) at the office of Loeb & Loeb LLP at 21st Floor, CCB Tower, 3 Connaught Road Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix;
- (c) an announcement of the Company dated 20 July 2016 regarding the results of a special audit for the year ended 30 June 2014, the annual reports of the Company for the two years ended 30 June 2015, 2016 and an announcement of the Company dated 29 September 2017 regarding the final results for the year ended 30 June 2017;
- (d) the financial information of the Target Group as set out in Appendix II to the circular;
- (e) the report on the unaudited pro forma financial information of the Enlarged Group from ZHONGHUI ANDA CPA Limited as set out in Appendix III to this circular;
- (f) the independent valuation report from the Independent Valuer as set out in Appendix IV to the circular;
- (g) written consent referred to in paragraph to in the paragraph headed “10. Experts and Consents” in this appendix; and
- (h) this circular.

EGM NOTICE



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Birmingham Sports Holdings Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 17 November 2017 at 10:30 a.m. for the purposes of considering and, if thought fit, passing with or without amendments the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Sale and Purchase Agreement dated 30 June 2017 (the “**Equity SPA**”), a copy of which is marked “A” and signed by the chairman of the EGM (the “**Chairman**”) for the purposes of identification, entered into among the Company, Orchard Gold Limited as purchaser, Ever Depot Limited as vendor and Graticity Real Estate Development Co., Ltd. (“**GRED**”) as guarantor and relating to the sale and purchase of the entire issued share capital of Celestial Fame Investments Limited for a consideration of approximately US\$9.7 million (equivalent to approximately HK\$75.5 million) and all transactions contemplated thereunder or in relation thereto be and are hereby approved, confirmed and/or ratified (as the case may be);
- (b) the Design and Construction Contract to be entered into upon completion of the Equity SPA between Celestial Fame Investment (Cambodia) Co., Ltd. as employer and GRED as contractor (the “**Construction Contract**”), a copy of which is marked “B” and signed by the Chairman for the purposes of identification, regarding the design and construction of a building for commercial and educational use on a parcel of land at a total consideration of approximately US\$4.4 million (equivalent to approximately HK\$34.2 million) and all transactions contemplated thereunder or in relation thereto be and are hereby approved, confirmed and/or ratified (as the case may be);

EGM NOTICE

- (c) the Property Sale and Purchase Agreement dated 30 June 2017 (the “**Properties SPA**”), a copy of which is marked “C” and signed by the Chairman for the purposes of identification, entered into between GRED as seller and Deep Blue Trade (Cambodia) Co., Ltd. as buyer and relating to the sale and purchase of properties at the aggregate consideration of approximately US\$26.2 million (equivalent to approximately HK\$203.8 million) and all transactions contemplated thereunder or in relation thereto be and are hereby approved, confirmed and/or ratified (as the case may be);
- (d) any one of the directors of the Company (the “**Directors**”) be and are hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated in and for completion of the Equity SPA, the Construction Contract and the Properties SPA, including but not limited to the issue and allotment of the Consideration Shares and to agree to such variation, amendment or waiver in relation thereto.”
2. “**THAT** subject to the passing of the ordinary resolution numbered 1 and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in, 2,086,551,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Consideration Shares**”), the Directors be and are hereby granted a specific mandate (the “**Specific Mandate**”) to issue, allot, credited as fully paid, the Consideration Shares pursuant to the Equities SPA, the Construction Contract and the Properties SPA, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution.”

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

Hong Kong, 31 October 2017

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be lodged at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of share(s) of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share(s) as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so presents whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.

EGM NOTICE

4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. As required under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), all of the above resolutions will be voted by way of poll.
6. If typhoon signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.bshl.com.hk and the website of the Stock Exchange at www.hkexnews.hk on the “Latest Company Announcements” page to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
7. As at the date of this notice, the Board comprises nine Directors, namely Mr. Zhao Wenqing (*Chairman*), Mr. Huang Dongfeng (*Chief Executive Officer*), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong and Mr. Hsiao Charng Geng as Executive Directors; Mr. Sue Ka Lok as Non-executive Director and Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine as Independent Non-executive Directors.