
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.

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BIRMINGHAM SPORTS HOLDINGS LIMITED

伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF INTERESTS IN A SUBSIDIARY;
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO DEBT REORGANISATION;
(3) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
FINANCIAL ASSISTANCE;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders

SILVER NILE GLOBAL INVESTMENTS LIMITED

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 11 to 42 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 43 to 44 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 76 of this circular.

A notice convening the EGM to be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 13 July 2023 at 4:00 p.m. or any adjournment thereof 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding 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 a proxy shall be deemed to be revoked.

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

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DEFINITIONS

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

“Agent” or “Security Agent”	KHR Servicing, LLC, which is more particularly described in the section headed “Information on the Parties – The Agent and the Security Agent” in the letter from the Board contained in this circular
“AGGL”	Achiever Global Group Limited, which is more particularly described in the section headed “Information on the Parties – AGGL” in the letter from the Board contained in this circular
“Announcements”	collectively, (i) the announcement dated 9 May 2023; (ii) the supplemental announcement dated 30 May 2023; (iii) the announcement dated 5 June 2023; and (iv) the announcement dated 7 June 2023 of the Company in relation to, among other things, the Share Purchase Agreement, the ORIL/AGGL Share Purchase Agreement, the Shareholders’ Agreement and the Finance Documents
“Applicable Make-Whole Amount”	an amount in cash equal to the value of all future interest payable or as would become payable on the amount of the loan so repaid or prepaid or required to be so repaid or prepaid under the terms of the Operating Loan Agreement or the Company Loan Agreement (as the case may be) during the period from and including the date of such repayment or prepayment or required repayment or prepayment to and including the Termination Date
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Assigned Loans”	approximately 32% of the remaining shareholders’ loans owing by BCP to the Company following completion of the Debt Reorganisation
“BCFC” or “Club”	Birmingham City Football Club PLC (to be re-registered as Birmingham City Football Club Limited before Completion), which is more particularly described in the section headed “Information on the BCP Group” in the letter from the Board contained in this circular
“BCP”	Birmingham City PLC (to be re-registered as Birmingham City Limited before Completion), which is more particularly described in the section headed “Information on the BCP Group” in the letter from the Board contained in this circular

DEFINITIONS

“BCP Charge”	the share charge and security deed to be entered into between BCP and the Security Agent on Completion, which is more particularly described in the section headed “Finance Documents – BCP Charge” in the letter from the Board contained in this circular
“BCP Group”	BCP and its subsidiaries
“BCP Group Company”	a member of the BCP Group
“BCP Mandatory Prepayment Event”	any of the following events or circumstances: <ul style="list-style-type: none">(i) a Company Change of Control;(ii) the sale of all or substantially all of the assets of the BCP Group, whether in a single transaction or a series of related transactions without the prior written consent of the Agent; or(iii) the Standstill Period expires
“BCSL”	Birmingham City Stadium Ltd, a limited liability company incorporated in England and Wales and, as at the Latest Practicable Date, was owned as to 75% by AGGL and 25% by ORIL. BCSL is the owner of the Stadium, which is leased to the Club as its football stadium and for ancillary uses
“BCWFC”	Birmingham City Women Football Club Limited, which is more particularly described in the section headed “Information on the BCP Group” in the letter from the Board contained in this circular
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in London, New York City and Hong Kong
“Buyer”	Shelby Companies Limited, which is more particularly described in the section headed “Information on the Parties – The Buyer” in the letter from the Board contained in this circular

DEFINITIONS

“Buyer Change of Control”	<ul style="list-style-type: none">(i) the Buyer and its permitted transferees taken together cease directly to:<ul style="list-style-type: none">(A) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, at least 45.96% of the maximum number of votes that might be cast at a general meeting of BCP; or(B) hold legally and beneficially at least 45.96% of the issued share capital of BCP; or(ii) the Buyer and its permitted transferees taken together cease to own legally and beneficially 100% of the Subordinated Buyer Debt as at the date of the Company Loan Agreement (other than permitted by the Subordination Deed)
“Buyer Charge”	the share charge and security deed to be entered into between the Buyer and the Company following the acceptance of a utilisation request by the lenders in accordance with the Company Loan Agreement, which is more particularly described in the section headed “Finance Documents – Buyer Charge” in the letter from the Board contained in this circular
“Buyer Mandatory Prepayment Event”	any of the following events or circumstances: <ul style="list-style-type: none">(i) a Buyer Change of Control;(ii) the sale of all or substantially all of the assets of the BCP Group, whether in a single transaction or a series of related transactions without the prior written consent of the Agent; or(iii) the Initial Period expires
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Birmingham Sports Holdings Limited (stock code: 2309), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange

DEFINITIONS

“Company Change of Control”	<p>(i) the Company ceases directly to:</p> <p style="padding-left: 40px;">(A) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, at least 51% of the maximum number of votes that might be cast at a general meeting of BCP; or</p> <p style="padding-left: 40px;">(B) hold legally and beneficially at least 51% of the issued share capital of BCP;</p> <p>(ii) the board of directors of BCP is no longer appointed in accordance with the Shareholders’ Agreement; or</p> <p>(iii) the Company ceases to own legally and beneficially 100% of the Subordinated Company Debt as at the date of the Operating Loan Agreement (other than permitted by the Subordination Deed)</p>
“Company Charge”	the share charge and security deed to be entered into between the Company and the Security Agent on Completion, which is more particularly described in the section headed “Finance Documents – Company Charge” in the letter from the Board contained in this circular
“Company Loan Agreement”	the loan agreement to be entered into between, among others, the Company, BCP and BCFC on Completion, which is more particularly described in the section headed “Finance Documents – Company Loan Agreement” in the letter from the Board contained in this circular
“Completion”	completion of the Share Purchase Agreement pursuant to the terms and conditions thereof
“Completion Date”	the date on which Completion occurs
“Conditions Precedent”	the conditions precedent for Completion as set out in the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Buyer for the Sale Shares and the Assigned Loans pursuant to the Share Purchase Agreement
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Debt Assignment”	the assignment from ORIL to the Company of part of the shareholder’s loans in the amount of approximately GBP22.5 million (equivalent to approximately HK\$221.0 million) owing by BCP to ORIL, to be undertaken in the period from and including the date of the Share Purchase Agreement and prior to the Completion Date
“Debt Capitalisation”	the capitalisation of part of the shareholder’s loans in amount of GBP100.0 million (equivalent to approximately HK\$982.0 million) owing by BCP to the Company (which shall include the amounts so assigned to the Company pursuant to the Debt Assignment) into one ordinary share of GBP0.10 each (at a premium) in the to be issued share capital of BCP, to be undertaken in the period from and including the date of the Share Purchase Agreement and prior to the Completion Date
“Debt Reorganisation”	collectively, the Debt Assignment and the Debt Capitalisation
“Deed of Debt Reorganisation”	the deed of debt reorganisation to be entered into between ORIL, the Company and BCP in relation to the Debt Reorganisation prior to Completion
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the assignment of the Assigned Loans pursuant to the terms and conditions of the Share Purchase Agreement
“Dragon Villa”	Dragon Villa Limited, which is wholly owned by Mr. Lei Sutong
“EFL”	English Football League
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 13 July 2023 at 4:00 p.m. or any adjournment thereof for considering, and if thought fit, approving the resolution as set out in the EGM Notice
“EGM Notice”	the notice for convening the EGM which is set out on pages EGM-1 to EGM-3 of this circular
“EPL”	English Premier League
“EPL Bonuses”	bonuses that the Buyer shall pay to the Company pursuant to the terms of the Share Purchase Agreement, which is more particularly described in the section headed “Share Purchase Agreement – EPL Bonuses” in the letter from the Board contained in this circular

DEFINITIONS

“Escrow Account”	a separate bank account of BCFC which shall be operated in accordance with the Escrow Agreement
“Escrow Agreement”	the escrow agreement to be entered into on Completion, which is more particularly described in the section headed “Finance Documents – The Escrow Agreement” in the letter from the Board contained in this circular
“Escrow Availability Period”	the period from and including the date of the Escrow Agreement to (but excluding) the earlier of: (i) the expiration of the availability period of the Operating Loan Facility; and (ii) the date on which all loans are prepaid or repaid or required to be prepaid or repaid in accordance with the Operating Loan Agreement
“Finance Documents”	collectively, the Operating Loan Agreement, the Company Charge, the BCP Charge, the Escrow Agreement, the Company Loan Agreement, the Buyer Charge, the Uncommitted Facility Letter and the Subordination Deed
“GBP”	Pounds Sterling, the lawful currency of the UK
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors formed to advise the Independent Shareholders on the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents and the respective transactions contemplated thereunder
“Independent Financial Adviser” or “Silver Nile Global”	Silver Nile Global Investments Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents and the respective transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s), other than those who are required under the Listing Rules to abstain from voting at the EGM to approve the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents and the respective transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Initial Period”	the period commencing on the date of the Subordination Deed to (and including) 30 November 2025, subject to business day adjustment, or such later date as BCP, the Company, the Buyer and the Agent may agree
“Irrevocable Undertaking”	the irrevocable undertaking provided by each of Dragon Villa and Trillion Trophy to the Company
“KALA”	KALA TCIH, LLC, a limited liability company incorporated under the laws of Delaware and wholly owned by KHAL
“KALA Stadium Loan Agreement”	a loan agreement dated 23 May 2023 entered into between KALA as lender and BCP as borrower
“KHAL”	Knighthood Annuity & Life Assurance Company, an exempted company incorporated in the Cayman Islands which owned approximately 72% of the Buyer as at the Latest Practicable Date
“Latest Practicable Date”	23 June 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 August 2023
“ORIL”	Oriental Rainbow Investments Limited, which is more particularly described in the section headed “Information on the Parties – ORIL” in the letter from the Board contained in this circular
“ORIL Assigned Loans”	the aggregate amount owing by BCP to ORIL as at the Completion Date and to be assigned to the Buyer on completion of the ORIL/AGGL Share Purchase Agreement pursuant to the terms thereof
“ORIL Sale Shares”	collectively, (i) approximately 21.64% issued share capital of BCP; and (ii) the entire issued share capital of BCSL to be transferred to the Buyer on completion of the ORIL/AGGL Share Purchase Agreement pursuant to the terms thereof
“ORIL/AGGL Share Purchase Agreement”	the conditional share purchase agreement dated 7 May 2023 entered into between ORIL, AGGL and the Buyer

DEFINITIONS

“ORIL Stadium Loan Agreement”	a loan agreement dated 23 May 2023 entered into between ORIL as lender and BCP as borrower
“Operating Loan Agreement”	the operating loan agreement to be entered into between, among others, the Buyer (as original lender) and BCP (as borrower), which is more particularly described in the section headed “Finance Documents – Operating Loan Agreement” in the letter from the Board contained in this circular
“Operating Loan Facility”	the loan facility made available by the lenders under the Operating Loan Agreement to BCP or BCFC pursuant to the Operating Loan Agreement
“Profit and Loss Sharing Arrangement”	the profit and loss sharing arrangement between the Company and ORIL pursuant to the conditional shareholders’ agreement dated 9 October 2020 entered into between the Company and ORIL in relation to the BCP Group, details of which are set out in the section headed “The Profit and Loss Sharing Arrangement” in the letter from the Board contained in the circular of the Company dated 17 November 2020
“Sale Shares”	19,838,227 shares in the issued share capital of BCP owned by the Company and to be transferred to the Buyer on Completion pursuant to the terms of the Share Purchase Agreement
“Senior Company Debt”	all present and future sums, liabilities and obligations (actual or contingent) payable, owing, due or incurred by the BCP Group to any secured party under or in connection with the Company Loan Agreement and its security documents together with all ancillary liabilities relating thereto (excluding any document evidencing or recording the terms of any Subordinated Company Debt)
“Senior Operating Debt”	all present and future sums, liabilities and obligations (actual or contingent) payable, owing, due or incurred by the BCP Group to any secured party under or in connection with Operating Loan Agreement together with all ancillary liabilities relating thereto (excluding any document evidencing or recording the terms of any Subordinated Buyer Debt)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Share Purchase Agreement”	the conditional share purchase agreement dated 7 May 2023 entered into between the Company and the Buyer in relation to the Disposal

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement in relation to BCP to be entered into between the Company, the Buyer, BCP and BCFC on Completion
“Stadium”	the land and buildings known as St. Andrew’s Stadium, Cattell Road, Birmingham, B9 4NH, which is currently leased by BCSL (as landlord) to BCFC (as tenant)
“Standstill Period”	the period commencing on the date of the Operating Loan Agreement and ending on the later of (i) 30 November 2025, subject to business day adjustment, (ii) the date on which all Senior Company Debt and all Uncommitted Company Debt (if any) has been unconditionally and irrevocably paid and discharged in full, or (iii) such later date as BCP, the Company, the Buyer and the Agent may agree in writing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Buyer Debt”	all present and future sums, liabilities and obligations whatsoever (actual or contingent) payable, owing, due or incurred by the BCP Group to the Buyer together with all ancillary liabilities relating thereto (but excluding the Senior Operating Debt and any such sums, liabilities and obligations under the Shareholders’ Agreement)
“Subordinated Company Debt”	all present and future sums, liabilities and obligations whatsoever (actual or contingent) payable, owing, due or incurred by the BCP Group to the Company, including under any Uncommitted Facility, together with all ancillary liabilities relating thereto (but excluding the Senior Company Debt and any such sums, liabilities and obligations under the Shareholders’ Agreement)
“Subordination Deed”	the subordination deed to be entered into on Completion, which is more particularly described in the section headed “Finance Documents – Subordination Deed” in the letter from the Board contained in this circular
“Takeover Panel”	The Panel on Takeovers and Mergers in the UK
“Termination Date”	the seventh anniversary of the date of the Operating Loan Agreement or the Company Loan Agreement (as the case may be)
“The City Code on Takeovers and Mergers”	The City Code on Takeovers and Mergers that applies to certain companies incorporated in the UK

DEFINITIONS

“Trillion Trophy”	Trillion Trophy Asia Limited, which is a wholly-owned subsidiary of Wealthy Associates International Limited, which in turn is wholly owned by Mr. Suen Cho Hung, Paul
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Uncommitted Company Debt”	all present and future sums, liabilities and obligations whatsoever (actual or contingent) payable, owing due or incurred by the BCP Group to the Company together with all ancillary liabilities thereto pursuant to the Uncommitted Facility
“Uncommitted Facility”	any facility granted pursuant to the terms and on the conditions set out in the Uncommitted Facility Letter
“Uncommitted Facility Letter”	the letter dated on or around the date of the Subordination Deed between BCP, the Company and the Buyer setting out the terms and conditions on which the Company may lend moneys to BCP during the Standstill Period
“%”	per cent

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

For illustration purpose only, conversion of GBP into HK\$ in this circular is based on the exchange rate of GBP1.0 to HK\$9.82.

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*)
Mr. Yiu Chun Kong
Dr. Guo Honglin

Non-executive Director:

Mr. Sue Ka Lok

Independent Non-executive Directors:

Mr. Pun Chi Ping
Ms. Leung Pik Har, Christine
Mr. Yeung Chi Tat

Registered Office:

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

Principal Place of Business in Hong Kong:

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

27 June 2023

To the Shareholders

Dear Sir or Madam,

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF INTERESTS IN A SUBSIDIARY;
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
DEBT REORGANISATION;
(3) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
FINANCIAL ASSISTANCE;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcements. On 7 May 2023, the Company entered into the Share Purchase Agreement with the Buyer, pursuant to which the Company has conditionally agreed to sell and the Buyer has conditionally agreed to buy (i) 19,838,227 shares in BCP, representing approximately 24.34% issued share capital of BCP; and (ii) approximately 32% of the remaining shareholder's loans owing by BCP to the Company following completion of the Debt Reorganisation.

LETTER FROM THE BOARD

On the same day, ORIL and AGGL entered into the ORIL/AGGL Share Purchase Agreement with the Buyer, pursuant to which ORIL and AGGL have conditionally agreed to sell and the Buyer has conditionally agreed to buy (i) all shares in the capital of BCP held by ORIL, i.e., approximately 21.64% issued share capital of BCP; (ii) all shares in the capital of BCSL; (iii) all loans owing by BCP to ORIL; and (iv) all loans owing by BCSL to each of ORIL and AGGL.

SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

Date: 7 May 2023

Parties: (i) The Company as seller; and
(ii) the Buyer as buyer.

Assets to be disposed of

Pursuant to the Share Purchase Agreement, subject to the satisfaction (or, as applicable, waiver) of the Conditions Precedent:

- (i) the Company shall sell and the Buyer shall buy the Sale Shares; and
- (ii) the Company shall assign to the Buyer all of the Company's rights, title, interest and benefits in and to the Assigned Loans and the Buyer shall accept such assignment.

The Sale Shares, being 19,838,227 shares in BCP, represent approximately 24.34% of the issued share capital of BCP as at the Latest Practicable Date. The Assigned Loans represent approximately 32% of the remaining shareholder's loan owing by BCP to the Company following completion of the Debt Reorganisation. As at the Latest Practicable Date, the aggregate amounts owing by BCP to the Company were approximately GBP104.8 million (equivalent to approximately HK\$1,029.1 million).

Debt Reorganisation

In preparation for the Disposal, it has been agreed and contemplated under the Share Purchase Agreement that the Debt Reorganisation shall be completed immediately prior to the Completion. The Deed of Debt Reorganisation will be entered into between the Company, ORIL and BCP to effect the Debt Reorganisation immediately prior to the Completion which involves (i) the Debt Assignment, i.e., the assignment from ORIL to the Company of part of the shareholder's loans in the amount of approximately GBP22.5 million (equivalent to approximately HK\$221.0 million) owing by BCP to ORIL for the consideration of GBP1.0 (equivalent to approximately HK\$9.82); and (ii) the Debt Capitalisation, i.e., the capitalisation of part of the shareholder's loans in amount of GBP100.0 million (equivalent to approximately HK\$982.0 million) owing by BCP to the Company (which shall include the amounts so assigned to the Company pursuant to the Debt Assignment) into one ordinary share of GBP0.10 each (at a premium) in the to be issued share capital of BCP.

LETTER FROM THE BOARD

Consideration

The consideration for the Disposal is approximately GBP5.3 million (equivalent to approximately HK\$52.0 million) in aggregate, which shall be satisfied by the payment in cash to the Company on Completion.

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

- (i) the agreed value of 100% equity interest of BCP of approximately GBP22.0 million (equivalent to approximately HK\$216.0 million) derived based on (a) the adjusted net liabilities of the BCP Group of approximately GBP105.4 million (equivalent to approximately HK\$1,035.4 million) as at 31 March 2023, based on the unaudited net liabilities of the BCP Group in the amount of approximately GBP123.0 million (equivalent to approximately HK\$1,207.9 million) as at 31 March 2023, having adjusted for certain factors, such as contingent transfer fee of players' registration to be received and market value adjustments for certain players and fair value adjustment for the training pitch, for an aggregate amount of approximately GBP17.6 million (equivalent to approximately HK\$172.8 million); plus (b) the total outstanding shareholders' loan of the BCP Group as at 31 March 2023 of approximately GBP127.8 million (equivalent to approximately HK\$1,255.0 million);
- (ii) the amount of the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023;
- (iii) the financial performance of the BCP Group for the year ended 30 June 2022 and the six months ended 31 December 2022 having recorded a loss of approximately GBP25.0 million and GBP12.1 million, respectively;
- (iv) the Operating Loan Facility to be provided by the Buyer; and
- (v) the benefits of the Disposal and use of proceeds as set out in the sections headed "Reasons for and Benefits of the Transactions" and "Use of Proceeds", respectively of this letter.

LETTER FROM THE BOARD

EPL Bonuses

The Buyer shall pay to the Company the following EPL Bonuses in respect of the Club's first promotion to the EPL following the Completion Date, subject to the Company not in material breach of any transaction document to which it is a party:

EPL Bonuses	Eligibility	Amount
EPL Promotion Bonus	The Club qualifies for promotion to the EPL (the "EPL Promotion") on or before 30 June 2025	GBP7.5 million (equivalent to approximately HK\$73.65 million)
EPL Season 1 Bonus	Following the conclusion of the first season immediately after an EPL Promotion ("EPL Season 1"), the Club remains in the EPL for the duration of EPL Season 1	GBP3.75 million (equivalent to approximately HK\$36.83 million)
EPL Season 2 Bonus	Following the conclusion of the season immediately following EPL Season 1 ("EPL Season 2") and provided that the Club has remained in the EPL for the duration of EPL Season 1, the Club remains in the EPL for the duration of EPL Season 2	GBP3.75 million (equivalent to approximately HK\$36.83 million)

The EPL Bonuses shall, if payable in accordance with the terms of the Share Purchase Agreement, be paid by the Buyer to the Company within 20 Business Days of the commencement of EPL Season 1 (the EPL Promotion Bonus), EPL Season 2 (the EPL Season 1 Bonus) and the season immediately following EPL Season 2 (the EPL Season 2 Bonus).

The EPL Bonuses were determined after arm's length negotiations between the Company and the Buyer having taken into consideration the average percentage increase in market value of the football clubs which were promoted from the Championship to the EPL in 2020/21 season and 2021/22 season of approximately 94%, based on which and on the agreed current value of BCP of approximately GBP22.0 million as abovementioned, the Company assessed the value appreciation for BCP to be approximately GBP20.7 million (the "Value Appreciation"). In the event of successful promotion of the Club to EPL, the EPL Promotion Bonus payable by the Buyer to the Company was determined based on the share of the Value Appreciation attributable to existing owners (i.e., ORIL and the Company) in proportion to their shareholding in BCP after completion of the Disposal and the transfer of the ORIL Sale Shares of approximately 51%, and such amount is shared between the Company and ORIL in proportion to their respective existing shareholding in BCP of approximately 75% and 25%, respectively. In the event the Club remains in the EPL for the following two seasons, the existing shareholders of BCP will be entitled to additional bonus equivalent to the remaining Value Appreciation, payable in two equal instalments over the two seasons, which will also be shared between the Company and ORIL in proportion to their respective existing shareholding in BCP.

LETTER FROM THE BOARD

Conditions Precedent

Completion is conditional upon and subject to the satisfaction (or, as applicable, waiver) of the Conditions Precedent as follows:

- Condition (a): confirmation from the EFL that it does not object (or confirmation to that effect) to the matters contemplated by the Share Purchase Agreement;
- Condition (b): the passing by the Shareholders (or, if required by the Listing Rules, the Independent Shareholders) of all necessary resolutions at the general meeting of the Company approving the Share Purchase Agreement, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder;
- Condition (c): the Share Purchase Agreement not having been terminated by the Buyer pursuant to the terms thereof;
- Condition (d): the Share Purchase Agreement not having been terminated by the Company pursuant to the terms thereof; and
- Condition (e): no material adverse change having occurred from and including the date of the Share Purchase Agreement.

The Conditions Precedent, save for the Conditions (a) and (b) which cannot be waived, may be waived in writing by the Buyer (in respect of Conditions (c) and (e)) or the Company (in respect of Condition (d)).

If by the Long Stop Date, the Conditions Precedent (save for the Conditions (a) and (b)) have not been satisfied in full or, as applicable, waived by the relevant party, then, by notice in writing from the Buyer to the Company (where Conditions (c) or (e) has not been satisfied or waived) or from the Company to the Buyer (where Condition (d) has not been satisfied or waived), such party may without prejudice to any other remedies or accrued rights available to it terminate the Share Purchase Agreement with immediate effect, whereupon all terms and conditions of the Share Purchase Agreement shall cease to have effect; or defer the Long Stop Date to a date not more than 20 Business Days after that date provided that no such deferral or extension will be later than 31 December 2023.

If by the Long Stop Date, Condition (a) has not been satisfied in full, then the Share Purchase Agreement shall cease to have effect as from the Long Stop Date and no party shall have any further or other obligation to the other save in respect of any antecedent breach, provided always that the parties may agree to extend the Long Stop Date in respect of Condition (a) only to such other date as the parties may agree in writing; or if the Buyer or the Company (as the case may be) has not provided such reasonable documents as requested by the EFL in a reasonable period of time from such request by the EFL, then the Share Purchase Agreement shall not automatically terminate, in which case the Company or the Buyer (as the cause may be) shall be entitled to, without prejudice to any other remedies or accrued rights available to it, terminate the Share Purchase Agreement with immediate effect, whereupon all terms and conditions of the Share Purchase Agreement shall cease to have effect; or defer the Long Stop Date to a date not more than 20 Business Days after that date provided that no such deferral or extension will be later than 31 December 2023.

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If by the Long Stop Date, Condition (b) has not been satisfied in full, then the Buyer shall be entitled to, without prejudice to any other remedies or accrued rights available to it, terminate the Share Purchase Agreement with immediate effect, whereupon all terms and conditions of the Share Purchase Agreement shall cease to have effect; or defer the Long Stop Date up to and including 31 March 2024 after that date, provided always that if the Stock Exchange has finally confirmed in writing with the effect that Condition (b) cannot be met, then the Share Purchase Agreement shall cease to have effect as from the Long Stop Date.

As disclosed in the announcement of the Company dated 5 June 2023, BCFC has received a letter dated 2 June 2023 from the EFL, whereby the EFL has confirmed its approval, subject to certain conditions including BCFC operating within a budget submitted to the EFL, of the acquisition of control (as defined in the EFL Regulations) of BCFC by the Buyer. Accordingly, as at the Latest Practicable Date, Condition (a) has been satisfied. Save as the aforesaid, none of the other Conditions Precedent has been satisfied as at the Latest Practicable Date.

Completion

Completion shall take place as soon as reasonably practicable (and in any event within ten Business Days) following and subject to satisfaction (or, as applicable, waiver) of the Conditions Precedent.

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

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

Funding arrangements

In the event:

- (i) the lenders under the Operating Loan Agreement fail to comply with their obligations pursuant to the Subordination Deed; or
- (ii) any lender has failed to fund its participation in any loan in accordance with the terms of the Operating Loan Facility where such lender is obliged to do so; or
- (iii) the board of directors of BCP, acting fraudulently, in bad faith or unreasonably, fails to deliver a utilisation request pursuant to the Operating Loan Agreement to meet the financial requirements of the BCP Group,

LETTER FROM THE BOARD

the Buyer shall, within ten Business Days of a failure to fund, pay to the Company a compensation payment in the amount of GBP20.0 million (equivalent to approximately HK\$196.4 million), provided that such compensation payment shall not be paid or payable if the reason for the failure by any lender to fund pursuant to the Operating Loan Facility is due to the actions or omissions of the Company, any related person, its shareholders or members or regulatory bodies.

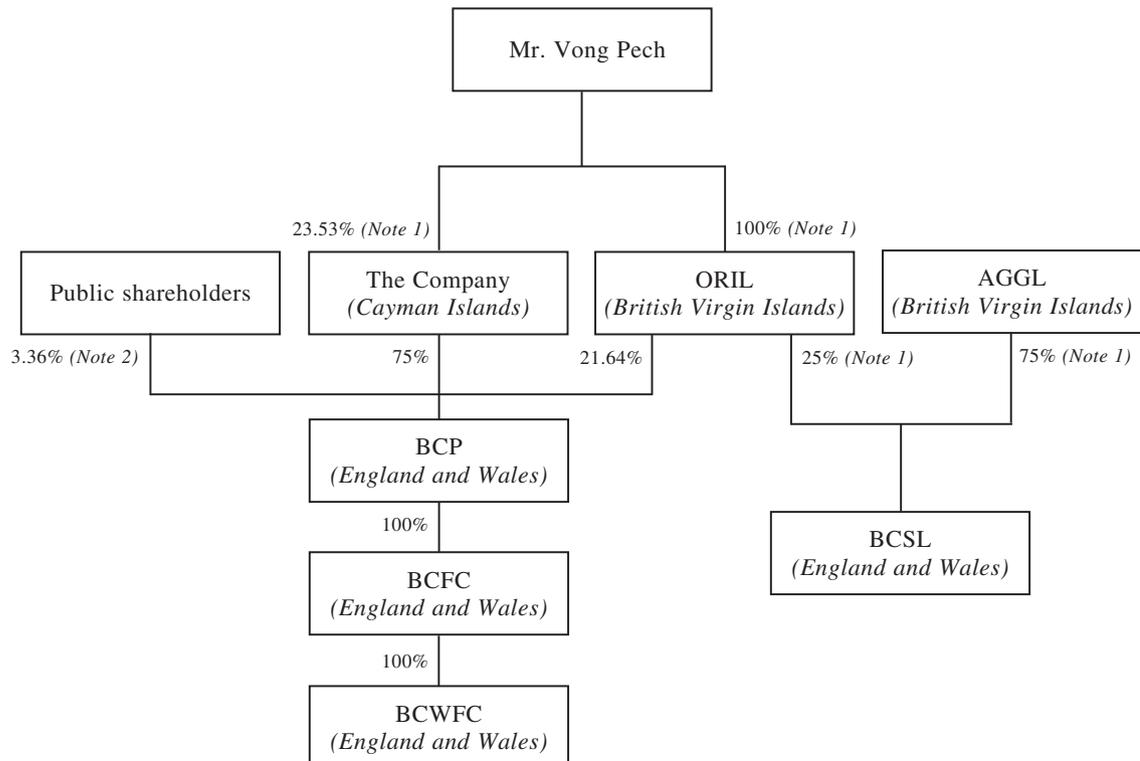
ORIL/AGGL SHARE PURCHASE AGREEMENT

The principal terms of the ORIL/AGGL Share Purchase Agreement are substantially identical with the Share Purchase Agreement, except:

- (i) Assets to be disposed of: (a) all shares in the capital of BCP held by ORIL, i.e., approximately 21.64% issued share capital of BCP; (b) the entire issued share capital of BCSL; (c) all loans owed by BCP to ORIL; and (d) all loans owed by BCSL to each of ORIL and AGGL.
- (ii) Consideration: the consideration for the sale and purchase of the ORIL Sale Shares together with the assignment of the ORIL Assigned Loans shall be approximately GBP4.7 million (equivalent to approximately HK\$46.2 million), which is in proportion to percentage interest of ORIL in the issued share capital of BCP under the same valuation of the Sale Shares.
- (iii) Conditions Precedent: completion of ORIL/AGGL Share Purchase Agreement is subject to the satisfaction of Conditions (a), (c), (d) and (e) as set out in the section headed “Share Purchase Agreement - Conditions Precedent” in this letter.

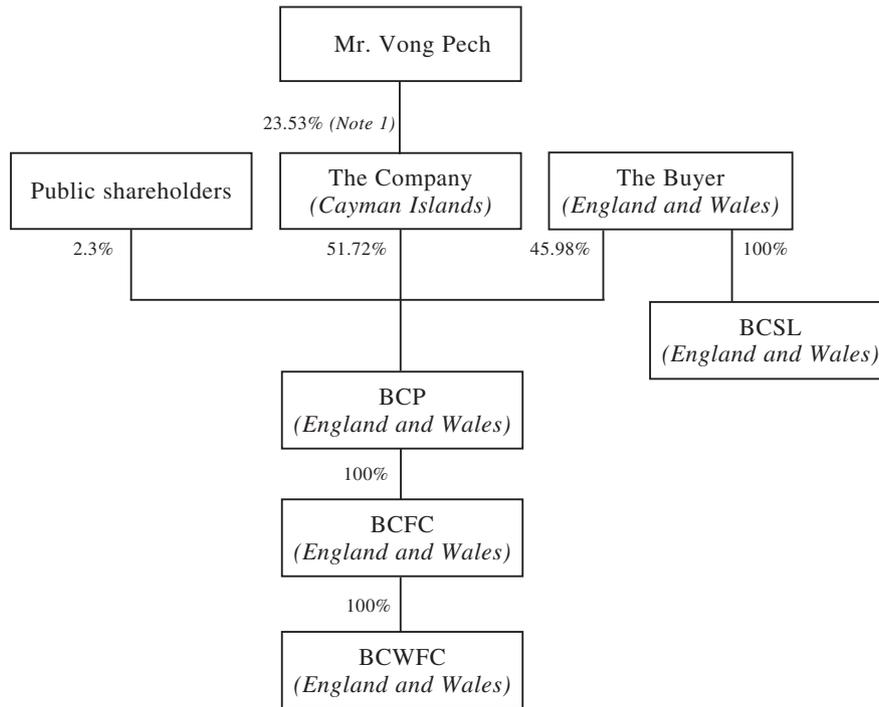
GROUP STRUCTURE

Set out below is the structure of the BCP Group and BCSL as at the Latest Practicable Date:



LETTER FROM THE BOARD

Set out below is the structure of the BCP Group and BCSL immediately after the Completion:



Note:

1. Represents beneficial interest
2. Includes approximately 1.06% shares in the issued share capital of BCP held by BCFC, which will be transferred to the Company prior to the Completion

LETTER FROM THE BOARD

OTHER TRANSACTION DOCUMENTS

Pursuant to the terms of the Share Purchase Agreement, the Shareholders' Agreement and the Finance Documents shall be entered into on the Completion Date (except the Buyer Charge, which shall be entered into on or about the first utilisation date of the Company Loan Agreement).

THE SHAREHOLDERS' AGREEMENT

Parties: (i) The Company;
(ii) the Buyer;
(iii) BCP; and
(iv) BCFC.

Management of the BCP Group

The board of directors of each BCP Group Company shall have the responsibility for the supervision and management of the relevant BCP Group Company and its business, save in respect of the following matters which shall require the consent of the Company and the Buyer:

1. The passing of any ordinary or special resolution of any BCP Group Company or any matter requiring the approval of the shareholders under the Companies Act 2006 in relation to any BCP Group Company.
2. The amendment, alteration or modification of the articles of association or constitutional documents of any BCP Group Company save as provided in the Shareholders' Agreement.
3. Declaring, making or paying any dividends or other distributions by any BCP Group Company.
4. Electing to liquidate or dissolve any BCP Group Company or file a petition for insolvency or permit the winding up of or the appointment of a receiver to any BCP Group Company.
5. Varying any rights attaching to the shares of any BCP Group Company.
6. Save in respect of the BCP Charge, the creation, allotment or issue of any shares or securities, or the grant of any right to require the allotment or issue of any such shares or securities or any other agreement or arrangement relating to any right to require the allotment or issue of any shares or securities.
7. The increase, reduction, repayment, redemption, subdivision, consolidation or otherwise variation of the authorised or issued share capital of any BCP Group Company or the rights attaching thereto or reduction of the amount, if any, standing to the credit of the share premium account or capital redemption reserve.
8. The repayment of any indebtedness of each BCP Group Company owed to the Company or the Buyer save for (i) the loan pursuant to the Operating Loan Agreement; and/or (ii) any amount owing pursuant to the Company Loan Agreement; and/or (iii) pursuant to the terms of the Subordination Deed.

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9. The creation of any mortgage, charge, pledge, lien, encumbrance or other third party right over any of the shares in the issued capital of any BCP Group Company or material assets or the giving by any BCP Group Company of any guarantee or indemnity to, or becoming surety for, any third party.
10. Any change to or waiver of the Company Charge and the Buyer Charge.
11. Any change to the composition of the board of directors of any BCP Group Company other than in accordance with the Shareholders' Agreement.
12. Save as set out in the Shareholders' Agreement or in respect of the enforcement of either of the Company Charge or the Buyer Charge, the sale, transfer, pledge, charge or other disposal of any share of BCP or any interest in any share of BCP.

Board composition

There shall be seven directors on the board of each BCP Group Company. Subject to compliance with the applicable laws, rules and regulations and obtaining all necessary approvals, consents and registrations (including, but not limited to, the approval of the EFL), the Company shall have the right to appoint up to four directors and the Buyer shall have the right to appoint three directors.

Quorum and decision making

The quorum for any meeting or decision of the board is four directors of whom at least one director must be a director appointed by the Company. If at any board meeting a quorum is not present, then such meeting shall take place one week later at the same time and place as the original meeting however the quorum for the subsequent meeting shall be set at such lower number as is determined by the majority of the board. Decisions of the board are made by a simple majority of votes of the directors present, with each eligible director having one vote. The chairman for any board meeting shall be appointed with the majority vote of the board. As soon as reasonably practicable following the Completion Date, the Chief Executive Officer of BCP shall be appointed to the board of BCP with the consent of the majority of the board. No resolution may be passed at a board meeting unless notice of the meeting has been given to all of the directors.

Funding arrangements

In respect of any costs of any repair and/or remedial work that has been undertaken to the Stadium for the period from and including 1 April 2023 to and including the Completion Date, the lenders of the Operating Loan Agreement shall make a loan under the Operating Loan Facility in an amount not exceeding the lesser of: (i) the aggregate amount of the approved invoices; and (ii) GBP5.0 million (equivalent to approximately HK\$49.1 million) for repayment of loan(s) provided by ORIL to BCP to fund such costs.

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For the purpose of funding the repair and remedial work of the Stadium undertaken prior to the Completion, the following loans have been provided to BCP, which shall rank *pari passu* among themselves but prior to the loans that were provided to BCP by the Company and ORIL:

1. Pursuant to the ORIL Stadium Loan Agreement, ORIL has agreed to make available to BCP an uncommitted term loan facility up to the principal sum of GBP5.0 million (equivalent to approximately HK\$49.1 million) for financing repair and remedial work of the Stadium. Such term loan facility is unsecured, free of interest (save as default interest) and repayable on the initial maturity date of 31 March 2024, which may be extended by BCP to a date as agreed by ORIL. As at the Latest Practicable Date, approximately GBP1.9 million (equivalent to approximately HK\$18.66 million) has been used by BCP under the ORIL Stadium Loan Agreement.
2. Pursuant to the KALA Stadium Loan Agreement, KALA has agreed to make available to BCP a term loan facility up to the principal sum of GBP2.0 million (equivalent to approximately HK\$19.64 million) for the purpose of updating, upgrading, repairing or making changes to the sporting facilities comprised within the Stadium but not for the same purposes of the loans under the ORIL Stadium Loan Agreement. Such term loan facility is unsecured, bears interest at the rate of 6% per annum and repayable on the date falling on the earlier of (i) 10 days after the Completion Date; and (ii) six years from the date of the KALA Stadium Loan Agreement. As at the Latest Practicable Date, approximately GBP1.0 million (equivalent to approximately HK\$9.82 million) has been used by BCP under the KALA Stadium Loan Agreement.

From the Completion Date until expiry of the Escrow Availability Period (and thereafter at the Buyer's sole discretion), if BCP or BCFC (as applicable) submits a valid utilisation request under the Operating Loan Facility requesting a loan to fund operating costs and expenses of the BCP Group and its business in each case in accordance with the annual operating budget approved by the board of directors of BCP, then the lenders under the Operating Loan Agreement shall ensure that a loan so requested by BCP or BCFC (as applicable) is made to BCP or BCFC (as applicable) in accordance with the Operating Loan Facility.

In the event that any lender under the Operating Loan Agreement fails to advance any amount validly due to be advanced pursuant to the Operating Loan Agreement during the Initial Period, BCP shall request that lenders under the Company Loan Agreement provide any funding as is required prior to approaching any third-party lender. In the event that the lenders under the Company Loan Agreement fail or decline, within five Business Days of a utilisation request made by BCP, to accept such utilisation request, BCP may (i) cancel the Company Loan Agreement; and (ii) secure financing to support BCP from any third-party lender on terms acceptable to BCP.

LETTER FROM THE BOARD

Loss sharing arrangement

Provided that the Completion Date occurs on or prior to 30 June 2023, for the period from and including the Completion Date to and including 30 June 2023 (“Relevant Period”), the Buyer undertakes to the Company that in the event that the business of the BCP Group incurs a loss after taxation within the Relevant Period as recognised in the consolidated financial statements of the Company as reviewed by the auditors engaged by Company (the “Business Loss”), the Buyer shall pay to the Company a cash payment in an amount equivalent to the Company’s share of the Business Loss in proportion to the Company’s shareholding in BCP as at the Completion Date within 20 Business Days after the Company issues a payment notice in writing to the Buyer upon the issue of the relevant reviewed accounts for the financial year ending on 30 June 2023 provided that the Buyer will not pay such an amount to the Company where the Buyer has advanced monies to the BCP Group in respect of the Business Loss.

Transfer of shares

The Company or the Buyer may only transfer or otherwise dispose of all (but not part) of its respective shares in BCP in accordance with the Shareholders’ Agreement, the enforcement of the Company Charge or the enforcement of the Buyer Charge, or in respect of the Buyer only, to any other member of the Buyer’s group companies or its affiliated entities.

Any transfer of shares by any holder of more than 5% of the shares in BCP shall be subject to the pre-emption rights as set out in the Shareholders’ Agreement.

FINANCE DOCUMENTS

Operating Loan Agreement

Principal terms of the Operating Loan Agreement are set out below:

Parties:

- (i) BCP and BCFC, as borrowers;
- (ii) BCP, BCFC and BCWFC, as guarantors;
- (iii) the Buyer, as original lender; and
- (iv) the Agent as agent and security agent.

Loan facility: a term loan facility in an aggregate principal amount of GBP50.0 million (equivalent to approximately HK\$491.0 million).

A borrower may utilise the facility by delivery of a utilisation request before the proposed utilisation date. The amount of the proposed loan must be an amount which is not more than the available facility and which is a minimum of GBP5.0 million (equivalent to approximately HK\$49.1 million) or, if less, the available facility.

LETTER FROM THE BOARD

- Purposes:
- (i) funding the budgeted operating costs and expenses of the BCP Group;
 - (ii) on the first utilisation date, funding the Escrow Account in an amount equal to GBP5.0 million (equivalent to approximately HK\$49.1 million);
 - (iii) following each withdrawal of an amount from the Escrow Account during the Initial Period, transferring an amount equal to such amount to the Escrow Account; and
 - (iv) refinancing the loans under the ORIL Stadium Loan Agreement, the KALA Stadium Loan Agreement and any other loans as contemplated by the Subordination Deed.
- Availability period: The period from and including the date of the Operating Loan Agreement to the fifth anniversary of the date of the Operating Loan Agreement.
- Interest rate: 11.9% per annum
- The interest rate was agreed upon by the Company and the Buyer with reference to normal commercial practice and after arm's length negotiations taking into account the Company's cost of financing from external parties and the terms of the Operating Loan Facility.
- Interest period: 3 months
- Interest payable on each loan on the last day of each interest period of such loan falling before the Termination Date will be capitalised, compounded and added to principal amount of such loan on such day so as to form part of the principal amount of the loan and shall thereafter bear interest together with the rest of the loan.
- Non-utilisation fee: BCP shall save, in respect of any lender, for any period during which that lender has failed to fund its participation in any loan in accordance with the terms of the Operating Loan Agreement, pay a fee computed at the rate of 2% per annum on the lender's available commitment under the Operating Loan Facility for the Availability Period.

LETTER FROM THE BOARD

The accrued non-utilisation fee payable on each interest payment date falling during the Availability Period and on the last day of the Availability Period will on such day be capitalised and deemed to constitute a loan made to BCP in a principal amount equal to such accrued non-utilisation fee (with each lender deemed to have a participation in such loan equal to the non-utilisation fee which has accrued for such lender's account) and shall thereafter bear interest in accordance with the Operating Loan Agreement.

Agency fee and
security agent fee:

GBP15,000 (equivalent to approximately HK\$147,300) and GBP15,000 (equivalent to approximately HK\$147,300) per annum, respectively.

Events of default:

Each of the events and circumstances set out below, among others, constitutes an event of default:

- (i) an obligor does not pay on the due date any amount of principal or interest or other amount payable pursuant to a finance document as referred in the Operating Loan Agreement;
- (ii) the Company or an obligor does not comply with any provision of any security document;
- (iii) an obligor does not comply with any provision of the finance documents as referred in the Operating Loan Agreement;
- (iv) misrepresentation;
- (v) cross default;
- (vi) insolvency and insolvency proceedings;
- (vii) any creditors' process in any jurisdictions affects any asset of an obligor or the Company having any aggregate value in excess of GBP2.5 million (equivalent to approximately HK\$24.6 million) and is not discharged within ten Business Days;
- (viii) failure to comply with court judgment or arbitral award;

LETTER FROM THE BOARD

- (ix) BCFC ceases to be a direct wholly-owned subsidiary of BCP or BCWFC ceases to be a direct wholly-owned subsidiary of BCFC;
- (x) it is or becomes unlawful for any members of the BCP Group or the Company to perform any of its obligations under the finance documents as referred to in the Operating Loan Agreement or any transaction security created by the transaction security documents as referred to in the Operating Loan Agreement ceases to be effective or any subordination created under the Subordination Deed is or becomes unlawful;
- (xi) an obligor or the Company rescinds or repudiates a finance document as referred to in the Operation Loan Agreement;
- (xii) any obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business;
- (xiii) the auditors of any obligor qualify the audited annual consolidated financial statements of such obligor or the BCP Group;
- (xiv) any litigation or arbitration is commenced or threatened or any judgment or order is made in relation to the transaction documents as referred to in the Operating Loan Agreement or otherwise against BCFC, any member of the BCP Group, the Company or in each case its assets which is reasonably likely to be adversely determined and, if adversely determined, will have or is reasonably likely to have a material adverse effect;
- (xv) any event or circumstance occurs which the majority lenders reasonably believes has or is reasonably likely to have a material adverse effect;
- (xvi) a member of the BCP Group does not comply with any of its payment or other material obligations under a lease of the Stadium to which it its a party; and
- (xvii) the Company does not comply with any provision of the transaction documents as referred to in the Operating Loan Agreement or any representation or statement made or deemed to be made by the Company in such transaction documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

Repayment:

Each of the borrowers shall repay the loans made to it in full on the Termination Date.

LETTER FROM THE BOARD

Mandatory prepayment: If, in any applicable jurisdiction, it is or becomes unlawful for any lender to perform any of its obligations as contemplated by the Operating Loan Agreement or to fund or maintain its participation in any loan or it becomes unlawful for any affiliate of a lender for that lender to do so, each borrower shall repay that lender's participation in the loans made to that borrower, together with accrued interest, Applicable Make-Whole Amount and all other amounts accrued or outstanding to that lender under the finance documents as referred to in the Operating Loan Agreement.

If a BCP Mandatory Prepayment Event occurs (and in the case of some such events if so required by the majority lenders), all loans, together with accrued interest, Applicable Make-Whole Amount and all other amounts accrued or outstanding under the finance documents shall become immediately due and payable.

Voluntary prepayment: Subject to the paragraph below, a borrower may, if it gives the Agent not less than 15 Business Days' prior notice, prepay the whole or any part of any loan by a minimum amount of GBP5.0 million (equivalent to approximately HK\$49.1 million) together with accrued interest on the amount prepaid and any Applicable Make-Whole Amount payable under the Operating Loan Agreement.

A loan may only be prepaid after the last day of the Initial Period except in circumstances where: (i) the lenders have failed to comply with their obligations under the provisions regarding the Escrow Agreement under the Subordination Deed; and (ii) BCP or, as the case may be, BCFC as a borrower under the Company Loan Agreement has borrowed a loan in accordance with the terms of the Company Loan Agreement, which loan remains outstanding at the time of prepayment of a loan.

Make-Whole: On the occurrence of any of the following events in each case at any time prior to the Termination Date, the borrower to which such event applies shall pay an amount (in addition to the amount of loan so repaid or prepaid or required to be repaid or prepaid, accrued interest thereon and any other amount due under the finance documents as referred to in the Operating Loan Agreement) equal to the Applicable Make-Whole Amount:

- (i) any repayment or prepayment; or
- (ii) any requirement to make any repayment or prepayment,

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of any loan made to that borrower (whether in whole or in part, and whether under the paragraphs headed “Mandatory prepayment” or “Voluntary prepayment” above, acceleration of the loans as a result of the occurrence of any event of default, by operation of law or otherwise but excluding any prepayment of loans in the amount of the balance standing to the credit of the Escrow Account on the expiry of the Escrow Availability Period).

Accordingly, if a borrower prior to the Termination Date, (i) at its own option elects to repay or voluntary prepay the loans (whether in whole or in part); or (ii) is, not at its own option, required by the terms of the Operating Loan Agreement to make any repayment or prepayment of the loans (whether in whole or in part, but except prepayment of loans in the amount of the balance standing to the credit of the Escrow Account on the expiry of the Escrow Availability Period), in addition to the amount of loan so repaid or prepaid, accrued interest thereon and any other amount due under the finance documents as referred to in the Operating Loan Agreement, such borrower shall pay the lenders an amount equal to the Applicable Make-Whole Amount.

Security: The Company Charge and the BCP Charge

Company Charge

The Company Charge will be entered into between the Company and the Security Agent on Completion, pursuant to which, as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC to any secured party under the Operating Loan Agreement and the other finance documents as referred to therein, the Company charges to the Security Agent, by way of a first fixed charge:

- (i) all of its rights to, and title, benefit and interest in the entire issued share capital of BCP from time to time; and
- (ii) all of its rights to, and title, benefit and interest in each Subordinated Company Debt and any document evidencing or recording the terms thereof.

Notwithstanding anything to the contrary in the Company Charge, any finance document as referred to in the Company Charge and any law of any jurisdiction, the maximum liability of the Company under the Company Charge shall at all times and in all circumstances be absolutely limited to the charged property and the recourse of the Security Agent to the Company and the assets of the Company in each and all cases, and the Security Agent’s right of enforcement against the Company in respect of the secured liabilities shall at all times and in all circumstances be limited to the rights of enforcement and recovery against the charged property only. The secured parties shall not have any recourse in respect of the secured liabilities to the Company and any assets of the Company other than the charged property.

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BCP Charge

The BCP Charge will be entered into between BCP and the Security Agent on Completion, pursuant to which, as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC to any secured party under the Operating Loan Agreement and the other finance documents as referred to therein, BCP charges to the Security Agent, by way of a first fixed charge, all of its rights to, and title, benefit and interest in the entire issued share capital of BCFC from time to time.

Escrow Agreement

The Escrow Agreement will be entered into between the Buyer (as original lender under the Operating Loan Agreement), the Agent, BCP, BCFC and the Company on Completion, pursuant to which BCFC shall make a utilisation request for GBP5.0 million (equivalent to approximately HK\$49.1 million) under the Operating Loan Agreement which will be deposited in the Escrow Account. If at any time before the expiry of the Escrow Availability Period:

- (i) the Agent has received a valid utilisation request from BCFC in accordance with the Operating Loan Agreement;
- (ii) BCFC has complied with all of its obligations pursuant to the Operating Loan Agreement and specified conditions on the date of the utilisation request and the proposed utilisation date; and
- (iii) the Agent has not provided to BCFC the amount requested pursuant to such utilisation request on the utilisation date in breach of the Operating Loan Agreement (the “Unpaid Loan”),

then with the written approval of a director of BCFC appointed by the Company, BCFC may transfer an amount not exceeding the Unpaid Loan from the Escrow Account to such other bank account held in the name of BCFC for the sole purpose of providing the funds to the BCP Group.

Pursuant to the Subordination Deed, if BCFC has transferred any amount from the Escrow Account in accordance with the Escrow Agreement, BCFC shall immediately notify the lenders under the Operating Loan Agreement and the Agent in writing of such transfer. Following receipt of the notice, subject to the terms of the Operating Loan Agreement, such lenders shall (or shall procure that the Agent will) within 20 Business Days deposit into the Escrow Account an amount that is required for restoring the balance of money standing to the credit of the Escrow Account to GBP5.0 million (equivalent to approximately HK\$49.1 million).

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Company Loan Agreement

Principal terms of the Company Loan Agreement are set out below:

- Parties: (i) BCP and BCFC, as borrowers;
(ii) BCP, BCFC and BCWFC, as guarantors;
(iii) the Company, as original lender; and
(iv) the Company, as agent and security agent.
- Uncommitted loan facility: An uncommitted sterling term loan facility in an aggregate amount not exceeding GBP17.5 million (equivalent to approximately HK\$171.85 million).
- A borrower may utilise the facility by delivery to the Company of a duly completed utilisation request specifying, among other things, the utilisation date and amount. The lenders (but not some lenders only) may, at their sole discretion, irrevocably accept the aforesaid utilisation request in writing, whereupon the lender shall make the relevant loan available by the utilisation date.
- Purposes: Funding the budgeted operating costs and expenses of the BCP Group in accordance with the annual operating budget approved by the board of directors of BCP.
- Availability period: The period from and including the date of the Company Loan Agreement to (but excluding) 30 November 2025, subject to business day adjustment.
- Interest rate: 11.9% per annum
- The interest rate is same as the interest rate under the Operating Loan Agreement.
- Interest period: 3 months
- Interest payable on each loan on the last day of each interest period of such loan falling before the Termination Date will be capitalised, compounded and added to principal amount of such loan on such day so as to form part of the principal amount of the loan and shall thereafter bear interest together with the rest of the loan.

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Events of default:

Each of the events and circumstances set out below, among others, constitutes an event of default:

- (i) an obligor does not pay on the due date any amount of principal or interest or other amount payable pursuant to a finance document as referred to in the Company Loan Agreement;
- (ii) the Buyer does not comply with any provision of any security document;
- (iii) an obligor does not comply with any provision of the finance documents as referred to in the Company Loan Agreement;
- (iv) misrepresentation;
- (v) cross default;
- (vi) insolvency and insolvency proceedings;
- (vii) any creditors' process in any jurisdictions affects any asset of an obligor or the Buyer having any aggregate value in excess of GBP2.5 million (equivalent to approximately HK\$24.6 million) and is not discharged within ten Business Days;
- (viii) failure to comply with court judgment or arbitral award;
- (ix) BCFC ceases to be a direct wholly-owned subsidiary of BCP or BCWFC ceases to be a direct wholly-owned subsidiary of BCFC;
- (x) it is or becomes unlawful for any members of the BCP Group or the Buyer to perform any of its obligations under the finance documents as referred to in the Company Loan Agreement or any transaction security created by the transaction security documents as referred to in the Company Loan Agreement ceases to be effective or any subordination created under the Subordination Deed is or becomes unlawful;
- (xi) an obligor or the Buyer rescinds or repudiates a finance documents as referred to in the Company Loan Agreement;

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- (xii) any obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business;
- (xiii) the auditors of any obligor qualify the audited annual consolidated financial statements of such obligor or the BCP Group;
- (xiv) any litigation or arbitration is commenced or threatened or any judgment or order is made in relation to the transaction documents as referred to in the Company Loan Agreement or otherwise against BCFC, any member of the BCP Group, the Buyer or in each case its assets which is reasonably likely to be adversely determined and, if adversely determined, will have or is reasonably likely to have a material adverse effect;
- (xv) any event or circumstance occurs which the majority lenders reasonably believe has or is reasonably likely to have a material adverse effect;
- (xvi) a member of the BCP Group does not comply with any of its payment or other material obligations under a lease of the Stadium to which it is a party; and
- (xvii) the Buyer does not comply with any provision of the transaction documents as referred to in the Company Loan Agreement or any representation or statement made or deemed to be made by the Buyer in such transaction documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

Repayment:

Each of the borrowers shall repay the loans made to it in full on the Termination Date.

Mandatory prepayment:

If, in any applicable jurisdiction, it is or becomes unlawful for any lender to perform any of its obligations as contemplated by the Company Loan Agreement or to fund or maintain its participation in any loan or it becomes unlawful for any affiliate of a lender for that lender to do so, each borrower shall repay that lender's participation in the loans made to that borrower, together with accrued interest, Applicable Make-Whole Amount and all other amounts accrued or outstanding to that lender under the finance documents as referred to in the Company Loan Agreement.

LETTER FROM THE BOARD

If a Buyer Mandatory Prepayment Event occurs (and in the case of some such events if so required by the majority lenders), all loans, together with accrued interest, Applicable Make-Whole Amount and all other amounts accrued or outstanding under the finance documents shall become immediately due and payable.

Voluntary prepayment:

A borrower may at any time prepay the whole or any part of any loan together with accrued interest on the amount prepaid and any Applicable Make-Whole Amount payable under the Company Loan Agreement (where applicable).

Make-Whole:

On the occurrence of any of the following events in each case at any time prior to the Termination Date, the borrower to which such event applies shall pay an amount (in addition to the amount of loan so repaid or prepaid or required to be repaid or prepaid, accrued interest thereon and any other amount due under the finance documents as referred to in the Company Loan Agreement) equal to the Applicable Make-Whole Amount:

- (i) any repayment or prepayment; or
- (ii) any requirement to make any repayment or prepayment,

of any loan made to that borrower (whether in whole or in part, and whether under the paragraphs headed “Mandatory prepayment” or “Voluntary prepayment” above, acceleration of the loans as a result of the occurrence of any event of default, by operation of law or otherwise but excluding a repayment, prepayment or other discharge of the first loan under the Company Loan Agreement (if any) by the time prescribed thereunder).

Accordingly, if a borrower prior to the Termination Date, (i) at its own option elects to repay or voluntarily prepay the loans (whether in whole or in part); or (ii) is, not at its own option, required by the terms of the Company Loan Agreement or by operation of law to make any repayment or prepayment of the loans (whether in whole or in part), in addition to the amount of loan so repaid or prepaid, accrued interest thereon and any other amount due under the finance documents as referred to in the Company Loan Agreement, such borrower shall pay the lenders an amount equal to the Applicable Make-Whole Amount.

Security:

Following the acceptance of a utilisation request by the lenders in accordance with the Company Loan Agreement, on the first utilisation date, BCP shall deliver to the Company the duly executed Buyer Charge.

LETTER FROM THE BOARD

Buyer Charge

Pursuant to the Buyer Charge as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC under, among other things, the Company Loan Agreement, the Buyer charges to the Company, by way of a first fixed charge:

- (i) all of its rights to, and title, benefit and interest in the entire issued share capital of BCP from time to time; and
- (ii) all of its rights to, and title, benefit and interest in the Subordinated Buyer Debt and any document evidencing or recording the terms thereof.

Notwithstanding anything to the contrary in the Buyer Charge, any finance document as referred to in the Buyer Charge and any law of any jurisdiction, the maximum liability of the Buyer under the Buyer Charge shall at all times and in all circumstances be absolutely limited to the charged property and the recourse of the security agent to the Buyer and the assets of the Buyer in each and all cases, and the security agent's right of enforcement against the Buyer in respect of the secured liabilities shall at all times and in all circumstances be limited to the rights of enforcement and recovery against the charged property only. The secured parties shall not have any recourse in respect of the secured liabilities to the Buyer and any assets of the Buyer other than the charged property.

Uncommitted Facility Letter

The Uncommitted Facility Letter will be entered into between BCP, the Company and the Buyer on Completion, pursuant to which in the event that any of the events of default as described in paragraphs (i), (ii), (iv), (vi), (vii), (viii), (x), (xi), (xii), (xiv) and (xv) under the section headed "Finance Documents – Operating Loan Agreement – Events of default" in this letter has occurred during the Initial Period and is continuing (insofar as it relates to BCP) in accordance with the Operating Loan Agreement, an uncommitted facility in an amount equal to GBP50.0 million (equivalent to approximately HK\$491.0 million) minus the aggregate amount of the loans drawn under the Operating Loan Agreement and the Company Loan Agreement may be provided by the Company at the request of BCP, subject to conditions that such uncommitted facility may only be provided at the request of BCP:

- (i) to BCP and no other obligor, and may not be disposed of, transferred, assigned or novated by the Company or BCP to any other party;
- (ii) during the Initial Period, and provided the end date of the Standstill Period has not passed and that no event of default as referred to in the Operating Loan Agreement has occurred and is continuing; and
- (iii) as Subordinated Company Debt.

LETTER FROM THE BOARD

Subordination Deed

The Subordination Deed will be entered into between, among others, BCP and BCFC as borrowers, the Company and the Buyer as subordinated creditors, the Agent and the Security Agent on Completion, pursuant to which, among other things:

- (i) the Company and the Buyer agree to defer ranking and payment of the Subordinated Buyer Debt and the Subordinated Company Debt in favour of the Senior Company Debt and the Senior Operating Debt;
- (ii) so long as any of the Senior Operating Debt is or may become outstanding, the Company undertakes to the Buyer not to demand or receive payment, prepayment or repayment of any of the Subordinated Company Debt from the BCP Group, without prior consent of the relevant party;
- (iii) so long as any of the Senior Company Debt is or may become outstanding, the Buyer undertakes to the Company not to demand or receive payment, prepayment or repayment of any of the Subordinated Buyer Debt from the BCP Group, without prior consent of the relevant party; and
- (iv) until the date on which all Senior Operating Debt and Senior Company Debt has been unconditionally and irrevocably paid and discharged in full, none of the Company and the Buyer shall be entitled to accelerate any of the Subordinated Company Debt and the Subordinated Buyer Debt or otherwise declare any of them prematurely payable.

Notwithstanding the foregoing, following the expiry of the Standstill Period, the Company and the Buyer may make a demand for the payment or repayment of any of the Subordinated Company Debt and the Subordinated Buyer Debt owed to it by the BCP Group.

INFORMATION ON THE BCP GROUP

BCP is a public limited liability company incorporated in England and Wales and, as at the Latest Practicable Date, was owned as to approximately 75% by the Company, approximately 21.64% by ORIL and approximately 3.36% by public shareholders. BCFC is a public limited liability company incorporated in England and Wales. BCP owns the entire issued share capital and is principally engaged in the operation and management of BCFC. BCFC owns the entire issued share capital of BCWFC. BCWFC is a limited liability company incorporated in England and Wales. BCP and BCFC will be re-registered as private limited companies prior to Completion.

LETTER FROM THE BOARD

The selected consolidated financial information of the BCP Group for the years ended 30 June 2021 and 30 June 2022 is set out below:

	Year ended 30 June	
	2021	2022
	GBP million	GBP million
	(Audited)	(Audited)
Revenue	13.7	18.1
Loss before taxation	5.6	25.0
Loss after taxation	5.6	25.0

As at 31 March 2023, the unaudited consolidated net liabilities of the BCP Group amounted to approximately GBP123.0 million.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Group's equity interest in BCP will decrease from approximately 75% to approximately 51.72%. The BCP Group Companies will remain as non-wholly owned subsidiaries of the Company and their financial results will continue to be consolidated in the consolidated financial statements of the Group.

Earnings

It is expected that there will be a gain before tax of approximately GBP2.8 million (equivalent to approximately HK\$27.5 million) arising from the Disposal, being the estimated net proceeds of approximately GBP4.7 million (equivalent to approximately HK\$46.0 million) from the Disposal net of the unaudited net liabilities of the BCP Group attributable to the Sale Shares in aggregate of approximately GBP29.3 million (equivalent to approximately HK\$287.7 million) as at 31 March 2023 and the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023. The gain will be recognised as an equity transaction in the consolidated statement of changes in equity of the Group.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain/loss eventually to be recognised in the consolidated financial statements of the Group depends on, among others, the net liabilities/assets of the BCP Group as at the Completion Date.

Assets and Liabilities

Having taken into account the Consideration and the unaudited consolidated net liabilities of the BCP Group attributable to the Company attributable to the Sale Shares, it is estimated that upon Completion, the total assets of the Group will increase and the total liabilities of the Group will decrease.

Shareholders should note that the financial impact set out above is for illustrative purpose only which will have to be ascertained at the time of preparation of the consolidated financial statements of the Company with reference to, among others, the actual costs and expenses associated with the Disposal and is subject to audit.

LETTER FROM THE BOARD

USE OF PROCEEDS

After deducting the professional fees and other expenses relating to the Disposal of approximately HK\$6.0 million, it is expected that the Company will receive net proceeds of approximately HK\$46.0 million, of which (i) approximately 22% (HK\$10.0 million) is intended to be used for general working capital for the business and operation of the Group; (ii) approximately 8% (HK\$4.0 million) is intended to be used for potential investment opportunities that might occur; and (iii) approximately 70% (HK\$32.0 million) is intended to be used for repayment of external debts. As at the Latest Practicable Date, the Company was in the process of identifying investment opportunities, and had not entered into any legally binding agreement in relation thereto.

INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in the Cayman Islands and its subsidiaries are principally engaged in three business segments, namely, the (i) operation of a professional football club in England and Wales and other related business; (ii) investment in properties; and (iii) healthcare and medical related business.

The Buyer

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

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

LETTER FROM THE BOARD

ORIL

ORIL is an investment holding company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially wholly owned by Mr. Vong Pech, a substantial Shareholder beneficially interested in approximately 23.53% of the issued Shares as at the Latest Practicable Date.

AGGL

AGGL is an investment holding company incorporated in the British Virgin Islands. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, AGGL and its ultimate beneficial owner are Independent Third Parties.

The Agent and the Security Agent

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

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

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

For the year ended 30 June 2022, the Group recorded a loss attributable to the owners of the Company of approximately HK\$40.7 million, representing a decrease of approximately 45.2% as compared to the loss of approximately HK\$74.2 million for the year ended 30 June 2021. The decrease in loss was mainly due to, among others, the gain on compensation from the BCP Group under the Profit and Loss Sharing Arrangement. For the six months ended 31 December 2022, the Group recorded a loss attributable to the owners of the Company of approximately HK\$28.4 million, representing an increase of approximately 175.7% as compared to the loss of approximately HK\$10.3 million for the corresponding period last year. The increase in loss was partly offset by the expected compensation from the BCP Group under the Profit and Loss Sharing Arrangement. The Profit and Loss Sharing Arrangement, however, will expire on 30 June 2023.

LETTER FROM THE BOARD

Since December 2020, the lower KOP stand and Tilton Road End of the Stadium have been closed for structural maintenance. The overall income from match day receipts was reduced during the time when the two stands were closed. As at the Latest Practicable Date, the maintenance work was in progress. The Club targets to complete the maintenance of these stands by November 2023.

Following a finish at the 20th position in the EFL Championship for the 2021/2022 season, the Club continued to play for the 12th consecutive season in the EFL Championship in the 2022/2023 season. The Club finished at 17th in the EFL Championship for 2022/2023 season and has not qualified for promotion to the EPL in the 2023/2024 season. As a result, it is expected that there will not be any significant increase in revenue of the BCP Group in the 2023/2024 season.

The expiration of the Profit and Loss Sharing Arrangement on 30 June 2023, the costs arising from the maintenance work of the Stadium and the expected increase in operating costs of the BCP Group have posed increasing pressure on the cash flow of the Group.

Under the financing arrangements set forth in the Shareholders' Agreement and the Finance Documents, the Buyer will provide the Operating Loan Facility in an aggregate principal amount of GBP50.0 million (equivalent to approximately HK\$491.0 million) to BCP and BCFC for funding the budgeted operating costs and expenses of the BCP Group. Further, the Buyer will procure a loan of an amount not exceeding GBP5.0 million (equivalent to approximately HK\$49.1 million) is made to BCP or BCFC in accordance with the Operating Loan Agreement in respect of any costs of any repair and/or remedial work that has been undertaken to the Stadium for the period from and including 1 April 2023 to and including the Completion Date. The Board considers that these financing arrangements will alleviate the pressure on the Group's cash flow and enable the Group to improve its liquidity.

The management of the Group have been looking for investment opportunities around the world in a prudent and proactive manner so as to expand the business portfolio of the Group. The management is striving to identify suitable opportunities with potential which can bring value to the Group and the Shareholders as a whole. The Directors are of the view that the Disposal will enable the Group to apply available financial resources to suitable investment opportunities as and when the Company determines to invest in. The Company intends to, in parallel with the continuous operation of the football segment of the Group after completion of the Disposal by leveraging on the Shareholders' Agreement and the funding arrangements thereunder, develop other business segments of the Group as well as to explore opportunities in other business sectors including high technologies and eco-friendly technologies businesses. As at the Latest Practicable Date, the Company was in the process of identifying opportunities in such business sectors, and had not entered into any legally binding agreement in relation thereto.

LETTER FROM THE BOARD

Having considered the foregoing, the Directors (including all independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the view that although the entering into the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are not in the ordinary course of business of the Group, (i) the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the highest of the applicable percentage ratios for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since the highest of the applicable percentage ratios for the Deed of Debt Reorganisation and the transactions contemplated thereunder exceed 25%, the Deed of Debt Reorganisation and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

ORIL is a company indirectly wholly owned by Mr. Vong Pech, a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the date of the Share Purchase Agreement and is a connected person of the Company. The Share Purchase Agreement provides that the Buyer shall not be obliged to complete the purchase and the Company shall not be obliged to complete the sale of any of the Sale Shares unless (i) the sale of all the Sale Shares; and (ii) the sale of all shares in the capital of BCP held by ORIL and all shares in the capital of BCSL held by ORIL and AGGL pursuant to the ORIL/AGGL Share Purchase Agreement, are completed simultaneously. Besides, BCP is owned by ORIL as to approximately 21.64% and is a connected subsidiary (has the meaning ascribed to it in the Listing Rules) of the Company. Each of the Disposal and the Debt Reorganisation constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The ORIL Stadium Loan Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules, but is fully exempt from independent shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules as it is conducted on normal commercial terms or better and it is not secured by the assets of the Group.

Since the highest of the applicable percentage ratios for the Finance Documents and the transactions contemplated thereunder, in aggregate, exceeds 25%, the Finance Documents and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Immediately following Completion, the Buyer will become a substantial shareholder of BCP. The Finance Documents and the transactions contemplated thereunder will constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Share Purchase Agreement, the Deed of Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

THE EGM

Set out on pages EGM-1 to EGM-3 of this circular is the EGM Notice convening the EGM to consider and, if appropriate, to approve the resolution relating to, among others, the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder. Any shareholder with a material interest in the transactions and his close associates will not vote. At the EGM, Mr. Vong Pech and his associates will abstain from voting on the resolution approving the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Vong Pech and his associates (including Ever Depot Limited) held 181,566,440 Shares, representing approximately 23.53% of the issued share capital of the Company. To the best of the knowledge, information and belief of the Directors, none of the persons (excluding Mr. Vong Pech and his associates) who are required to abstain from voting at the EGM held any Shares as at the Latest Practicable Date.

Pursuant to the Share Purchase Agreement, the Company has delivered to the Buyer the Irrevocable Undertaking of Trillion Trophy and Dragon Villa, pursuant to which they have undertaken to the Buyer to accept and vote in favour of the relevant resolution regarding the Disposal in relation to all their Shares. As at the Latest Practicable Date, Trillion Trophy and Dragon Villa were beneficially interested in 217,000,000 Shares and 131,774,640 Shares, respectively, representing approximately 28.12% and 17.08%, respectively, of the entire issued share capital and voting rights of the Company.

Save as above-mentioned and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there are no other Shareholders who have a material interest in the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder. Therefore, no other Shareholders shall abstain from voting on the relevant resolution at the EGM.

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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding 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.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 10 July 2023 to Thursday, 13 July 2023 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

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 Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 July 2023. Shareholders whose names are recorded in the register of members of the Company on Monday, 10 July 2023 are entitled to attend and vote at the EGM.

VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM pursuant to Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors (including all independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the opinion that although the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are not in the ordinary and usual course of business of the Group, the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement, the Finance Documents and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders shall vote in favour of the ordinary resolution to be proposed at the EGM.

RECOMMENDATIONS OF THE INDEPENDENT FINANCIAL ADVISER AND THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are fair and reasonable, and transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

LETTER FROM THE BOARD

The Independent Financial Adviser considers that although the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are not in the ordinary and usual course of business of the Group, the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the same. The full text of the letter from the Independent Financial Adviser containing its recommendation is set out on pages 45 to 76 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

The full text of the letter from the Independent Board Committee is set out on pages 43 to 44 of this circular.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

27 June 2023

To the Independent Shareholders

Dear Sir or Madam,

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF INTERESTS IN A SUBSIDIARY;
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
DEBT REORGANISATION;
AND
(3) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
FINANCIAL ASSISTANCE**

We refer to the circular of the Company dated 27 June 2023 (the “Circular”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement and the Finance Documents and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” of the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard. Details of the advice and the principal factors and reasons the Independent Financial Adviser has taken into consideration in rendering its advice are set out in the section headed “Letter from the Independent Financial Adviser” of the Circular. Your attention is also drawn to the information set out in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and the advice of the Independent Financial Adviser, we are of the opinion that, although the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are not in the ordinary and usual course of business of the Group, (i) the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents are in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Pun Chi Ping

Ms. Leung Pik Har, Christine
Independent Non-executive Directors

Mr. Yeung Chi Tat

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder, which has been prepared for the purpose of incorporation in the Circular.

Silver Nile Global Investments Limited
Suite 622 Ocean Centre
Harbour City, Tsim Sha Tsui
Kowloon, Hong Kong

27 June 2023

*To: The Independent Board Committee and the Independent Shareholders
of Birmingham Sports Holdings Limited*

Dear Sir/Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF INTERESTS IN A SUBSIDIARY;
(2) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
DEBT REORGANISATION;
AND
(3) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
FINANCIAL ASSISTANCE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular of the Company dated 27 June 2023 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 7 May 2023, the Company and the Buyer entered into the Share Purchase Agreement and the transactions contemplated thereunder, pursuant to which the Company conditionally agreed to sell and the Buyer conditionally agreed to buy (i) 19,838,227 shares, representing approximately 24.34% issued share capital of BCP; and (ii) approximately 32% of the remaining shareholder's loan owing by BCP to the Company following completion of the Debt Reorganisation.

On the same day, ORIL and AGGL entered into the ORIL/AGGL Share Purchase Agreement with the Buyer, pursuant to which ORIL and AGGL conditionally agreed to sell and the Buyer conditionally agreed to buy (i) all shares in the capital of BCP held by ORIL, i.e., approximately 21.64% issued share capital of BCP; (ii) all shares in the capital of BCSL; (iii) all loans owing by BCP to ORIL; and (iv) all loans owing by BCSL to each of ORIL and AGGL.

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It is also noted that, prior to or on Completion, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents will be entered into between relevant parties.

As at the date of the Share Purchase Agreement, the respective applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal was more than 25% but less than 75%, and since the highest of the respective applicable percentage ratios for (i) the Deed of Debt Reorganisation and the transactions contemplated thereunder exceed 25%; and (ii) the Finance Documents and the transactions contemplated thereunder (in aggregate in relation to transactions contemplated under the Finance Documents) exceed 25%, accordingly, the Share Purchase Agreement, the Deed of Debt Reorganisation and the Finance Documents and respective transactions contemplated thereunder constitute major transactions of the Company for the purpose of Chapter 14 of the Listing Rules. Furthermore, in light of (i) ORIL is a company indirectly wholly-owned by Mr. Vong Pech, a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the date of the Share Purchase Agreement and is a connected person of the Company; (ii) the Buyer shall not be obliged to complete the purchase of the Sale Shares unless the Share Purchase Agreement and ORIL/AGGL Share Purchase Agreement are completed simultaneously; (iii) BCP is owned by ORIL as to approximately 21.64% and is a connected subsidiary (has the meaning ascribed to it in the Listing Rules) of the Company; and (iv) immediately following the Completion, the Buyer will become a substantial shareholder of BCP, each of the Disposal, the Debt Reorganisation, the Finance Documents and the respective transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and Rule 14A.36 of the Listing Rules requires any shareholder who has a material interest in the underlying transactions to abstain from voting on related resolution. As Mr. Vong Pech and his respective associates are materially interested in the transactions contemplated under the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents, they are required to abstain from voting on the proposed resolution relating to the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder at the EGM. As at the Latest Practicable Date and to the best of the knowledge, information and belief of the Directors, save for Mr. Vong Pech and his associates, no other Shareholders are required to abstain from voting on relevant resolution(s) as aforementioned at the EGM.

Pursuant to the Share Purchase Agreement, the Company has delivered to the Buyer the Irrevocable Undertaking of Trillion Trophy and Dragon Villa, pursuant to which they have undertaken to the Buyer to accept and vote in favour of the relevant resolution regarding the Disposal in relation to all their Shares.

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat, has been established to advise the Independent Shareholders, among other things, the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder are on normal commercial terms or better and in the ordinary course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Silver Nile Global, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

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OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Buyer and any of their respective substantial shareholders or associates that could reasonably be regarded as relevant to our independence and accordingly, we were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder. Save for our appointment as the Independent Financial Adviser, there was no other engagement between the Company and Silver Nile Global in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions, beliefs and representations contained in the Circular and the information and representations provided to us by the Group, the Directors and/or the management of the Group. We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company and the Directors. We have assumed that (i) all statements, information and representations provided by the Directors and the management of the Group; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have also sought and received confirmation from the Company that no material facts have been omitted from the information provided and the opinions expressed to us or there is undisclosed private agreement/arrangement or implied understanding with anyone concerning the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information and taken sufficient and necessary steps to reach an informed view and to provide a reasonable basis for our opinion in compliance with Rule 13.80 of the Listing Rules. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the prospects of the Group, the Buyer, or their respective subsidiaries or associates (if applicable). We have also not considered the taxation implication on the Group or the Shareholders as a result of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save as and except for the unaudited consolidated financial information of the BCP Group as provided by the management of the Group, we have not made any independent evaluation or appraisal of the assets and liabilities of the BCP Group and we have not been furnished with any such evaluation or appraisal given by third party expert. Since we are not experts in the valuation of assets or business, we have relied solely upon the relevant information provided as aforementioned.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information of the Independent Board Committee and Independent Shareholders solely in connection with their consideration of the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Documents and respective transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Information of the Group

(i) Background information of the Group

With reference to the Letter from the Board, the Group is principally engaged in three business segments, namely, the (i) operation of a professional football club in England and Wales and other related business; (ii) investment in properties; and (iii) healthcare and medical related business.

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(ii) Financial highlights of the Group

The table below sets out the key financial information of the Group for the year ended 30 June 2022 (“FY2022”), and the comparative figures for the preceding financial year, as extracted from the published annual report of the Company for the year ended 30 June 2022 (the “2022AR”) and for the six months ended 31 December 2022 (“1H2023”), and the comparative figures for the corresponding preceding financial period, as extracted from the published interim report of the Company for the six months ended 31 December 2022 (the “2023IR”):

	For the year ended		For the six months ended	
	30 June		31 December	
	2021	2022	2021	2022
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	165,023	220,939	111,375	108,946
– Football Club	127,424	191,713	96,591	93,953
– Investment in properties	28,179	28,179	14,090	14,090
– Healthcare Business	5,917	1,047	694	903
– System Service Solutions	3,503	–	–	–
Operating expenses	(427,136)	(465,552)	(237,701)	(196,218)
(Loss) for the year/period	(111,829)	(107,767)	(40,144)	(56,167)

For the six months ended 31 December 2022

The revenue of the Group decreased by approximately HK\$2.4 million or 2.2% from approximately HK\$111.4 million to approximately HK\$108.9 million for the six months ended 31 December 2021 and 2022, respectively, which is mainly attributable to the decrease in revenue of approximately HK\$2.6 million in terms of HK\$ recorded in the operation of a professional football club, i.e., the BCFC, due to the adverse effect of devaluation of GBP caused by, among others, the unstable political environment and serious inflation pressure. Revenue streams of football club segment comprised match day receipts, broadcasting income and commercial income. As noted from the 2023IR, since December 2020, the lower KOP stand and Tilton Road End of St. Andrew’s Stadium were closed for structural maintenance and not allowed to open to public.

During the six months ended 31 December 2022, the Group recorded stable rental income of approximately HK\$14.1 million from certain residential apartments and commercial properties owned by the Group in Phnom Penh, Kingdom of Cambodia (“Cambodia”) and the Group also recorded income of approximately HK\$0.9 million from healthcare business segment which principally comprises the provision of medical consultation and healthcare and wellness referral related services in Japan and the sales of health-related products.

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With reference to the 2023IR, other losses and gains of the Group for 1H2023 recorded a loss of approximately HK\$17.2 million which was mainly due to the absence of insurance compensation arising on business interruption caused by COVID-19, as compared to a gain of approximately HK\$24.8 million recorded during the six months ended 31 December 2021. Meanwhile, the profit on sales of players registration decreased by approximately HK\$17.4 million from approximately HK\$22.3 million to approximately HK\$4.9 million for the six months ended 31 December 2021 and 2022, respectively.

Although the world economy has been picking up in the post COVID-19 period, the Group recorded an increase in loss to approximately HK\$56.2 million in 1H2023 from approximately HK\$40.1 million for the six months ended 31 December 2021 as a combined result of the above.

For the year ended 30 June 2022

As disclosed in the 2022AR, the revenue of the Group increased by approximately HK\$55.9 million or 33.9% from approximately HK\$165.0 million to approximately HK\$220.9 million for the year ended 30 June 2021 and 2022, respectively. Such increase was mainly due to the increase in commercial income, match day receipts and broadcasting from the operation of BCFC and partially offset by the decrease in revenue generated from healthcare business segment and the termination of the operation of system service solutions segment.

The operating expenses of the Group during FY2022 increased by approximately HK\$38.4 million or 9.0% over the same period in 2021. Such increase was mainly attributable to higher operating expenses of BCFC. It is also noted that the Group received a one-off football club segment compensation of approximately HK\$201.3 million and substantial decrease of approximately HK\$243.7 million in profit on sales of players' registration in FY2022 as compared to the year ended 30 June 2021.

As a result of the above factors, the Group recorded a loss for FY2022 of approximately HK\$107.8 million, representing a slight decrease of approximately 3.6% from the loss for the year ended 30 June 2021 ("FY2021") of approximately HK\$111.8 million.

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Set out below is a summary of the financial position of the Group as at 30 June 2021 and 2022 and 31 December 2022 as extracted from the 2022AR and 2023IR.

	As at 30 June 2021	As at 30 June 2022	As at 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	796,154	661,937	640,928
Current assets	280,607	355,867	203,191
	1,076,761	1,017,804	844,119
Total assets	1,076,761	1,017,804	844,119
Current liabilities	547,631	443,911	459,728
Non-current liabilities	224,316	351,080	142,061
	771,947	794,991	601,789
Total liabilities	771,947	794,991	601,789
Net assets	304,814	222,813	242,330

For the financial position of the Group, as at 31 December 2022, the major assets of the Group included (i) the investment properties of residential apartments and commercial properties in Phnom Penh, Cambodia held by the Group of approximately HK\$470.7 million; (ii) right-of-use assets of approximately HK\$66.2 million; (iii) intangible assets consist of players' registration, trademark and membership of approximately HK\$68.7 million; (iv) deposits, prepayments and other receivables of approximately HK\$77.7 million; and (v) amount due from a related party of approximately HK\$85.1 million, which altogether accounted for approximately 91.0% of the total assets of the Group. It is also noted that the Group only had low level of bank balances and cash of approximately HK\$27.9 million as at 31 December 2022. The major liabilities of the Group were the borrowings of approximately HK\$164.9 million and amount due to related party of approximately HK\$256.5 million which accounted for approximately 70.0% of the total liabilities of the Group as at 31 December 2022.

As set out in the table above, the non-current assets of the Group decreased from approximately HK\$796.2 million as at 30 June 2021 to approximately HK\$661.9 million as at 30 June 2022, and recorded a further decrease to approximately HK\$640.9 million as at 31 December 2022 which was mainly due to the decrease in intangible assets and deposits, prepayments and other receivables.

Meanwhile, the current assets of the Group recorded an increase from approximately HK\$280.6 million as at 30 June 2021 to approximately HK\$355.9 million mainly attributable to increase in amount due from a related party but offset by the decrease in deposits, prepayments and other receivables. Nonetheless, the current assets of the Group decreased to approximately HK\$203.2 million as a result of the decrease in deposits, prepayments and other receivables, amount due from a related party, pledged bank deposits and the bank balances and cash.

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Meanwhile, apart from the decrease in non-current borrowings from approximately HK\$274.4 million as at 30 June 2022 to approximately HK\$53.3 million as at 31 December 2022, the liabilities items of the Group remained relatively stable as at the aforementioned reporting dates.

2. Information of the Buyer

According to the information provided by the Buyer, the Buyer is a company incorporated in England and Wales with limited liability. As at the Latest Practicable Date, the Buyer was owned as to approximately 72% by KHAL and approximately 28% by KMF. Each of KHAL and KMF is managed and/or advised by Knighthead Capital Management, LLC (“Knighthead Capital”), an investment adviser registered with the United States Securities and Exchange Commission. As at the Latest Practicable Date, Thomas A. Wagner, the co-founder and co-managing member of Knighthead Capital, and Gregory O’Hara, a director of KHAL, ultimately and beneficially owned 11.37% and 19.11% of the Buyer, respectively, and the remaining balance of the voting right and economic interest of the Buyer was ultimately and beneficially owned by more than 40 individuals and institutional investors and each of them was interested in less than 10% of the Buyer. As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Buyer and its ultimate beneficial owners were Independent Third Parties.

As provided by the management of the Company, Knighthead Capital is an event driven and deep value focused United States Securities and Exchange Commission registered investment advisor that specialises in investing in companies that need financial and operational restructuring. Its long-term objective is to generate attractive risk-adjusted returns for its clients while emphasising the preservation of capital. The investment track records of Knighthead Capital in sports businesses include Major League Pickleball and Professional Fighters League.

Please refer to the section headed “INFORMATION ON THE PARTIES – THE BUYER” in the Letter from the Board for further details on the ownership structure of the Buyer.

3. Information of the BCP Group

(i) Background information of the BCP Group

With reference to the Letter from the Board and as provided by the management of the Group, BCP is a public limited liability company incorporated in England and Wales and, as at the Latest Practicable Date, is owned as to approximately 75% by the Company, approximately 21.64% by ORIL and approximately 3.36% by public shareholders. BCP owns the entire issued share capital and is principally engaged in the operation and management of BCFC which is also a public limited liability company incorporated in England and Wales. Meanwhile, BCFC owns the entire issued share capital of BCWFC which is a limited company incorporated in England and Wales.

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(ii) *Financial highlights of the BCP Group*

Set out below is the certain consolidated financial information of the BCP Group for the two years ended 30 June 2022 as extracted from the audited consolidated financial statements for the year ended 30 June 2021 and 2022 of the BCP Group, which is prepared in accordance with UK-adopted International Accounting Standards.

	For the year ended 30 June 2021	For the year ended 30 June 2022
	<i>(audited)</i>	<i>(audited)</i>
	<i>(Restated)</i>	
	<i>GBP'000</i>	<i>GBP'000</i>
Revenue	13,739	18,135
Operating expenses	(46,679)	(49,375)
(Loss) before taxation	(5,599)	(25,028)
(Loss) after taxation	(5,599)	(25,028)
	As at	As at
	30 June 2021	30 June 2022
	<i>(audited)</i>	<i>(audited)</i>
	<i>(Restated)</i>	
	<i>GBP'000</i>	<i>GBP'000</i>
Non-current assets	29,852	18,968
Current assets	24,256	17,955
Total assets	54,108	36,923
Current liabilities	120,328	136,812
Non-current liabilities	21,142	12,501
Total liabilities	141,470	149,313
Net (liabilities)	(87,362)	(112,390)

As depicted from the table above, the BCP Group's revenue for FY2022 increased by approximately 32.0% as compared to that for FY2021, meanwhile the operating expenses of the BCP Group increased from approximately GBP46.7 million in FY2021 to approximately GBP49.4 million in FY2022. As a whole, the BCP Group recorded loss of approximately GBP25.0 million in FY2022, representing an increase in loss of approximately 347.0% as compared to the BCP Group's loss for FY2021, which was mainly due to decrease in the profit on sale of players' registrations.

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For the financial position of the BCP Group, as at 30 June 2022, the major assets of the BCP Group included property, plant and equipment and trade and other receivables which altogether accounted for approximately 78.8% of the total assets of the BCP Group, whilst the cash and cash equivalent of the BCP Group was approximately GBP1.5 million (approximately 4.0% of the total assets of the BCP Group) as at 30 June 2022. The major liabilities of the BCP Group was the financial liabilities – interest bearing loans and borrowings which accounted for approximately 90.6% of the total liabilities of the BCP Group.

4. Reasons for entering into the Share Purchase Agreement and benefits of the Disposal

With reference to the Letter from the Board, the management of the Group believes that on one hand, the Disposal would provide an opportunity to the Group to partly relieve its financial burden in providing monetary support to the daily operation of the BCP Group and to alleviate the pressure on the Group's cash flow and enable the Group to improve its liquidity for the future business development of the Group as opportunities arise. On the other hand, the Disposal does not annotate any departure from the operation of BCP as the Company will remain as the major shareholder and be able to control the board of each BCP Group Company upon Completion.

By disposing certain interest in the non-performing BCP Group together with its liabilities, it is expected that the financial position and the liquidity of the Company will be improved upon Completion. As illustrated under the section headed “3. Information of the BCP Group – Financial highlights of the BCP Group”, the BCP Group recorded net liabilities of approximately GBP87.4 million (equivalent to approximately HK\$857.9 million) and GBP112.4 million (equivalent to approximately HK\$1,103.7 million) as at 30 June 2021 and 30 June 2022, respectively. As advised by the management of the Company, the increase in the net liabilities of the BCP Group as at 30 June 2022 as compared to that of 30 June 2021 was due to (i) decrease in intangible assets as a result of reduction in the amount of players' registration when more players were transferred out; and (ii) the decrease in trade and other receivable because of lower transfer fees receivable from players transfer. In addition to the continuous loss making position for each of the two years ended 30 June 2021 and 30 June 2022, and the outstanding current liabilities of the BCP Group of approximately GBP136.8 million (equivalent to approximately HK\$1,343.5 million) as at 30 June 2022, these unfavourable financial fundamentals entail continuous and substantial investments and financial resources to support the business and cashflow operation of the BCP Group.

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Unlike the operation of an ordinary business in trading, manufacturing or technological innovation where there may have certain business cycle or market recognised value for stable operation, the successful running, the revenue level and profitability of a football club business is directly and hugely dependent on (i) the results of the football team which affect (1) fans and market awareness that brings in match day receipts; (2) the market value of the players' registration, i.e., the fee to be received from players' registration transfer; (3) the finishing position in the cup matches which the club may receive extra broadcasting income; and (4) commercial income from sponsors; and (ii) the players trained and produced by the academy of the football club which affect the net profit on sale of players' registration. Although it is the 12th season which the BCFC has been playing in the EFL Championship, BCFC was only able to finished at 17th, 20th and 18th position in 2022/23, 2021/22 and 2020/21 season, respectively. Having considered that the aforementioned play results of the Club in the EFL Championship in recent years, it is reasonable to expect that substantial investment in BCFC will continue to be required in the area of, including but not limited to (i) recruitment of talented first team football players, coaches and supporting staff; and/or (ii) better training equipment and wellness support to youth player development in the academy of the Club, so as to improve its performance in the EFL Championship.

As advised by the Directors, the running of BCFC is capital intensive. The operating expenses of a football club like players costs, wages and salaries, administrative costs and matchday related costs are expected to remain at least at existing level as the major components of the expenses are usually entered into with a term over several years. It is expected that BCFC requires the continuous investment from its shareholders so as to sustain its participation in the EFL Championship and it is unlikely to expect BCFC's operation to sustain on its own. Indeed, since BCFC's relegation to the EFL Championship in 2012/13 season, the Group recorded (i) net operating loss ranging from approximately HK\$19.6 million to HK\$323.6 million; and (ii) net loss ranging from approximately HK\$4.4 million to HK\$437.7 million in each of the financial year ended 30 June 2013 to 2022. We consider the operation of BCFC will continue to exert financial burden to the long term development of the Group.

It is also worth to take note that the Profit and Loss Sharing Arrangement will expire on 30 June 2023 and no more compensation from ORIL will be provided to the Company. The Group received football club segment compensation of approximately HK\$201.3 million in FY2022 and the football club segment compensation of Group receivable amounted to approximately HK\$83.4 million in 1H2023. Upon the expiration of the Profit and Loss Sharing Arrangement, the Company will no longer receive any cash compensation in respect of the share of loss of the football club segment attributable to the Group, hence, the Group's financial results are expected to be worsen in the event there is no improvement in revenue and/or reduction in operating expenses of the BCP Group in the 2023/24 season.

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With the introduction of the Buyer as a shareholder of BCP, pursuant to the Shareholders' Agreement and the Finance Documents, the Buyer will provide the Operating Loan Facility to BCP and BCFC for funding the budgeted operating costs and expenses of the BCP Group. The Disposal will partially release the Company from being obliged to provide funding for the operating costs and expenses or any costs of any repair and/or remedial work that has been undertaken to the Stadium. For example, under the commitment from the Buyer and the ORIL Stadium Loan Agreement and KALA Stadium Loan Agreement which will be refinanced by the Operating Loan Agreement upon Completion, the Company will no longer require to finance the structural maintenance of the lower KOP stand and Tilton Road End of the Stadium or the update, upgrade, repair or making changes to the sporting facilities comprised within the Stadium, meanwhile, the Company is able to share the benefit generated from these stands and facilities once they reopen or complete. Upon our further enquiry, the management of the Company confirmed that the Disposal was contemplated with a view to reduce the Company's and major Shareholders' financial burden and pressure in obtaining funding to support the operation of the BCP Group, which is not expected to be significantly reduced in the next year without the Disposal, and on commercial basis that the Buyer is able to bring in management expertise and funding for the daily operation of the BCP Group which is an important step in the transformation of the football club. Furthermore, upon completion of the Disposal, the Buyer will be primarily responsible to provide fundings for all operational cost and expenses of the BCP Group. We agree that the Disposal will ease the financial pressure and improve the Company's liquidity.

We are given to understand that the Buyer has a passion for sports and is well experienced in turning around and transforming organisations that are experiencing difficulties. Knighthead Capital has led, and successfully completed, the restructuring process of Hertz Global Holdings, Inc. ("Hertz") which Hertz filed a Chapter 11 case in the United States in May 2020 as part of its bankruptcy procedures. Under the new leadership of the investor group led by Knighthead Capital, they worked together with Hertz and worked to reduce Hertz's corporate debt and enhance the liquidity to fund operations and future growth throughout the restructuring operation. Within 18 months from the commencement of the restructuring process, Hertz has successfully turnaround its business and recorded revenue of United States Dollar ("USD") 8.7 billion, adjusted net income of USD1.5 billion, adjusted operating cash flow of USD2.0 billion and adjusted free cash flow of USD1.5 billion for the year ended 31 December 2022. Apart from the financial restructuring, Hertz also executed a series of operational initiatives, such as optimising its location footprint and size of its fleet, and transformed its portfolio of neighbourhood rental locations as a complement to its airport business to meet the changing market demand. The efforts and involvement of Knighthead Capital put Hertz back on track after bankruptcy and laid a solid foundation for the continuous growth of Hertz. Knighthead Capital has also been involved in a similar turnaround and transformation of the Agrokor Group and Pacific Gas and Electric Company in the past. As advised by the management of the Company, it is the plan for the Buyer to commit the resources (in line with the EFL guidelines), the skills and the determination needed to deliver transformational change for the good of BCFC. The Buyer also intends to bring in improved infrastructure and new commercial partnerships. It is the focus of the Buyer to increase revenue through all means available so as to ensure BCFC to be on the right track to its transformation.

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The net proceeds from the Disposal (after deducting professional fees and other expenses relating to the Disposal) are estimated to be approximately HK\$46.0 million. The Company intends to use (i) approximately 22% (HK\$10.0 million) of proceeds from the Disposal for general working capital for the business and operation of the Group; (ii) approximately 8% (HK\$4.0 million) is intended to be used for potential investment opportunities that might occur; and (iii) approximately 70% (HK\$32.0 million) for repayment of external debts. In this regard, as advised by the management of the Company, the Company has external debts comprising (i) third party loans in aggregate of approximately HK\$12.5 million with interest rate per annum ranging from 8.5% to 10.5% due within the next 12 months from 30 April 2023, and (ii) shareholders' loan in aggregate of approximately HK\$142.8 million as at 30 April 2023. After discussion with the Directors, we understood that once these outstanding external debts are settled or partially settled, the Company's financial pressure will be relieved which leave flexibility to the management of the Company in considering other investment opportunities. We are also advised that the Group is studying various potential investment opportunities in other business segments of the Group such as sports accessories business and health supplements business and potential opportunities in other business sectors including high technologies and eco-friendly technologies businesses. Although no concrete investment initiative has been identified or finalised, the Disposal if completed, will better prepare the Group to take advantage of any future investment opportunities and may help to diversify the revenue source of the Group.

Lastly, as stated in the Letter from the Board, following the completion of the Disposal, it is estimated that the Company will realise a gain before tax on disposal of approximately GBP2.8 million (equivalent to approximately HK\$27.5 million) which will be recognised as an equity transaction in the consolidated statement of changes in equity of the Group.

Having considered the circumstances and various factors stated above, we concur with the Directors that, although the Disposal is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Share Purchase Agreement

Summarised below are the major terms of the Share Purchase Agreement

- Date : 7 May 2023
- Parties : The Company as seller
The Buyer as buyer
- Assets to be disposed of : Pursuant to the Share Purchase Agreement, subject to the satisfaction (or, as applicable, waiver) of the Conditions Precedent:
- (a) The Company shall sell and the Buyer shall buy the Sale Shares; and

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- (b) The Company shall assign to the Buyer all of the Company's rights, title, interest and benefits in and to the Assigned Loans and the Buyer shall accept such assignment.

Debt Reorganisation

: The Debt Reorganisation involves:

- (a) the Debt Assignment, i.e., the assignment from ORIL to the Company of part of the shareholder's loans in the amount of approximately GBP22.5 million (equivalent to approximately HK\$221.0 million) owing by BCP to ORIL for the consideration of GBP1.0 (equivalent to approximately HK\$9.82); and
- (b) the Debt Reorganisation, i.e., the capitalisation of part of the shareholder's loans in amount of GBP100.0 million (equivalent to approximately HK\$982.0 million) owing by BCP to the Company (which shall include the amounts so assigned to the Company pursuant to the Debt Assignment) into one ordinary share of GBP0.10 each (at a premium) in the to be issued share capital of BCP,

to be completed immediately prior to the Completion.

Consideration and payment terms

: The consideration for the Disposal is approximately GBP5.3 million (equivalent to approximately HK\$52.0 million) in aggregate, which shall be satisfied by the payment in cash to the Company on Completion.

EPL Bonuses

: The Buyer shall pay to the Company the following EPL Bonuses in respect of the Club's first promotion to the EPL following the Completion Date, subject to the Company not in material breach of any transaction document to which it is a party.

Please refer to the payment mechanism under section headed "SHARE PURCHASE AGREEMENT – EPL Bonuses" as set out in the Letter from the Board for full details.

Conditions precedent

: Completion is conditional upon and subject to the satisfaction (or, as applicable, waiver) of the Conditions Precedent

Please refer to the condition precedent under section headed "SHARE PURCHASE AGREEMENT – Conditions Precedent" as set out in the Letter from the Board for full details.

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Completion : Completion shall take place as soon as reasonably practicable (and in any event within ten Business Days) following and subject to satisfaction (or, as applicable, waiver) of the Conditions Precedent.

Further details of the principal terms of the Share Purchase Agreement are outlined in the Letter from the Board.

(i) Analysis on the fairness and reasonableness of the Consideration

With reference to the Letter from the Board, the Consideration was determined after arm's length negotiations between the Company and the Buyer with reference to, including without limitation, (i) the agreed value of 100% equity interest of BCP of approximately GBP22.0 million (equivalent to approximately HK\$216.0 million) derived based on (a) adjusted net liabilities of the BCP Group of approximately GBP105.4 million (equivalent to approximately HK\$1,035.4 million) as at 31 March 2023, based on the unaudited net liabilities of the BCP Group in the amount of approximately GBP123.0 million (equivalent to approximately HK\$1,207.9 million) as at 31 March 2023, which take into consideration of contingent transfer fee of players' registration to be received and market value adjustments for certain players and fair value adjustment for the training pitch, for an aggregate amount of approximately GBP17.6 million (equivalent to approximately HK\$172.8 million); plus (b) the total outstanding shareholders' loan of the BCP Group as at 31 March 2023 of approximately GBP127.8 million (equivalent to approximately HK\$1,255.0 million); (ii) the amount of the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023; (iii) the financial performance of the BCP Group in FY2022 and 1H2023 having recorded a loss of approximately GBP25.0 million and GBP12.1 million, respectively; and (iv) the Operating Loan Facility to be provided by the Buyer.

The consideration of approximately GBP5.3 million (equivalent to approximately HK\$52.0 million) for the Disposal represents a premium of approximately 120.8% over the sum of the unaudited net liabilities of the BCP Group attributable to the Sale Shares of approximately GBP29.3 million (equivalent to approximately HK\$287.7 million) as at 31 March 2023 and the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023.

From time to time the Company provides funding to support BCP's operation by means of shareholder's loan. During the year ended 30 June 2022, the Company has advanced approximately GBP18.3 million to the BCP Group. As shown in the financial performance of BCP Group, it has not been generating operating cash inflow to sustain the business operation on its own in the past 10 financial years. Without a significant turnaround of the BCP Group's financial performance or additional external funding, the outstanding shareholder's loan is unlikely to be recovered in the foreseeable future. By bringing the Buyer on board through the Disposal, additional financial resources, management expertise in operational and strategic improvements which include advisory and assisting the Club to hire professionals of highest quality in key roles that overseeing the football team, the academy and marketing and finance team as well as the stabilisation and adjustment of financial position and new commercial connections to the business of BCP Group among Knighthead Capital's other sports investments, including Major League Pickleball, Professional Fighters League, Hertz Team JOTA and FIA World Endurance Championship and other corporate relationship which include, among others, Hertz, American Express, Palantir Technologies and Delta Air Lines for potential sponsorship collaboration will be available to support the BCP Group, which shall in turn increase the likeliness of improving the BCP Group's financial performance.

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In order to further evaluate the fairness and reasonableness of the Consideration, we have performed a comparable companies analysis. Given that the BCP Group was loss making for each of the two years ended 30 June 2021 and 2022 and recorded net liabilities position as at 30 June 2021 and 2022, we consider the analysis of price-to-earnings ratio or price-to-book ratio is not meaningful. As such, we have taken the revenue of the BCP Group into consideration for comparison and conducted a price-to-sales (the “P/S”) ratio analysis. We were not able to identify any company listed on the Stock Exchange which is engaged in similar business as the BCP Group, accordingly we extend the scope of our search to other stock exchange for the purpose of this analysis. We have identified, on best effort basis, an exhaustive list of companies listed on recognised stock exchanges for comparison (the “Comparable Companies”) based on the follow criteria (i) the Comparable Companies are principally engaged in the operation and management of professional football clubs in European countries; and (ii) their financial information must be publicly available. Although the Comparable Companies are different in market size, we are of the opinion that the Comparable Companies represent a fair and appropriate sample population for the present comparison purpose as the Comparable Companies are exposed to similar extent of macro-economic factors and industrial outlook as the BCP Group.

The following table sets out the details of the Comparable Companies, the P/S ratio is computed based on the market capitalisation of the Comparable Companies as at the Latest Practicable Date divided by their latest published audited annual revenue:

Stock code	Name of company	Listing location	Principal business	Market capitalisation <i>(in GBP million)</i>	P/S Ratio <i>(times)</i>
MANU	Manchester United Plc	New York, America	Principally engaged in the operation of a professional sports club belongs to the EPL	2,893.8 ¹	4.96
JUVE.MI	Juventus Football Club SpA	Milan, Italy	Principally engaged in the operation of a professional soccer club which belongs to the Italian Serie A division	768.2 ²	2.02
BVB.F	Borussia Dortmund GmbH & Co. KGaA	Frankfurt, Germany	Principally engaged in the operation of a professional soccer club which plays in Germany’s first division – Bundesliga	412.0 ²	1.36
CCP.L	Celtic PLC	London, England	Principally engaged in the operation of a professional football club in United Kingdom and the provision of all on-field related activities for the team.	120.6	1.37

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Stock code	Name of company	Listing location	Principal business	Market capitalisation <i>(in GBP million)</i>	P/S Ratio <i>(times)</i>
SSL.MI	S.S. Lazio S.p.A	Milan, Italy	Principally engaged in the operation of a professional sports club in Italy and participate in the Italian Serie A division.	61.5 ²	0.52
AJAX.AS	AFC Ajax NV	Amsterdam, Netherlands	Principally engaged in the operation of a professional Dutch sports club in Eredivisie	182.9 ²	1.15
SLBEN.LS	Sport Lisboa e Benfica	Lisbon, Portugal	Principally engaged in the operation of a professional sports club in Primeira Liga	73.26 ²	0.51
SCP.LS	Sporting Clube de Portugal	Lisbon, Portugal	Principally engaged in the operation of a professional sports club in Primeira Liga	42.6 ²	0.68
FCP.LS	Futebol Clube do Porto	Lisbon, Portugal	Principally engaged in the operation of a professional sports club in Primeira Liga	20.5 ²	0.17
OLG.PA	Olympique Lyonnais Groupe SA	Paris, France	Principally engaged in the operation of the Olympique Lyonnais football club	215.0 ²	1.56
			Minimum		0.17
			Maximum		4.96
			Mean		1.43
			Median		1.26
	The BCP Group		Principally engaged in the operation and management of BCFC and BCWFC in the UK		1.20 ³

Note:

¹ For illustration purpose only, conversion of USD into GBP is based on the exchange rate of USD1.0 to GBP0.78

² For illustration purpose only, conversion of Euro (“EUR”) into GBP is based on the exchange rate of EUR1.0 to GBP0.86

³ The implied P/S ratio of the BCP Group is calculated by dividing the consideration of GBP5.3 million with the sum of 24.34% of the consolidated revenue of the BCP Group for the year ended 30 June 2022.

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As shown in the above table, the implied P/S ratios of the Comparable Companies ranged from approximately 0.17 to 4.96 times, with a mean of approximately 1.43 times and a median of approximately 1.26 times. The implied P/S ratio of the BCP Group of approximately 1.20 times is within the range of those of the Comparable Companies but slightly lower than the mean and the median P/S ratio of those of the Comparable Companies. Having considered (i) the result of the above analysis; (ii) the result of the P/S ratio analysis has reflected and covered the factor of different in market size among the Comparable Companies as it is noted that those Comparable Companies with a larger market capitalisation, such as Manchester United Plc and Juventus Football Club SpA, also recorded a higher revenue; (iii) the Company will retain controlling stakes in the BCP Group upon Completion, it is common to apply a discount for lack of control on valuing non-controlling interest; and (iv) the reasons for entering into and benefits of the Disposal previously discussed, we consider the valuation is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Independent Board Committee and Independent Shareholders should note that the above comparable companies analysis is on a best effort basis and for information and reference only. However, we considered that it would be beneficial to give the Independent Board Committee and Independent Shareholders an idea on companies that share certain similarities with the BCP Group. In addition, we have not conducted any in-depth investigation into the businesses and operations of the Comparable Companies stated hereinabove nor analysed their respective financial information. It should be noted that, in forming our opinion on the fairness and reasonableness of the Consideration, we have considered all factors stated in this letter as a whole.

In view of (i) the reasons illustrated in the sections headed “4. Reasons for entering into the Share Purchase Agreement and benefits of the Disposal” above; (ii) the terms of the Share Purchase Agreement were agreed based on arm’s length negotiations between the Company and the Buyer; (iii) the Company’s reduced burden to provide financial resources to BCP Group going forward; (iv) that it is unlikely the Company will fully recover the shareholder’s loan provided to BCP in the foreseeable future without a significant turnaround of BCP Group; and (v) the Comparable Companies analysis, we are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole, and the Consideration is considered to be fair and reasonable.

(ii) Analysis on the fairness and reasonableness of the Debt Reorganisation

The Debt Reorganisation involves the Debt Assignment and the Debt Capitalisation as set out in the above.

As advised by the management of the Company, the Company is of the view that the shareholder’s loans provided by ORIL and the Company to BCP were equity in nature after taking into consideration the historical net liabilities position of BCP Group.

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Furthermore, it is also noted that the Consideration was determined after taking into consideration, among others, the agreed value of 100% equity interest of BCP which took into account the total outstanding shareholders' loan of BCP as at 31 March 2023. Upon our enquiry, we are being advised that the outstanding amount of shareholders' loans on BCP's book represents capital injection the shareholders put into BCP on top of equity investment. It is also a component of the transaction in which the same proportion of the shareholder loan will be assigned to the Buyer together with the sale of equity. In calculating the agreed value of BCP, as confirmed by the management of the Company, the shareholders' loan is added to equity to come up with a total invested amount.

Having considered the above and the fact that the Debt Reorganisation will not lead to negative impact to the financial position of the Company, we are of the view that the Debt Reorganisation is fair and reasonable.

(iii) Analysis on the fairness and reasonableness of the EPL Bonuses

Pursuant to the Share Purchase Agreement, the Buyer shall pay to the Company the following EPL Bonuses in respect of the Club's first promotion to the EPL following the Completion Date, subject to the Company not in material breach of any transaction document to which it is a party. The EFL Championship is the second highest professional league division under the English football league system. To secure a promotion to the EPL, a club will either have to achieve a top two finishing in the EFL Championship or be the winner of the playoffs among the third, fourth, fifth and sixth placed clubs in the EFL Championship.

As set out in the Letter from the Board, the EPL Bonuses were determined after arm's length negotiations between the Company and the Buyer having taken into consideration the average percentage increase in market value of the football clubs which were promoted from the EFL Championship to the EPL in 2020/21 season and 2021/22 season of approximately 94%, based on which and on the agreed current value of BCP of approximately GBP22.0 million; as abovementioned the Company assessed the value appreciation for BCP to be approximately GBP20.7 million (the "Value Appreciation"). In the event of successful promotion of the Club to the EPL, the EPL Promotion Bonus payable by the Buyer to the Company was determined based on the share of the Value Appreciation attributable to existing owners (i.e., ORIL and the Company) in proportion to their shareholding in BCP after completion of the Disposal and the transfer of the ORIL Sale Shares of approximately 51%, and such amount is shared between the Company and ORIL in proportion to their respective existing shareholding in BCP of approximately 75% and 25%, respectively. In the event the Club remains in the EPL for the following two seasons, the existing shareholders of BCP will be entitled to additional bonus equivalent to the remaining Value Appreciation, payable in two equal instalments over the two seasons, which will also be shared between the Company and ORIL in proportion to their respective existing shareholding in BCP.

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We have obtained and reviewed the underlying calculations of the average percentage increase in market value of the football clubs which promoted from the EFL Championship to the EPL in recent years from the Company, and discussed the basis and assumptions adopted in such calculations. On one hand, for due diligence purpose, we have cross-checked the source of information applied in the calculations and we have also performed independent calculations which returned with the same results of approximately 94%. On the other hand, taking into consideration, no official and authoritative source of market value of a football club is available in the market, we have also, on a best effort basis, independently researched and compared with relevant football club news and reports on market value changes upon promotion that is available and different sources on the estimation of the market value of the football clubs on promotion from the EFL Championship to the EPL, no material discrepancy has been found.

We understand that it is a general practice to apply commonly used benchmarks such as the price-to-earnings ratio, the price-to-book ratio or P/S ratio for evaluating the value of companies and assessing the fairness of certain transaction term which involves payment of consideration. However, given (i) out of 24 teams in the EFL Championship, only three teams will be promoted to the EPL at the end of each season; (ii) none of the teams which promoted to the EPL in last five seasons is a publicly listed company on any recognised stock exchanges; (iii) the market capitalisation of the clubs which promoted to the EPL in last five seasons and their respective holding companies are not publicly available; (iv) information in relation to whether other clubs in the EPL or the EFL Championship are subject to similar conditions of EPL Bonuses, i.e. EPL Promotion and remain in the EPL, or any entitlement to bonuses payment is not publicly available; and (v) the promotion of clubs in other divisions in the English football league system or football leagues in other countries is not directly comparable as they may subject to different fundamentals and competition system, we consider it is not practical and feasible to perform the price-to-earnings ratio, the price-to-book ratio or P/S ratio analysis on comparable companies or comparable transactions analysis in this regard.

Alternatively, in order to ascertain the fairness of the EPL Bonuses, we have performed an independent research and comparison on the average market value of the three teams which qualified for promotion from the EFL Championship to the EPL in 2022/23 season (the “2023 Promotion Teams”) and the three teams in the EPL with the least market value as at the end of 2022/23 season (the “2023 EPL Least Market Value Teams”). Having considered the limiting factors mentioned in the above, we consider the current comparison is the best alternative in illustrating the difference in market value of football clubs between the EFL Championship (in the event of a promotion) and the EPL and it would be helpful to provide the Independent Board Committee and Independent Shareholders certain reference on the minimum difference in market value of football clubs in the EPL and the EFL Championship (in the event of a promotion) other than solely rely on the basis and factors already considered by the Company and the Buyer.

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Based on the data available, the average market value of the 2023 Promotion Teams and the 2023 EPL Least Market Value Teams is approximately GBP88.6 million and GBP263.25 million, respectively, representing a difference of approximately 197.1% from the 2023 Promotion Teams' perspective. It is noted that such difference in market value is significantly above the average percentage increase in market value of the football clubs which were promoted from the EFL Championship to the EPL in recent years of approximately 94%, nonetheless, we consider the EPL Bonuses is still fair and reasonable after taking into consideration (i) the market value of football clubs are determined by various factors, including the market value of the players and the play results in the last league season; (ii) the difference in market value is not solely and directly related to promotion from the EFL Championship to the EPL; and (iii) in the event of promotion of the Club to the EPL, the EPL Bonuses can be viewed as an instant one-off gain, meanwhile, the Company will also be benefited from the increase in market value of the players' registration and/or increase in operating revenue, such as matchday income and broadcasting income, in long term.

Having considered (i) the factors in relation to the basis of determining the EPL Bonuses; (ii) the results of our independent work and comparison performed set out in the above; and (iii) the EPL Bonuses represent approximately 72.5% of the Value Appreciation which is higher than the Company's interest in BCP after completion, as a whole, we are of the view that the EPL Bonuses is fair and reasonable.

The entitlement to such bonus is subject to future event which may or may not happen. Nonetheless, we consider the receipt of any payment in addition to the Consideration that is not subject to the any decision making by the parties to the Share Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

The actual increase or decrease in market value of the Club may be different from the above and shall be subject to other factors. It should be noted that the aforementioned average percentage increase in market value and the comparison of market value between the 2023 Promotion Teams and the 2023 EPL Least Market Value Teams are for illustrative purpose only and does not purport to represent the market value of the Club in the event of promotion to the EPL. We have not conducted any in-depth investigation into the businesses and operations of the 2023 Promotion Teams and the 2023 EPL Least Market Value Teams stated hereinabove nor analysed their respective financial information. It should be noted that, in forming our opinion on the fairness and reasonableness of the EPL Bonuses, we have considered all factors stated in this letter as a whole.

(iv) Analysis on other terms of the Share Purchase Agreement

Upon our review of the Share Purchase Agreement, we are not aware of any other principal terms contained in the Share Purchase Agreement which is unfavourable or unfair to the Company.

Having taken into account all the factors presented above, we are of the opinion that the terms of the Share Purchase Agreement and Deed of Debt Reorganisation are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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6. Other transaction documents

Pursuant to the terms of the Share Purchase Agreement, the Shareholders' Agreement and the Finance Documents shall be entered into on the Completion Date (except the Buyer Charge, which shall be entered into on or about the first utilisation date of the Company Loan Agreement).

(i) *The Shareholders' Agreement*

The following table summarises the principal rights and responsibilities of the parties in respect of BCP Group Company, among others:

Board composition	:	There shall be seven directors on the board of each BCP Group Company. Subject to compliance with the applicable laws, rules and regulations and obtaining all necessary approvals, consents and registrations (including, but not limited to, the approval of the EFL), the Company shall have the right to appoint up to four directors and the Buyer shall have the right to appoint three directors.
Activities in relation to any BCP Group Company that require consent of the Company and the Buyer	:	<ul style="list-style-type: none">(a) The passing of any ordinary or special resolution that require the approval of the shareholders under the Companies Act 2006;(b) any amendment, alteration or modification of the articles of association or constitutional documents;(c) declaring, making or paying any dividends or other distributions;(d) electing to liquidation or dissolution or file a petition for insolvency or permit the winding up of or the appointment of a receiver;(e) varying any rights attaching to the shares;(f) the creation, allotment or issue of any shares or securities, or the grant of any right to require the allotment or issue of any such shares or securities or any other agreement or arrangement relating to any right to require the allotment or issue of any shares or securities;(g) the increase, reduction, repayment, redemption, subdivision, consolidation or otherwise variation of the authorised or issued share capital;

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- (h) the repayment of any indebtedness owed to the Company or the Buyer save for (i) the loan pursuant to the Operating Loan Agreement; and/or (ii) any amount owing pursuant to the Company Loan Agreement; and/or (iii) pursuant to the terms of the Subordination Deed;
 - (i) the creation of any mortgage, charge, lien, encumbrance or other third party right over any of the shares in the issued capital or material assets or the giving of any guarantee or indemnity to, or becoming surety for, any third party;
 - (j) any change to or waiver of the Company Charge and the Buyer Charge;
 - (k) any change to the composition of the board of directors other than in accordance with the Shareholders' Agreement; and
 - (l) save as set out in the Shareholders' Agreement or in respect of the enforcement of either of the Company Charge or the Buyer Charge, the sale, transfer, pledge, charge or other disposal of any share of BCP or any interest in any share of BCP.
- Quorum and decision making : (a) Quorum for any meeting or decision of the board is four directors of whom at least one director must be a director appointed by the Company; and
- (b) decisions of the board are made by a simple majority of votes of the directors present, with each eligible director having one vote.
- Funding arrangement : The lenders under the Operating Loan Agreement shall ensure that a loan so requested by BCP or BCFC (as applicable) is made to BCP or BCFC (as applicable) in accordance with the Operating Loan Facility.

As at the Latest Practicable Date, two loans had been provided to BCP for the purpose of funding the repair and remedial work of the Stadium undertaken prior to the Completion.

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Loss sharing arrangement : Provided that the Completion Date occurs on or prior 30 June 2023 for the period from and including the Completion Date to and including 30 June 2023, the Buyer undertakes to the Company that in the event that the business of the BCP Group incurs a loss after taxation within the Relevant Period as recognised in the consolidated financial statements of the Company as reviewed by the auditors engaged by Company (the “Business Loss”), the Buyer shall pay to the Company a cash payment in an amount equivalent to the Company’s share of the Business Loss in proportion to the Company’s shareholding in BCP, provided that the Buyer will not pay such an amount to the Company where the Buyer has advanced monies to the BCP Group in respect of the Business Loss.

Transfer of shares : The Company or the Buyer may only transfer or otherwise dispose of all (but not part) of its respective shares in BCP in accordance with the Shareholders’ Agreement, the enforcement of the Company Charge or the enforcement of the Buyer Charge, or in respect of the Buyer only, to any other member of the Buyer’s group companies or its affiliated entities.

Any transfer of shares by any holder of more than 5% of the shares in BCP shall be subject to the pre-emption rights as set out in the Shareholders’ Agreement.

Full details of the principal terms of the Shareholders’ Agreement are outlined in the Letter from the Board.

Upon our review of the Shareholders’ Agreement, we are not aware of any principal terms contained in the Shareholders’ Agreement which may entitle the Buyer a majority rights or controlling voting power that is disproportionate to its shareholdings and be unfavourable or unfair to the Company.

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(ii) *The Finance Documents - Operating Loan Agreement, the Company Charge, the BCP Charge and the Escrow Agreement*

As the Operating Loan Agreement, the Company Charge, the BCP Charge and the Escrow Agreement (collectively referred to as the “Operating Loan Documents”) are part and parcel of the operating loan facility to be provided by the Buyer to BCP and BCFC, these documents will be discussed together as a package.

A summary of the nature and purpose of each of the Operating Loan Documents is set out below. Further details of the principal terms and/or description of each of the Operating Loan Documents is outlined in the Letter from the Board.

a) *Operating Loan Agreement*

The Operating Loan Agreement will be entered into between BCP and BCFC, as borrowers, and the Buyer, as original lender, on the Completion Date for a term loan facility in an aggregate principal amount of GBP50.0 million (equivalent to approximately HK\$491.0 million) with an interest rate of 11.9% per annum for the period from and including the date of the Operating Loan Agreement to the fifth anniversary of the date of the Operating Loan Agreement for the purpose of, among others, funding the budgeted operating costs and expenses of the BCP Group and refinancing the loans under the ORIL Stadium Loan Agreement, the KALA Stadium Loan Agreement and any other loans as contemplated by the Subordination Deed. The Company Charge and the BCP Charge shall be the security for this loan.

b) *Company Charge*

The Company Charge will be entered into between the Company and the Security Agent on Completion, pursuant to which, as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC to any secured party under the Operating Loan Agreement and the other finance documents as referred to therein.

It is noted that the maximum liability of the Company under the Company Charge shall at all times and in all circumstances be absolutely limited to the charged property.

c) *BCP Charge*

The BCP Charge will be entered into between BCP and the Security Agent on Completion, pursuant to which, as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC to any secured party under the Operating Loan Agreement and the other finance documents as referred to therein.

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d) *The Escrow Agreement*

The Escrow Agreement will be entered into between the Buyer (as original lender under the Operating Loan Agreement), the Agent, BCP, BCFC and the Company on Completion, pursuant to which BCFC shall make a utilisation request for GBP5.0 million (equivalent to approximately HK\$49.1 million) under the Operating Loan Agreement which will be deposited in the Escrow Account.

Interest rate of the Operating Loan Agreement

As stated in the Letter from the Board, the interest rate of the operating loan facility to be provided by the Buyer to BCP and BCFC is 11.9% per annum and shall be payable every three months in arrears.

As noted from the 2023IR, the effective interest rates per annum of HK\$ and GBP borrowings of the Group was in the range of 0.0% to 8.5% as at 31 December 2022 and the Group had bank balances and cash of approximately HK\$27.9 million as at 31 December 2022. As advised by the management of the Company, given the loss making financial performance of the Group and BCP Group in recent financial years, the Company faced difficulties in obtaining additional loan facilities with terms more favourable than existing ones and the Company is being required to provide additional collateral and other securities for such financing facilities. The Company has also extended its loans from the major shareholders which interest rates will be increased after the expiry of its existing terms this year after taken into consideration the prevailing higher market interest rates.

In addition, upon our discussion with the management of the Company, we are given to understand that based on the historical financial results of BCP for the each of the year ended 30 June 2018 to 2022, the funding requirement of BCP will remain at approximately GBP25 million per year, and having considered such financial burden, the Company has limited options but must seek for external funding in the event if such long-term operating loan was not provided by the Buyer. Pursuant to the Shareholders' Agreement, upon the provision of GBP50.0 million facility by the Buyer to BCP and BCFC, the Buyer will provide the required funding to BCP and BCFC during the loan period.

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As advised by the management of the Company, the Board also considered other financing alternatives, such as non-equity related debt financing and equity related financing methods, to meet the financial requirements for the operation of BCP and BCFC, taking into account the recent financial position, capital structure and flexibility of the Company as well as the prevailing market condition. The Directors consider that pure debt financing with external financial institutions is less suitable as compared to debt financing funding to be provided by the then shareholders of BCP upon Completion since it will create additional interest paying obligations on the Company to external financial institutions. In addition, borrowing from financial institutions may be subject to lengthy due diligence and negotiations as compared with equity-related financing. Moreover, the Group recorded loss for FY2022 and 1H2023, it will be difficult for the Company to obtain additional borrowings with favourable terms. The terms of the financing facilities available to the Company may depend on the financial institutions' assessment and may require the Company to put up collateral and other securities for such financing facilities.

In respect of equity related financing methods such as rights issue, open offer or issue of new Shares, the Directors consider that lengthy discussion with potential underwriters may be involved in order to assure the ultimate fund-raising size under rights issue or open offer and may incur additional transaction costs such as underwriting commission may not be beneficial to the Company and the Shareholders as a whole.

Indeed, we are of the view that it is more appropriate to view the Operating Loan Agreement and transactions contemplated thereunder as a mean to secure a long term commitment to BCP from its shareholders, i.e., the Buyer, which such factor may not be the main focus of external financial institutions or general investors in other financing options available.

Upon our review on the terms of the Operating Loan Agreement, unlike other facility which may require the borrower to draw down the full principal amount at the beginning of the loan period, it is noted that the operating loan facility under the Operating Loan Agreement is to be utilised only as and when required by BCP and BCFC, we are of the view that such arrangement allows BCP and BCFC to have a reasonable level of control on the total finance cost.

To assess the fairness and reasonableness of the interest rate under the Operating Loan Agreement, we have obtained and reviewed all three samples of loan agreements and loan terms that were entered into and discussed between the Group and external financial institution in 2022 and the five months ended 31 May 2023. It is noted that the principal amount ranging from HK\$7.5 million to HK\$12.5 million at interest rates per annum ranging from 8.5% to 10.5%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, as the loans of the Company are denominated in HK\$, whilst the Operating Loan Agreement is denominated in GBP, we have also reviewed the 12-month Hong Kong Interbank Offered Rate, which increased from approximately 2.59% as at 1 June 2022 to approximately 4.91% as at 1 June 2023, representing an increase of approximately 89.6%. In the same period, the Bank of England base rate has also increased from approximately 1.00% as at 1 June 2022 to approximately 4.50% as at 1 June 2023, representing an increase of 350%. Under current interest rate hikes, it is understandable that creditors demand a higher yield to compensate for the increased cost of borrowing.

Having taken into account the above, we consider that the terms on interest rate under the Operating Loan Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

The make whole event clause of the Operating Loan Agreement

Pursuant to the Operating Loan Agreement, inter alias, on the occurrence of any repayment or prepayment or any requirement to make any repayment or prepayment of any loan made to that borrower (whether in whole or in part and whether under the paragraphs headed “Mandatory prepayment” or “Voluntary prepayment” above, acceleration of the loans as a result of the occurrence of any event of default, by operation of law or otherwise but excluding a repayment, prepayment or other discharge of the first loan under the Company Loan Agreement (if any) by the time prescribed thereunder) by acceleration, the borrower to which such event applies shall pay an amount (in addition to the amount of loan so repaid or prepaid or required to be repaid or prepaid, accrued interest thereon and any other amount due under the finance documents as referred to in the Company Loan Agreement) equal to the Applicable Make-Whole Amount.

In considering whether this clause is fair and reasonable to the Company and the Shareholders as a whole, first of all, it is reiterated that the early repayment of the operating loan is an option at the discretion of BCP and BCFC as borrower. The Buyer will not be able to make any immediate or extra financial gain if the borrower does not make any repayment in advance or prepayment of the operating loan. As advised by the management of the Company, the inclusion of this make-whole clause to the Operating Loan Agreement is mainly for the purpose to attract potential investors, i.e., the Buyer, to commit its investment and resources in BCP, which recorded less favourable financial performance in the past, for a relatively long period of time. Whilst the transformation of BCP and BCFC takes time, it is acknowledged that long term commitment from investors is of essence and is definitely beneficial to the football club future operation, we consider such clause is acceptable.

Furthermore, as the Buyer has no control on whether any repayment in advance or prepayment will take place, it is fair for the Buyer to assume that any fund draw down by BCP and BCFC shall be utilised throughout the entire loan period. It is also fair for the Buyer to expect its return on investment on such basis in order to cover the cost of drawn facility for the loan period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BCP and BCFC will monitor their financial and liquidity position from time to time and will consider whether to exercise the option to early repay the operating loan to the Buyer having taking into account, inter alia, the following factors: (i) operating and financial results; (ii) cash flow situation; (iii) business condition and strategies; (iv) management's estimation on future operations and earnings; (v) future capital requirements and expenditure plans; and (vi) cost of repayment. As at the Latest Practicable Date and based on the latest financial information available, the management of the Company did not expect BCP and BCFC to exercise the option to early repay the operating loan to the Buyer.

Based on our research on a randomly selected sampling basis on (i) journals on make-whole call provision published by different universities and financial institutions; and (ii) data and reports available on Mergent Fixed Income Securities Database that include discussion on make-whole call mechanism which were published within the last 10 years and our review on market samples of debt instrument documents published by certain listed companies in Hong Kong and multi-national companies, including but not limited to Tencent Holdings Limited, Lenovo Group Limited and Cathay Pacific Airways Limited, relevant make-whole call provision with similar effect of requiring the borrower to make payment to the lender of an amount in cash equal to the value of all future interest payable has been identified in respective pricing supplement to its debt documents. It is understood that the inclusion of make whole event clause is becoming more common in debt financing instruments and we are of the view that the whole make-whole arrangement under the Operating Loan Agreement is generally consistent with the market practice. As such, taking into consideration the factors discussed above, we are of the view that the make whole event clause is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

The Company Charge

Under the provision of the Company Charge, among others, the Company will provide its entire issued share capital of BCP by way of fixed charge as security to the Operating Loan Agreement.

We consider this arrangement is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, after taking into consideration (i) the Buyer will be primarily responsible for providing fundings for all operational cost and expenses of the BCP Group, it is acceptable for their commitment to be protected on the basis of the entire shareholding of BCP; and (ii) the fact that the Company is capable to provide sufficient fundings to support the scheduled repayment of BCP and BCFC if required. We are advised by the management of the Company that the aggregated funding from the existing unutilised loan facilities available to the Company and the market value of the disposable assets held by the Group can cover substantially the total repayment amount to be incurred by BCP Group under the Operating Loan Agreement.

Upon our review, we are not aware of any other principal terms contained in each of the Operating Loan Documents is unfavourable or unfair to the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above and the discussions on the Share Purchase Agreement and the reasons and benefits for entering into the Disposal in the above, we are of the view that the terms of each of the Operating Loan Documents are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole.

(iii) *The Finance Documents – Company Loan Agreement, Buyer Charge, Uncommitted Facility Letter and Subordination Deed*

A summary of the nature and purpose of each of the Company Loan Agreement, Buyer Charge, Uncommitted Facility Letter and Subordination Deed is set out below. Further details of the principal terms and/or description of each of the aforementioned documents is outlined in the Letter from the Board.

a) Company Loan Agreement

The Company Loan Agreement will be entered into between BCP and BCFC, as borrowers, and the Company, as original lender, on the Completion Date for an uncommitted loan facility in an aggregate principal amount of not exceeding GBP17.5 million (equivalent to approximately HK\$171.85 million) with an interest rate of 11.9% per annum for the purpose of funding the budgeted operating costs and expenses of the BCP Group in accordance with the annual operating budget approved by the board of directors of BCP. The Buyer Charge shall be the security for this loan.

A borrower may utilise the facility by delivery to the Company of a duly completed utilisation request specifying, among other things, the utilisation date and amount. The lenders may, at their sole discretion, irrevocably accept the aforesaid utilisation request, in writing, whereupon the lender shall make the relevant loan available by the utilisation date.

b) Buyer Charge

The Buyer Charge will be entered into between the Buyer and the Company, pursuant to which as a continuing security for the payment, discharge and performance of all present and future money, obligations or liabilities due, owing or incurred by BCP, BCFC or BCWFC under, amongst other things, the Company Loan Agreement.

c) Uncommitted Facility Letter

The Uncommitted Facility Letter will be entered into between BCP, the Company and the Buyer on Completion, pursuant to which in the event that any of the events of default as described in paragraphs (i), (ii), (iv), (vi), (vii), (viii), (x), (xi), (xii), (xiv) and (xv) under the section headed “Finance Documents – Operating Loan Agreement – Events of default” set out in the Letter from the Board has occurred during the Initial Period and is continuing (insofar as it relates to BCP) in accordance with the Operating Loan Agreement, the Company will provide an uncommitted facility to BCP, subject to conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

d) *Subordination Deed*

The Subordination Deed will be entered into between, among other parties, BCP and BCFC as borrowers, the Company and the Buyer as subordinated creditors, the Agent and the Security Agents on Completion.

It is noted that the principal terms of the Company Loan Agreement are materially the same as the principal terms of the Operating Loan Agreement. We understand that the Company entered into the Company Loan Agreement, Uncommitted Facility Letter and Subordination Deed as standby facilities for BCP and BCFC to make sure that their operation will not be disrupted even the Buyer withdrawal all of its capital commitment. Such standby facilities will be applied in the event of the Buyer refuses or not able to provide fundings to BCP and BCFC. Upon Completion and assuming no event of default under the Operating Loan Agreement has happened throughout relevant loan period, the Buyer will remain responsible for providing fundings for all operational cost and expenses of the BCP Group. It is also noted from the Company Loan Agreement that the Company may at its sole discretion irrevocably accept the utilisation request from BCP and BCFC. Based on these factors, although the Company has to provide loan facility to BCP and BCFC under the Company Loan Agreement and Uncommitted Facility Letter, having taking into consideration (i) such facilities may not be utilised at all; (ii) the long term and full commitment on all operating expenses of the BCP Group from the Buyer; and (iii) the availability period of the Company Loan Agreement will end in November 2025, while the loan to be provided by the Buyer under the Operating Loan Agreement will remain available till 2028, hence, we are of the view that the Disposal will ease the financial pressure of the Company and improve the Company's liquidity as a whole.

Upon our review, we are not aware of any other principal terms contained in each of the Company Loan Agreement, Buyer Charge, Uncommitted Facility Letter and Subordination Deed is unfavourable or unfair to the Company.

7. Possible financial effects upon completion of the Disposal

Upon Completion, the Group's equity interest in BCP will decrease from approximately 75% to approximately 51.72%. The BCP Group Companies will remain as non-wholly owned subsidiaries of the Company and their financial results will continue to be consolidated in the consolidated financial statements of the Group.

(i) *Earnings*

As set out in the Letter from the Board, the Group currently expects to record a gain before tax of approximately GBP2.8 million (equivalent to approximately HK\$27.5 million) arising from the Disposal, being the estimated net proceeds of approximately GBP4.7 million (equivalent to approximately HK\$46.0 million) from the Disposal net of the unaudited net liabilities of the BCP Group attributable to the Sale Shares in aggregate of approximately GBP29.3 million (equivalent to approximately HK\$287.7 million) as at 31 March 2023 and the Assigned Loans of approximately GBP31.7 million (equivalent to approximately HK\$311.3 million) as at 31 March 2023. The gain will be recognised as an equity transaction in the consolidated statement of changes in equity of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a result of the factors discussed in the section headed “4. Reasons for entering into the Share Purchase Agreement and benefits of the Disposal” above, the Disposal would likely have a positive impact on the future earnings potential of the Group.

(ii) Net (liabilities)/assets value

As set out in the Letter from the Board, having taken into account the Consideration and the unaudited consolidated net liabilities of the BCP Group attributable to the Company and attributable to the Sale Shares, it is estimated that upon Completion, the total assets of the Group will increase, meanwhile the total liabilities of the Group will decrease.

(iii) Cash flow

The Consideration of approximately GBP5.3 million (equivalent to approximately HK\$52.0 million) from the Disposal will be used as general working capital of the Group, or for any potential investment opportunities that might occur and for repayment of external debts, and it is expected that the Disposal will have a positive effect of the Group.

The actual gain or loss arising from the Disposal to be recognised by the Group may be different from the above and shall be subject to the review by auditor of the Company and determined based on the amount of the consolidated net assets/liabilities (as the case may be) of the BCP Group and the amount of expenses incidental to the Disposal. It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company following the Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that although the entering into of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents are not conducted in the ordinary and usual course of business of the Group, (i) the terms of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolution in respect of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders’ Agreement, the Finance Documents and the respective transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
SILVER NILE GLOBAL INVESTMENTS LIMITED
Alan Lam
Managing Director

Note: Mr. Alan Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Silver Nile Global Investments Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 10 years of experience in corporate finance advisory in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 30 June 2022 and the six months ended 31 December 2022 is disclosed in the annual reports of the Company for the years ended 30 June 2020 to 2022 and the interim report of the Company for the six months ended 31 December 2022, respectively, which are available on the website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.bshl.com.hk* through the links below:

- Interim report of the Company for the six months ended 31 December 2022
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0324/2023032400427.pdf>
- Annual report of the Company for the year ended 30 June 2022
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1027/2022102700375.pdf>
- Annual report of the Company for the year ended 30 June 2021
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1028/2021102800480.pdf>
- Annual report of the Company for the year ended 30 June 2020
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1029/2020102900414.pdf>

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is principally engaged in three business segments: (i) operation of a professional football club in the UK and other related business; (ii) investment in properties; and (iii) healthcare and medical related business. Although the world economy has been picking up, the overall economic environment has yet to recover back to the level before the coronavirus (COVID-19) pandemic outbreak. Global economic growth had been slowing down sharply. The inflationary pressures around the world triggered substantial increase in the interest rate in most of the major economies. The Russian-Ukraine war and the intensified political tension among the People's Republic of China, the United States and Taiwan induced many more uncertainties and disruptions to the business environment. These challenges affected all businesses and industries, and no one can stay aloof or immune from them. Looking ahead, the global economic and geopolitical conflicts will likely remain uncertain. Faced with growing inflationary pressures and tightened monetary policy, the management of the Group have been looking for investment opportunities around the world in a prudent and proactive manner so as to expand the business portfolio of the Group. The management is striving to identify suitable opportunities with potential which can bring value to the Group and the Shareholders as a whole.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

Borrowings

The Group had outstanding (i) loan from shareholders of approximately HK\$142.8 million; and (ii) other loans of approximately HK\$44.3 million mainly from external financial institution and The Football League Limited. The loan from shareholders and other loans are at fixed interest rates and are unsecured and unguaranteed.

Lease liabilities

The Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term leases. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 30 April 2023, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$88.2 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 April 2023, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

Contingent liabilities

Players transfer costs

As at 30 April 2023, 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 April 2023 was approximately HK\$90.8 million (equivalent to approximately GBP9.3 million).

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 April 2023.

4. WORKING CAPITAL

Taking into account the expected completion of the Share Purchase Agreement, the Deed of Debt Reorganisation, the Shareholders' Agreement and the Finance Document 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. As at the Latest Practicable Date, the Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 10 February 2023 and the interim report of the Company for the six months ended 31 December 2022 (the "Reporting Period"), the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up. In the profit warning announcement of the Company dated 10 February 2023, the Board informed the Shareholders and potential investors that the Group expected to record a loss attributable to owners of the Company of not more than HK\$30.0 million for the Reporting Period mainly due to (i) the significant increase in foreign exchange loss arising from the devaluation of Pounds Sterling; (ii) the decrease in profit on sales of players' registration; (iii) absence of insurance compensation on business interruption caused by COVID-19; and (iv) the increase in loss arising on fair value change on investment properties during the Reporting Period, which were partly offset by (i) the decrease in players' costs and relevant expenses during the Reporting Period; and (ii) the expected compensation from the football club segment under the profit and loss sharing arrangement between the Company and ORIL. As disclosed in the interim report of the Company for the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$28.4 million for the Reporting Period.

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. DISCLOSURE OF INTERESTS

a. Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the shares and the underlying shares of the Company:

Name of director	Capacity and nature of interest	Number of underlying shares held	Approximate percentage of the Company’s issued share capital ⁽²⁾
Mr. Zhao Wenqing ⁽¹⁾	Beneficial owner	2,672,164	0.35%
Mr. Huang Dongfeng ⁽¹⁾	Beneficial owner	2,672,164	0.35%

Notes:

- (1) This represented the interest in the underlying shares which may be issued upon the exercise of the share options granted by the Company to the Directors on 6 December 2018 pursuant to the share option scheme adopted by the Company on 30 December 2016. The consideration paid by each Director on acceptance of the share options granted was HK\$1.00. The exercise price of the share options was HK\$0.1084 per share. The share options shall be vested and exercisable in three tranches in accordance with the following dates: (1) approximately one third of the share options granted was vested on the date of grant and exercisable within the period of five years thereafter, i.e. from 6 December 2018 to 5 December 2023 (both dates inclusive); (2) approximately one third of the share options granted was vested on the first anniversary of the date of grant and exercisable within the period of four years after being vested, i.e. from 6 December 2019 to 5 December 2023 (both dates inclusive); and (3) the remaining one third of the share options granted was vested on the second anniversary of the date of grant and exercisable within the period of three years after being vested, i.e. 6 December 2020 to 5 December 2023 (both dates inclusive). Upon completion of the rights issue on 23 April 2019, the number of share options owned by each of Mr. Zhao Wenqing and Mr. Huang Dongfeng was adjusted to 66,804,124 to subscribe for 66,804,124 shares, exercisable at an adjusted price of HK\$0.09736 per share. Upon the share consolidation effective on 6 February 2023, the number of share options owned by each of Mr. Zhao Wenqing and Mr. Huang Dongfeng was adjusted to 2,672,164 to subscribe for 2,672,164 shares, exercisable at an adjusted price of HK\$2.434 per share.
- (2) The approximate percentage of the issued share capital of the Company was calculated on the basis of 771,559,941 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

b. Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following person or corporation (other than a Director or chief executive of the Company) had, or were deemed to have an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares and the underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares interested in	Approximate percentage of the Company's issued share capital ⁽⁴⁾
Trillion Trophy ⁽¹⁾	Beneficial owner	217,000,000	28.12%
Wealthy Associates International Limited ("Wealthy Associates") ⁽¹⁾	Interest of controlled corporation	217,000,000	28.12%
Mr. Suen Cho Hung, Paul ("Mr. Suen") ⁽¹⁾	Interest of controlled corporation	217,000,000	28.12%
Ever Depot Limited ("Ever Depot") ⁽²⁾	Beneficial owner	181,566,440	23.53%
Graticity Real Estate Development Co., Ltd ("GRED") ⁽²⁾	Interest of controlled corporation	181,566,440	23.53%
Mr. Vong Pech ⁽²⁾	Interest of controlled corporation	181,566,440	23.53%
Dragon Villa ⁽³⁾	Beneficial owner	131,774,640	17.08%
Mr. Lei Sutong ⁽³⁾	Interest of controlled corporation	131,774,640	17.08%

Notes:

- (1) 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 Shares held through Trillion Trophy under the SFO.
- (2) Ever Depot is a wholly-owned subsidiary of GRED which in turn is wholly owned by Mr. Vong Pech. Accordingly, GRED and Mr. Vong Pech are deemed to be interested in the Shares held through Ever Depot under the SFO.

- (3) Dragon Villa is wholly owned by Mr. Lei Sutong. Accordingly, Mr. Lei Sutong is deemed to be interested in the Shares held through Dragon Villa under the SFO.
- (4) The approximate percentage of the issued share capital of the Company was calculated on the basis of 771,559,941 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the Company's Shares and underlying shares as at the Latest Practicable Date as required pursuant to section 336 of the SFO.

3. 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 2022, 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 Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

4. 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).

5. COMPETING INTERESTS

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

6. LITIGATION

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.

7. MATERIAL CONTRACTS

Other than the Share Purchase Agreement, there had been no other contracts (not being contracts in the ordinary course of business) entered into by the Company or any of its subsidiaries within two years preceding the Latest Practicable Date and are or may be material.

8. EXPERT AND CONSENT

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

Name	Qualification
Silver Nile Global Investments Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, the above expert 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 it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Group were made up (i.e., 30 June 2022), 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.

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

9. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Yam Pui Hung, Robert. Mr. Yam holds a Bachelor of Arts in Accountancy degree from the City Polytechnic of Hong Kong (now known as the “City University of Hong Kong”). Mr. Yam is a fellow of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Yam has extensive experience in accounting, financial management, corporate finance and company secretarial practice.
- (ii) 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.
- (iii) The 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.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Group (www.bshl.com.hk) for a period of 14 days from the date of this circular:

- (i) the letter from the Board, the text of which is set out in this circular;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (iv) the consent letter from the Independent Financial Adviser as referred to in the section headed “Expert and consent” above; and
- (v) the Share Purchase Agreement.

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 of Birmingham Sports Holdings Limited (the “Company”) will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 13 July 2023 at 4:00 p.m. (the “EGM”) for the purposes of considering and, if thought fit, passing with or without amendments the following ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the share purchase agreement (the “Share Purchase Agreement”) dated 7 May 2023 entered into between the Company and Shelby Companies Limited (the “Buyer”), pursuant to which the Company has conditionally agreed to sell and the Buyer has conditionally agreed to buy (i) 19,838,227 shares, representing approximately 24.34% issued share capital of Birmingham City PLC (“BCP”); and (ii) approximately 32% of the remaining shareholder’s loans owing by BCP to the Company following completion of the debt reorganisation pursuant to the deed of debt reorganisation as referred to in paragraph (b) below (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification);
- (b) the deed of debt reorganisation in relation to the assignment to the Company of certain shareholder’s loans owing by BCP to Orient Rainbow Investments Limited (“ORIL”) and capitalisation of certain shareholder’s loans owing by BCP to the Company to be entered into between the Company, ORIL and BCP (a copy of which has been produced to this meeting marked “B” and initialled by the chairman of this meeting for the purpose of identification);
- (c) the shareholders’ agreement in relation to BCP to be entered into between the Company, the Buyer and BCP (a copy of which has been produced to this meeting marked “C” and initialled by the chairman of this meeting for the purpose of identification);

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- (d) the operating loan agreement (the “Operating Loan Agreement”) to be entered into between, among others, the Buyer (as original lender) and BCP (as borrower) (a copy of which has been produced to this meeting marked “D” and initialled by the chairman of this meeting for the purpose of identification);
- (e) the share charge and security deed in relation to the Operating Loan Agreement to be entered into between the Company and KHR Servicing, LLC (the “Security Agent”) (a copy of which has been produced to this meeting marked “E” and initialled by the chairman of this meeting for the purpose of identification);
- (f) the share charge and security deed in relation to the Operating Loan Agreement to be entered into between BCP and the Security Agent (a copy of which has been produced to this meeting marked “F” and initialled by the chairman of this meeting for the purpose of identification);
- (g) the escrow agreement in relation to the Operating Loan Agreement to be entered into between the Buyer, the Security Agent, BCP, Birmingham City Football Club PLC (“BCFC”) and the Company (a copy of which has been produced to this meeting marked “G” and initialled by the chairman of this meeting for the purpose of identification);
- (h) the loan agreement (the “Company Loan Agreement”) to be entered into between, among others, the Company (as original lender), BCP and BCFC (as borrowers) (a copy of which has been produced to this meeting marked “H” and initialled by the chairman of this meeting for the purpose of identification);
- (i) the share charge and security deed in relation to the Company Loan Agreement to be entered into between the Buyer and the Company (a copy of which has been produced to this meeting marked “I” and initialled by the chairman of this meeting for the purpose of identification);
- (j) the uncommitted facility letter to be entered between BCP, the Company and the Buyer in relation to an uncommitted facility which the Company may provide to BCP (a copy of which has been produced to this meeting marked “J” and initialled by the chairman of this meeting for the purpose of identification); and
- (k) the subordination deed to be entered into between, among others, BCP, BCFC, the Company, the Buyer and the Security Agent (a copy of which has been produced to this meeting marked “K” and initialled by the chairman of this meeting for the purpose of identification),

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and the respective transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified, and any director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and, where necessary, to affix the common seal of the Company on any such document as and when necessary and to do all such deeds, acts, matters and things as he/she may in his/her discretion consider necessary or desirable for the purposes of or in connection with any of the foregoing agreements and deeds and the respective transactions contemplated thereunder.”

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

Hong Kong, 27 June 2023

Notes:

- (1) The register of members of the Company will be closed from Monday, 10 July 2023 to Thursday, 13 July 2023 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. In order to be eligible to attend and vote at the EGM, all unregistered holders of the shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 July 2023. Shareholders of the Company whose names are recorded in the register of members of the Company on Monday, 10 July 2023 are entitled to attend and vote at the EGM.
- (2) Any shareholder of the Company entitled to attend and vote at a meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at a general meeting of the Company or at class meeting. A proxy needs not be a shareholder of the Company.
- (3) 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
- (4) Where there are joint holders of share(s) of the Company, any one of such holders may vote at the EGM either personally or by proxy in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the EGM 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.
- (5) 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.
- (6) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the above resolution will be voted by way of poll.
- (7) If tropical cyclone warning No. 8 or above, or a “black rainstorm warning signal” is in effect any time after 7:00 a.m. on the date of the EGM, the EGM may be postponed in accordance with the articles of association of the Company. 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.
- (8) In the event of any inconsistency, the English text of this notice shall prevail over the Chinese text.
- (9) As at the date of this notice, the Board comprises eight Directors, Mr. Zhao Wenqing (*Chairman*), Mr. Huang Dongfeng (*Chief Executive Officer*), Mr. Yiu Chun Kong and Dr. Guo Honglin as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat as Independent Non-executive Directors.