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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) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES  
HELD ON THE RECORD DATE;  
(2) CLOSURE OF REGISTER OF MEMBERS;  
AND  
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER  
THE SHARE OPTION SCHEME**

**Underwriter**



**Lego Securities Limited**

力高證券有限公司

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to approximately HK\$297.7 million before expenses (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue), by way of the Rights Issue of up to 5,953,340,836 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

Assuming full exercise of all Vested Options and full subscription under the Rights Issue, the estimated net proceeds of the Rights Issue will be approximately HK\$294.7 million and approximately 80% will be used for repayment of external debts so as to lower the gearing and finance costs of the Group; and approximately 20% will be used as the general working capital of the Group.

The Rights Issue will not be available to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder or an investor must be registered as a member of the Company on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of existing Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. on Tuesday, 19 March 2019. The Company will send the Issue Documents to the Qualifying Shareholders and the Prospectus (without the PALs and EAFs), for information only to the extent permitted under the relevant laws and regulations and reasonably practicable, to the Excluded Shareholders on the Despatch Date.

## **IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING COVENANTORS**

As of the date of this announcement, Trillion Trophy, Ever Depot and Dragon Villa hold 3,825,000,000 Shares, 2,919,161,000 Shares and 2,094,366,000 Shares, respectively, representing approximately 32.40%, 24.72% and 17.74% of the total issued Shares, respectively.

Pursuant to the respective Irrevocable Undertakings, each of the Undertaking Covenantors has provided an irrevocable and unconditional undertaking to the Company, among other things, (i) to subscribe for the Rights Shares in the amount stated thereto; (ii) to deliver the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Issue Documents on or before the Acceptance Date; and (iii) not to sell or transfer Shares held by them in any manner before the completion of the Rights Issue.

## **UNDERWRITING AGREEMENT**

The Board is pleased to announce that on 28 February 2019 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe for, or procure the subscription for, on a best effort basis, any untaken Rights Shares (other than the Committed Shares) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertakings given by the Undertaking Covenantors, it is anticipated that at least 4,106,763,500 Rights Shares will be taken up.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 20 March 2019 to Tuesday, 26 March 2019 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

## **GENERAL**

As the Rights Issue would not increase either the total issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules.

The Issue Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 27 March 2019. The Company will not extend the Rights Issue to the Excluded Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

**WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 18 March 2019. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 29 March 2019 to Monday, 8 April 2019 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to approximately HK\$297.7 million before expenses (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue), by way of the Rights Issue of up to 5,953,340,836 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

The Rights Issue (excluding the Committed Shares) is underwritten by the Underwriter on a best effort basis. No controlling shareholder or substantial shareholder acts as an underwriter of the Rights Issue.

Further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.05 per Rights Share
Number of the Shares in issue as at the date of this announcement	:	11,806,681,672 Shares
Number of Rights Shares	:	Up to 5,953,340,836 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
Aggregate nominal value of the Rights Shares	:	Up to HK\$59,533,408.36 (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
Underwriter	:	Lego Securities Limited

- Number of Underwritten Shares : Up to 1,846,577,336 untaken Rights Shares other than the Committed Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Vested Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date)
- Rights of excess Applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, there are outstanding and vested options or options to be vested before the Record Date to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options). Assuming full exercise of the Vested Options, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme on or before the Record Date would be 100,000,000.

Save for 100,000,000 options granted and vested pursuant to the Share Option Scheme (including the Vested Options), the Company has no other outstanding options or outstanding derivatives, convertible securities, options or warrants in issue which entitle the holders thereof to subscribe for or convert into any Shares prior to the Record Date nor has entered into any agreement to do any of the foregoing as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) are allotted and issued and no repurchase of the Shares takes place on or before the Record Date, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 50.00% of the total number of Shares in issue as at the date of this announcement and will represent approximately 33.33% of the Shares in issue as enlarged by the Rights Issue. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertakings given by the Undertaking Covenantors, it is anticipated that at least 4,106,763,500 Rights Shares will be taken up.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

### **Qualifying Shareholders and Excluded Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Issue Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Excluded Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

In order for transferees to be registered as a member of the Company by the Record Date, transfers of the Shares (with the relevant share certificates) must be lodged with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 19 March 2019. The last day for dealing in the Shares on a cum-rights basis is Friday, 15 March 2019.

### **Rights of the Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Issue Documents to be despatched in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and is in the process of making enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares

to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Excluded Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be distributed by the Company to the Excluded Shareholders in Hong Kong dollars, at their own risk, pro rata to their respective entitlements provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Excluded Shareholders would otherwise have been entitled, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, Waived Excess Shares and Waived Pro Rata Entitlement Shares, will be available for excess application by the Qualifying Shareholders under the EAF(s).

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.**

#### **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 20 March 2019 to Tuesday, 26 March 2019 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of any issued Shares of the Company will be registered during this period.

#### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Issue Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Acceptance Date.

## **Subscription Price**

The Subscription Price is HK\$0.05 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or applications for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 43.18% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 44.20% to the average closing price of approximately HK\$0.0896 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 45.12% to the average closing price of approximately HK\$0.0911 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 35.06% to the theoretical ex-rights price of approximately HK\$0.077 per Share, based on the average closing price of approximately HK\$0.0902 per Share for the last five trading days as quoted on the Stock Exchange immediately prior to the date of this announcement; and
- (v) a premium of approximately 1.2% over the audited total equity attributable to owners of the Company of approximately HK\$0.0494 per Share as at 30 June 2018 (which is calculated based on the total equity attributable to the owners of the Company as at 30 June 2018 of approximately HK\$583.2 million and 11,806,681,672 Shares in issue as at the date of this announcement).

The Subscription Price and the subscription rate (i.e. one (1) Rights Share for every two (2) existing Shares held) were arrived at after arm's length negotiations between the Company and the Underwriter with reference to the amount of fund raising targeted by the Company under the Rights Issue, the market price of the Shares under the prevailing market conditions and the financial position of the Group.

The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the rate of commission) to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **Status of Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Certificates for the Rights Shares and Refund Cheques for the Rights Shares**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Tuesday, 23 April 2019 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or about Tuesday, 23 April 2019 by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Fractions of Rights Shares**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s). No odd lot matching services will be provided.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, Waived Excess Shares and Waived Pro Rata Entitlement Shares and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Thursday, 11 April 2019.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue.

For Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, being Tricor Tengis Limited, for completion of the relevant registration not later than 4:30 p.m. on Tuesday, 19 March 2019.

### **Rights Issue on a best effort underwritten basis and public float**

The Rights Issue is only underwritten on a best effort basis. Any Shareholder who applies to take up all or part of his entitlement under the PAL or apply for excess Rights Shares under the EAF may also unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Also, the Undertaking Covenantors may apply respectively to take up all or part of their entitlements under the PALs and/or apply for excess Rights Shares under the EAFs. Depending on the level of subscription of the Rights Shares, the taking up of the entitlement to the Rights Shares by the Undertaking Covenantors respectively or the allotment and issue of the excess Rights Shares applied for by the Undertaking Covenantors respectively may cause the Company failing to comply with the public float requirement under Rule 8.08 of the Listing Rules.

Notwithstanding any terms and conditions of the PALs as may be lodged by the Undertaking Covenantors, the Undertaking Covenantors will respectively waive the right of taking up the Waived Pro Rata Entitlement Shares such that the number of Rights Shares (rounded up to the nearest integral multiples of a board lot) to be allotted and issued to them will not result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be) and the Company shall be entitled to allot and issue such number of Rights Shares taken up or applied by the Undertaking Covenantors less the Waived Pro Rata Entitlement Shares to the Undertaking Covenantors respectively. The Waived Pro Rata Entitlement Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders.

Notwithstanding any terms and conditions of the EAFs as may be submitted by the Undertaking Covenantors, the Undertaking Covenantors will respectively waive the right of taking up the Waived Excess Shares such that the number of excess Rights Shares (rounded up to the nearest integral multiples of a board lot) to be allotted and issued to them will not result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be) and the Company shall be entitled to allot and issue the excess Rights Shares allocated to the Undertaking Covenantors upon fair and equitable basis as described in the section headed “Proposed Rights Issue – Application for excess Rights Shares” in this announcement less the Waived Excess Shares to the Undertaking Covenantors respectively. The Waived Excess Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 20,000 Shares in one board lot. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

### **THE UNDERWRITING AGREEMENT**

The Board is pleased to announce that on 28 February 2019 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. Further details of the Underwriting Agreement are set out below:

Date	:	28 February 2019 (after trading hours)
Underwriter	:	Lego Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the date hereof, it is independent of and not connected with the Company or its connected persons
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to subscribe for, or procure the subscription for the Underwritten Shares not taken up (other than the Committed Shares) on a best effort basis
Commission	:	1.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed for through the Underwriter and/or its sub-underwriters

The Rights Issue is underwritten by the Underwriter on a best effort basis on the terms of the Underwriting Agreement other than all the Rights Shares that will be provisionally allotted to and which are to be taken up by the Undertaking Covenantors pursuant to the Irrevocable Undertakings on the terms and conditions set out therein.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue and the Underwriting Agreement are conditional upon the following:

- (a) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms thereof;

- (b) the delivery to the Stock Exchange, and filing and registration with the Registrar of Companies in Hong Kong of one copy of each of the Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Despatch Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (c) the posting of the Issue Documents to the Qualifying Shareholders on the Despatch Date;
- (d) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (other than any suspension pending clearance of this announcement); and (ii) no indication being received on the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (e) there being no breach of any provision of the Underwriting Agreement by the Company at all times prior to the Latest Time for Termination;
- (f) the representations and warranties of the Company remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination; and
- (g) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked.

If any of the above conditions have not been fulfilled (or in respect of conditions (a), (d)(i), (e) or (f) above waived by the Underwriter at its sole discretion) in all respects by or at the time and/or date specified therefor (or if no time or date is specified 30 June 2019), or such later time as the Underwriter may agree with the Company, or if the Underwriting Agreement shall be terminated (as described below), the obligations of the Underwriter and the Company under the Underwriting Agreement shall ipso facto cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other reasonable out-of-pocket expenses of the Underwriter (other than any underwriting commission) which will be borne by the Company).

## **Termination of the Underwriting Agreement**

If at any time on or before the Latest Time for Termination:

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

Upon rescission of the Underwriting Agreement by the Underwriter, all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breach of any obligation under the Underwriting Agreement and in respect of any costs, fees and other reasonable out-of-pocket expenses of the Underwriters (other than any underwriting commission) which will be borne by the Company).

**Expected Timetable for the Rights Issue**

The expected timetable for the Rights Issue and the associated trading arrangement is set out below:

**Event**

Publication of the announcement about the Rights Issue . . . . . Thursday, 28 February 2019

Last day of dealings in the Shares on a cum-rights basis . . . . . Friday, 15 March 2019

Commencement of dealings in the Shares on an ex-rights basis . . . . . Monday, 18 March 2019

Latest time for lodging transfers of Shares in order to be qualified for the Rights Issue . . . . . 4:30 p.m. on Tuesday, 19 March 2019

Register of members of the Company closes for determining entitlements under the Rights Issue (both days inclusive) . . . . . Wednesday, 20 March 2019 to Tuesday, 26 March 2019

Record Date to determine entitlements under the Rights Issue . . . . . Tuesday, 26 March 2019

Register of members of the Company re-opens . . . . . Wednesday, 27 March 2019

Despatch of the Issue Documents . . . . . Wednesday, 27 March 2019

First day for dealings in nil-paid Rights Shares . . . . . 9:00 a.m. on Friday, 29 March 2019

Latest time for splitting of nil-paid Rights Shares . . . . . 4:30 p.m. on Tuesday, 2 April 2019

Last day for dealings in nil-paid Rights Shares . . . . . 4:00 p.m. on Monday, 8 April 2019

Latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares . . . . . 4:00 p.m. on Thursday, 11 April 2019

Latest time for the termination of  
the Underwriting Agreement and for the  
Rights Issue to become unconditional . . . . . 4:00 p.m. on Friday,  
12 April 2019

Announcement of results of the Rights Issue  
to be published on the respective websites of  
the Stock Exchange and the Company . . . . . Thursday, 18 April 2019

Share certificates for fully-paid  
Rights Shares to be posted. . . . . Tuesday, 23 April 2019

Refund cheques for wholly and  
partially unsuccessful excess  
applications to be posted . . . . . Tuesday, 23 April 2019

Dealings in fully-paid  
Rights Shares commences . . . . . 9:00 a.m. on Wednesday,  
24 April 2019

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company and the Underwriter. The Company will notify Shareholders in the event of any changes to the expected timetable as and when appropriate.

**Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares**

The latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 11 April 2019. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 11 April 2019. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Thursday, 11 April 2019, the dates mentioned in the paragraph headed “Expected Timetable for the Rights Issue” above may be affected. The Company will notify Shareholders by way of a separate announcement of any change to the expected timetable as soon as practicable.

### **Irrevocable Undertakings by the Undertaking Covenantors**

As of the date of this announcement, Trillion Trophy, Ever Depot and Dragon Villa hold 3,825,000,000 Shares, 2,919,161,000 Shares and 2,094,366,000 Shares, respectively, representing approximately 32.40%, 24.72% and 17.74% of the total issued Shares, respectively.

Pursuant to the respective Irrevocable Undertakings, each of the Undertaking Covenantors has provided an irrevocable and unconditional undertaking to the Company, among other things:

(i) to subscribe for the Rights Shares in the amount set out as follows:

Trillion Trophy	1,600,000,000 Rights Shares
Ever Depot	1,459,580,500 Rights Shares
Dragon Villa	1,047,183,000 Rights Shares

(ii) to deliver the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Issue Documents on or before the Acceptance Date; and

(iii) not to sell or transfer Shares held by them in any manner before the completion of the Rights Issue.

Besides, Ever Depot and Dragon Villa have also indicated their intention in applying for excess Rights Shares, in addition to their respective Irrevocable Undertakings provided to the Company. The number of excess Rights Shares that may be allotted and issued to the Undertaking Covenantors is subject to (i) the subscription level of other Qualifying Shareholders; and (ii) the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger any GO obligation or result in the Company failing to comply with the Public Float Requirement (as the case may be).

Other than the relationship as being fellow Shareholders, the Company is not aware of any relationship, business arrangements, transactions, agreements or understandings between (i) Trillion Trophy and its connected persons and (ii) each of Ever Depot and Dragon Villa (including their respective connected persons) in relation to the Rights Issue and its related transactions.

## EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows (assuming no Vested Option is exercised before the Record Date and there being no other changes in the number of issued share capital of the Company).

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming 100% taken up by the Qualifying Shareholders		Assuming none taken up by the Qualifying Shareholders other than the Undertaking Covenantors pursuant to their respective Irrevocable Undertakings and all the Underwritten Shares were subscribed for through the Underwriter	
	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares
Trillion Trophy (Note 1)	3,825,000,000	32.40%	5,737,500,000	32.40%	5,425,000,000	30.63%
Ever Depot (Note 2)	2,919,161,000	24.72%	4,378,741,500	24.72%	4,378,741,500	24.72%
Dragon Villa (Note 3)	2,094,366,000	17.74%	3,141,549,000	17.74%	3,141,549,000	17.74%
Underwriter	-	-	-	-	1,796,577,336	10.14%
Other Shareholders	2,968,154,672	25.14%	4,452,232,008	25.14%	2,968,154,672	16.76%
<b>Total (Note 4)</b>	<b>11,806,681,672</b>	<b>100.00%</b>	<b>17,710,022,508</b>	<b>100.00%</b>	<b>17,710,022,508</b>	<b>100.00%</b>

### Notes:

- As at the date of this announcement, Trillion Trophy directly owns approximately 32.40% of the total number of issued Shares of the Company and is wholly owned by Wealthy Associates International Limited, which is in turn wholly owned by Mr. Suen Cho Hung, Paul. Therefore, Mr. Suen Cho Hung, Paul and Wealthy Associates International Limited are taken to be interested in the number of shares held by Trillion Trophy pursuant to Part XV of the SFO.
- As at the date of this announcement, Ever Depot directly owns approximately 24.72% of the total number of issued Shares of the Company and is wholly owned by Graticity Real Estate Development Co., Ltd., which is in turn wholly owned by Mr. Vong Pech. Therefore, Mr. Vong Pech and Graticity Real Estate Development Co., Ltd. are taken to be interested in the number of shares held by Ever Depot pursuant to Part XV of the SFO.
- As at the date of this announcement, Dragon Villa directly owns approximately 17.74% of the total number of issued Shares of the Company and is wholly owned by Mr. Lei Sutong. Therefore, Mr. Lei Sutong is taken to be interested in the number of shares held by Dragon Villa pursuant to Part XV of the SFO.

4. The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows (assuming all Vested Options are exercised on or before the Record Date and there being no other changes in the number of issued share capital of the Company other than the exercise of the Vested Options).

Name of Shareholder	Assuming all Vested Options are exercised on or before the Record Date		Immediately after completion of the Rights Issue			
			Assuming 100% taken up by the Qualifying Shareholders		Assuming none taken up by the Qualifying Shareholders other than the Undertaking Covenantors pursuant to their respective Irrevocable Undertakings and all the Underwritten Shares were subscribed for through the Underwriter	
	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares
Trillion Trophy (Note 1)	3,825,000,000	32.12%	5,737,500,000	32.12%	5,425,000,000	30.38%
Ever Depot (Note 2)	2,919,161,000	24.52%	4,378,741,500	24.52%	4,378,741,500	24.52%
Dragon Villa (Note 3)	2,094,366,000	17.59%	3,141,549,000	17.59%	3,141,549,000	17.59%
Directors Option holder						
– Mr. Zhao Wenqing	20,000,000	0.17%	30,000,000	0.17%	20,000,000	0.11%
Directors Option holder						
– Mr. Huang Dongfeng	20,000,000	0.17%	30,000,000	0.17%	20,000,000	0.11%
Other Vested						
Option holders	60,000,000	0.50%	90,000,000	0.50%	60,000,000	0.34%
Underwriter	–	–	–	–	1,846,577,336	10.34%
Other Shareholders	2,968,154,672	24.93%	4,452,232,008	24.93%	2,968,154,672	16.62%
<b>Total (Note 4)</b>	<b>11,906,681,672</b>	<b>100.00%</b>	<b>17,860,022,508</b>	<b>100.00%</b>	<b>17,860,022,508</b>	<b>100.00%</b>

Notes:

- As at the date of this announcement, Trillion Trophy is wholly owned by Wealthy Associates International Limited, which is in turn wholly owned by Mr. Suen Cho Hung, Paul. Therefore, Mr. Suen Cho Hung, Paul and Wealthy Associates International Limited are taken to be interested in the number of shares held by Trillion Trophy pursuant to Part XV of the SFO.
- As at the date of this announcement, Ever Depot is wholly owned by Graticity Real Estate Development Co., Ltd., which is in turn wholly owned by Mr. Vong Pech. Therefore, Mr. Vong Pech and Graticity Real Estate Development Co., Ltd. are taken to be interested in the number of shares held by Ever Depot pursuant to Part XV of the SFO.

3. As at the date of this announcement, Dragon Villa is wholly owned by Mr. Lei Sutong. Therefore, Mr. Lei Sutong is taken to be interested in the number of shares held by Dragon Villa pursuant to Part XV of the SFO.
4. The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

## **REASONS FOR RIGHTS ISSUE AND USE OF PROCEEDS OF RIGHTS ISSUE**

The Company is engaged in investment holding. The principal activities of its major subsidiaries are the operation of a professional football club in the United Kingdom and investment in properties.

Assuming full exercise of all Vested Options and full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$297.7 million and the estimated net proceeds of the Rights Issue will be approximately HK\$294.7 million. The net subscription price per Rights Share is expected to be approximately HK\$0.0495. The Company intends to use the net proceeds from the Rights Issue for the following:

- (i) approximately 80%, or HK\$235.8 million will be used for repayment of external debts so as to lower the gearing and finance costs of the Group; and
- (ii) approximately 20%, or HK\$58.9 million will be used as the general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

As disclosed in the 2018 annual report (the “2018 Annual Report”) of the Company, the Group incurred a net loss of approximately HK\$437.7 million for the year ended 30 June 2018. As at 30 June 2018, the Group had (i) total debts of approximately HK\$166.0 million; (ii) bank and cash balances of approximately HK\$69.2 million; and (iii) net current liabilities of approximately HK\$67.7 million. The debt-to-equity ratio of the Group was approximately 28.5% as at 30 June 2018.

The Group had arranged further borrowings since 30 June 2018 to finance its operational funding needs in view of the continued operating loss of the Group’s football club operation. As at the date of this announcement, the outstanding total debts amount of the Group was approximately HK\$411.8 million with interest rates ranging from 4.5% to 8.0% per year. Such gearing level of the Group has resulted in a prominent increase in the debt-to-equity ratio of the Group which reaches over 70% as at the date of this announcement. As evidenced by the fact that the Group was not able to conclude commercially acceptable terms with underwriters to conduct this Rights Issue on a fully underwritten basis due to the Group’s financial performance and financial position, the Directors consider that the debt position of the Group is too high and may affect the future funding activities that might be carried out by the Group when necessary. Accordingly, the Group intends to raise fund and apply the net proceeds to repay its

existing debts so as to lower the gearing of the Group. On the other hand, the Directors also intend to lower the Group's finance costs and to improve the financial results of the Group by repayment of outstanding debt. The Group incurred finance cost of approximately HK\$19.1 million for the year ended 30 June 2018.

As further disclosed in the 2018 Annual Report, the Group recorded a net cash outflow for operating activities of approximately HK\$365.8 million (which can be translated to net operating outflow of approximately HK\$30.5 million per month), and a net decrease in cash and cash equivalents of approximately HK\$64.6 million for the year ended 30 June 2018. As at 30 June 2018, the Group had bank balances and cash of approximately HK\$69.2 million which is equivalent to less than three months of net operating cash outflow. In light of the cash position and loss-making performance of the Group, it is anticipated that the Group would require further external funding in the near future to finance its operations, which is expected to bring the gearing level and debt-to-equity ratio of the Group to a higher or even caution level by the end of the current financial year, and in turn further worsen the fund raising capability of the Company in the future. Given the financial performance of the Group, the Directors expect that improvement in the financial condition of the Group can facilitate the Group to obtain further borrowings. Therefore, the Directors intend to raise funds through the Rights Issue to improve the financial condition of the Group by lower the gearing and interest burden of the Group before the Group's gearing reaches an excessive or higher caution level.

Taking into consideration the Irrevocable Undertakings provided by the Undertaking Covenantors to subscribe for a total of 4,106,763,500 Rights Shares, representing gross proceeds of approximately HK\$205.3 million based on the Subscription Price (subject to the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger any GO obligation or result in the Company failing to comply with the Public Float Requirement (as the case may be)), the Directors are of the view that the Rights Issue can serve the intended purpose of repaying part of the Company's external debts so as to lower the gearing and finance costs of the Group.

Further, given the low cash level of the Group as aforesaid, the Directors also intend to apply the net proceeds from the Rights Issue to replenish the general working capital of the Group. The net proceeds allocated to the general working capital from the Rights Issue is equivalent to around two months of net operating cashflow based on the Group's performance for the year ended 30 June 2018.

The Company had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares.

The Company is of the view that debt financing will result in additional interest burden and will further increase the gearing of the Group which is not beneficial to the Group given that the Group incurred a net loss for the year ended 30 June 2018 and was at a net current liabilities position as at 30 June 2018. The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. In the contrary, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

### **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

### **FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS**

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding the date of this announcement:

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b> <i>Approximate (HK\$)</i>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
14 June 2018	Issue of 1,380,080,000 new Shares at the subscription price of HK\$0.105 per subscription Share under general mandate	144.9 million	To offset an equivalent amount which is owed by the Company to the subscriber	Used as intended

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b> <i>Approximate (HK\$)</i>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
28 August 2018	Issue of 832,610,000 new Shares at the issue price of HK\$0.0947 per Share under specific mandate	84.1 million	As consideration shares for the settlement of part of the consideration for a long term lease	Used as intended

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of this announcement.

## **GENERAL**

As the Rights Issue would not increase either the total issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules.

The Issue Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 27 March 2019, and the Prospectus will be despatched to the Excluded Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 18 March 2019. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 29 March 2019 to Monday, 8 April 2019 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

## **DEFINITIONS**

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“Acceptance Date”	the last date for acceptance of, and payment of, the Rights Shares
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	the aggregate of 4,106,763,500 Rights Shares for which the Undertaking Covenantors have undertaken to subscribe: (i) as to 1,600,000,000 Rights Shares by Trillion Trophy; (ii) as to 1,459,580,500 Rights Shares by Ever Depot; and (iii) as to 1,047,183,000 Rights Shares by Dragon Villa
“Companies Law”	the Companies Law (Revised) of the Cayman Islands
“Companies Ordinance”	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including its amendments from time to time
“Companies (WUMP) Ordinance”	The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), including its amendments from time to time

“Company”	Birmingham Sports Holdings Limited (伯明翰體育控股有限公司) (stock code: 2309), an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Despatch Date”	Wednesday, 27 March 2019, being the expected date of despatch of the Issue Documents (or such later date as may be agreed between the Company and the Underwriter)
“Director(s)”	the director(s) of the Company
“Directors Option(s)”	outstanding and vested options to subscribe for an aggregate of 40,000,000 Shares granted to the relevant Directors pursuant to the Share Option Scheme
“Dragon Villa”	Dragon Villa Limited, a substantial shareholder holding approximately 17.74% of the total number of issued Shares of the Company as at the date of this announcement
“EAF(s)”	the excess application form(s) for application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Ever Depot”	Ever Depot Limited, a substantial shareholder holding approximately 24.72% of the total number of issued Shares of the Company as at the date of this announcement
“Excluded Shareholders”	the Overseas Shareholders in respect of whom the Board, after making relevant enquiries, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“GO obligation”	the obligation to make a general offer under the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertaking(s)”	each of the irrevocable undertakings dated 28 February 2019 given by each of the Undertaking Covenantors
“Issue Documents”	the Prospectus, the PAL and the EAF proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required)
“Last Trading Day”	28 February 2019, being the last trading day for the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Termination”	4:00 p.m. on the first Business Day following the Acceptance Date, being the latest time for the termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	the Shareholders whose addresses as shown in the register of members of the Company on the Record Date are not situated in Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

“Prospectus”	the prospectus to be issued by the Company relating to Rights Issue
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholders, whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 26 March 2019, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Registrar”	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s Hong Kong branch share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of Rights Shares in the proportion of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 5,953,340,836 Shares to be allotted and issued under the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time
“Share Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder
“Share Option Scheme”	the share option scheme adopted by the Company on 30 December 2016
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.05 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Trillion Trophy”	Trillion Trophy Asia Limited, a controlling shareholder holding approximately 32.40% of the total number of issued Shares of the Company as at the date of this announcement
“Undertaking Covenants”	Trillion Trophy, Ever Depot and Dragon Villa
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO, being the Underwriter
“Underwriting Agreement”	the underwriting agreement dated 28 February 2019 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	such number of untaken Rights Shares (excluding the Committed Shares and up to 1,846,577,336 Rights Shares) to be underwritten by the Underwriter on a best effort basis subject to the terms and conditions of the Underwriting Agreement
“Vested Option(s)”	outstanding and vested options to subscribe for 100,000,000 Shares granted pursuant to the Share Option Scheme (inclusive of the Directors Options)
“Waived Excess Shares”	such number of excess Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in either (i) incurring a GO obligation by any one of the Undertaking Covenants; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be)

“Waived Pro Rata Entitlement Shares” such number of Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in either (i) incurring a GO obligation by any one of the Undertaking Covenantors; or (ii) the Company failing to comply with the Public Float Requirement (as the case may be)

“%” per cent.

By Order of the Board  
**BIRMINGHAM SPORTS HOLDINGS LIMITED**  
**Zhao Wenqing**  
*Chairman*

Hong Kong, 28 February 2019

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong and Mr. Hsiao Charng Geng as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine as Independent Non-executive Directors.*