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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION RELATING TO LEASE OF PROPERTIES IN CAMBODIA**

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



**Giraffe Capital Limited**

References are made to the circular of the Company dated 20 November 2018 and the announcement dated 28 August 2018.

#### **THE SUPPLEMENTAL AGREEMENT**

On 28 August 2018, Celestial Fame entered into the Master Lease Agreement with Ever Depot, pursuant to which Celestial Fame has agreed to lease (or procure the lease of) the Properties to Ever Depot for a term of three years.

The Board announces that on 21 April 2021 (after trading hours), Celestial Fame (an indirect wholly-owned subsidiary of the Company) has entered into the Supplemental Agreement with Ever Depot (a substantial Shareholder), pursuant to which Celestial Fame and Ever Depot has agreed to renew the Master Lease Agreement for a term of three years in relation to the Properties and the commencing from 1 July 2021, and set the Annual Caps for transactions contemplated therein under the Supplemental Agreement for the three years ending 30 June 2024.

## **LISTING RULES IMPLICATIONS**

Since Ever Depot, being a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the date of the Supplemental Agreement, is a connected person of the Company, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company. As the highest of the applicable percentage ratios of the Annual Caps are more than 5%, transactions contemplated under the Supplemental Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Supplemental Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

## **EGM**

The EGM will be held to consider and if thought fit, to approve the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps). At the EGM, GRED and its associates will abstain from voting on the resolutions approving the Supplemental Agreement and the transactions contemplated thereunder. As at the date of this announcement, Ever Depot is interested in approximately 23.53% of the issued Shares. To the best knowledge, information and belief of the Directors, none of the persons (excluding GRED and its associates) who are required to abstain from voting at the EGM is holding any Shares as at the date of this announcement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement are fair and reasonable, and transactions (including the Annual Caps) contemplated thereunder are on normal commercial terms, 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. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

## **GENERAL**

A circular including, among other information, a letter from the Board containing further details of the Supplemental Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a notice convening the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders within 20 business days (has the meaning ascribed to it under the Listing Rules) from the date of this announcement as additional time is required by the Company to prepare the information to be included in the circular.

**The Supplemental Agreement is subject to the satisfaction of the conditions precedent as described in this announcement. There is no assurance that any of such conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Supplemental Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## **INTRODUCTION**

References are made to the circular of the Company dated 20 November 2018 and the announcement dated 28 August 2018.

On 28 August 2018, Celestial Fame entered into the Master Lease Agreement with Ever Depot, pursuant to which Celestial Fame has agreed to lease (or procure the lease of) the Properties to Ever Depot for a term of three years.

The Board announces that on 21 April 2021 (after trading hours), Celestial Fame (an indirect wholly-owned subsidiary of the Company) has entered into the Supplemental Agreement with Ever Depot (a substantial Shareholder), pursuant to which Celestial Fame and Ever Depot has agreed to renew the Master Lease Agreement for a term of three years in relation to the Properties commencing from 1 July 2021, and set the Annual Caps for transactions contemplated therein under the Supplemental Agreement for the three years ending 30 June 2024.

## **SUPPLEMENTAL AGREEMENT**

Principal terms of the Supplemental Agreement are set forth below:

Date	:	21 April 2021
Parties	:	(1) Celestial Fame as lessor; and (2) Ever Depot as lessee.
Subject matter	:	Celestial Fame has conditionally agreed to lease, or procure the lease of, the Properties to Ever Depot.
Term	:	three (3) years commencing from 1 July 2021, which term may be renewed by agreement of Celestial Fame and Ever Depot, for the Properties.

Rent : US\$15 per sq.m. per month, totalling a monthly rent of US\$85,118.85 and US\$215,941.95 for the Building and the Block, respectively. Accordingly, the total rent of the Building and the Block equal to approximately US\$1,022,000 (equivalent to approximately HK\$7,972,000) and approximately US\$2,591,000 (equivalent to approximately HK\$20,210,000) per annum, respectively.

The overall rent for each of the Building and the Block was arrived at after arm's length negotiation between the parties under normal commercial terms in the ordinary course of business, and with reference to the market rent as determined by the Independent Valuer having regarded to the prevailing market rents for similar premises in similar locations in Cambodia.

Conditions precedent : The obligations of Celestial Fame and Ever Depot to perform their respective obligations under the Supplemental Agreement shall be subject to and conditional upon:

- (1) the passing of the resolution(s) by the Independent Shareholders in the EGM approving the Supplemental Agreement and the transactions contemplated hereunder and thereunder; and
- (2) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Cambodia and in any other applicable jurisdiction in connection with the transactions contemplated under the Supplemental Agreement and the implementation of the transactions contemplated thereunder and all other matters incidental hereto and thereto.

In the event any of the above conditions precedent shall not be fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, the Supplemental Agreement shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the Supplemental Agreement without prejudice to the rights of any such parties in respect of any antecedent breaches.

## HISTORICAL TRANSACTION AMOUNTS AND THE ANNUAL CAPS

The existing annual caps under the Master Lease Agreement, the historical transaction amounts under the Master Lease Agreement for the years ended 30 June 2019 and 2020 and the expected amount received and receivable for the year ending 30 June 2021 are set out below:

	<b>For the year ended 30 June</b>		<b>For the year ending 30 June</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Existing annual caps	681,000	3,181,000	3,613,000
Annual rent received or receivable	596,000	3,181,000	3,613,000

The Group has closely monitored the transaction amounts under the Master Lease Agreement, which have not exceeded the historical annual caps for each of the two years ended 30 June 2020. As at the date of this announcement, the annual cap for the transactions contemplated under the Master Lease Agreement for the year ending 30 June 2021 has not been and is not expected to be exceeded.

The proposed annual caps for the continuing connected transactions under the Supplemental Agreement for the years ending 30 June 2022, 2023 and 2024 are as follows:

	<b>For the year ending 30 June</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Annual Caps	3,613,000	3,613,000	3,613,000

The Annual Caps are determined with reference to the above historical transaction amounts and the current market rent.

## **INFORMATION ON THE PARTIES**

### **The Company**

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

### **Celestial Fame**

Celestial Fame is a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. Celestial Fame is principally engaged in properties investment.

### **Ever Depot**

Ever Depot is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of GRED, which is a limited company incorporated in Cambodia, engaged in property development and wholly-owned by Mr. Vong Pech as at the date of this announcement. Ever Depot is principally engaged in investment holding.

As at the date of this announcement, Ever Depot is a substantial Shareholder interested in approximately 23.53% of the issued Shares and is a connected person of the Company under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

As the Supplemental Agreement is being entered into in the ordinary and usual course of business of the Group, the Company believes that it will benefit from the transactions under the Supplemental Agreement due to the following reasons: (i) the Group will earn a stable stream of rental incomes which are at the prevailing market rates; and (ii) all the costs and risks relating to the operation of the business in the Properties will be borne by the lessee.

The Independent Valuer has provided the Group with opinions on the current rental of the Properties based on market rental information of comparable properties. The rent receivable under the Supplemental Agreement is fair and reasonable and consistent with the prevailing market rents for similar premises in similar locations in Cambodia.

Having considered the above, the Directors (excluding the independent non-executive Directors who will form their views after considering the advices of the Independent Financial Adviser) consider that:

- (1) the terms and conditions of the Supplemental Agreement are fair and reasonable;
- (2) the Supplemental Agreement have been negotiated among the parties on an arm's length basis and is on normal commercial terms and in the ordinary and usual course of business of the Group;
- (3) the Annual Caps are fair and reasonable; and
- (4) the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Since Ever Depot, being a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the date of the Supplemental Agreement, is a connected person of the Company, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company. As the highest of the applicable percentage ratios of the Annual Caps are more than 5%, transactions contemplated under the Supplemental Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Supplemental Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

## EGM

The EGM will be held to consider and if thought fit, to approve the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps). At the EGM, GRED and its associates will abstain from voting on the resolutions approving in the Supplemental Agreement and the transactions contemplated thereunder. As at the date of this announcement, Ever Depot is interested in approximately 23.53% of the issued Shares. To the best knowledge, information and belief of the Directors, none of the persons (excluding GRED and its associates) who are required to abstain from voting at the EGM is holding any Shares as at the date of this announcement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement are fair and reasonable, and transactions (including the Annual Caps) contemplated thereunder are on normal commercial terms, 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. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

## GENERAL

A circular including, among other information, a letter from the Board containing further details of the Supplemental Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a notice convening the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders within 20 business days (has the meaning ascribed to it under the Listing Rules) from the date of this announcement as additional time is required by the Company to prepare the information to be included in the circular.

**The Supplemental Agreement is subject to the satisfaction of the conditions precedent as described in this announcement. There is no assurance that any of such conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Supplemental Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meaning set out below:

“Annual Caps”	the proposed annual caps for transactions contemplated under the Supplemental Agreement for the three years ending 30 June 2024
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Block”	the properties owned by the Group, which are located within and form part of One Park and comprised of (i) portion of the 2-storey commercial podium adjacent to the main building of the condominium with saleable area of approximately 6,247.34 sq.m.; and (ii) Block C of One Park with total saleable area of approximately 8,148.79 sq.m.
“Board”	the board of Directors
“Building”	the building with gross floor area of approximately 5,674.59 sq.m. for commercial and educational use in One Park owned by the Group
“Business Day(s)”	a day other than Saturday, Sunday and public holidays in Cambodia
“Cambodia”	the Kingdom of Cambodia
“Celestial Fame”	Celestial Fame Investments Limited, whose information is set out in the section headed “Information on the parties – Celestial Fame” of this announcement
“Company”	Birmingham Sports Holdings Limited (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 person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for considering and approving, among others, the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps)

“Ever Depot”	Ever Depot Limited, whose information is set out in the section headed “Information on the parties – Ever Depot” of this announcement
“GRED”	Graticity Real Estate Development Co., Ltd., a limited company incorporated in Cambodia wholly-owned by Mr. Vong Pech, a Cambodian citizen, and is engaged in property development
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors formed to advise the Independent Shareholders as to the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Giraffe Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders other than GRED and its associates (including Ever Depot)
“Independent Third Party(ies)”	a third party(ies) which is (are) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Independent Valuer”	JP Assets Consultancy Limited, an independent valuer appointed by the Group
“Long Stop Date”	30 June 2021 (or such other date as the relevant parties may agree)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Lease Agreement”	the master lease agreement dated 28 August 2018 entered into between Celestial Fame and Ever Depot
“One Park”	a property development project in Cambodia developed by GRED, details of which are disclosed in the circular of the Company dated 31 October 2017
“Properties”	collectively, the Building and the Block
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement entered into between Celestial Fame and Ever Depot on 21 April 2021
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent
“sq.m.”	square meter

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

Hong Kong, 21 April 2021

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

*For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.80 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such a rate.*