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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 SHARE CONSOLIDATION;

AND

(2) PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.25 each. As at the date of this announcement, there are 19,288,998,525 Existing Shares in issue which are fully paid or credited as fully paid. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 2,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.06 per Existing Share (equivalent to the theoretical closing price of HK\$1.5 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already been effective, would be HK\$3,000.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other matters, further details of the Share Consolidation, the Change in Board Lot Size and a notice convening the EGM is expected to be despatched to the Shareholders on or before Tuesday, 10 January 2023. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.25 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Existing Shares of HK\$0.01 each, of which 19,288,998,525 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and assuming there will be no change in the issued Shares of the Company from the date of this announcement up to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$500,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.25 each, of which 771,559,941 Consolidated Shares of HK\$0.25 each will be in issue.

As at the date of this announcement, other than the Share Options granted under the Share Option Scheme, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated total asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being fulfilled:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the Listing Committee granting the approval for listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the conditions of the Share Consolidation, the Share Consolidation will become effective on Monday, 6 February 2023, being the second Business Day immediately after the date of the EGM.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the Share Options granted or which may be granted under the Share Option Scheme.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers. Further details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Monday, 6 February 2023, being the second Business Day immediately after the date of the EGM, the Shareholders may, during the period from Monday, 6 February 2023 to Tuesday, 14 March 2023 (both days inclusive), submit their existing share certificates for the Existing Shares (in the colour of blue) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of orange) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

After Friday, 10 March 2023, share certificates for the Existing Shares will remain valid and effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will cease to be valid for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 278,350,498 Existing Shares under the Share Option Scheme. Under the relevant terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the exercise price and the number of shares falling to be issued upon exercise of the Share Options. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into Existing Shares or Consolidated Shares, as the case may be, as at the date of this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 2,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.06 per Existing Share (equivalent to the theoretical closing price of HK\$1.5 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the date of this announcement, (i) the market value of each board lot of 20,000 Existing Shares was HK\$1,200; and (ii) the market value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already been effective, would be HK\$3,000.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

As at the date of this announcement, the closing price of the Existing Shares was HK\$0.06 each and they have predominantly been traded below HK\$0.10 and the existing board lot value has generally been less than HK\$2,000 over the past 12 months. The Board considers that the Share Consolidation and the Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share, thus enabling the Company to comply with the trading requirements under the Listing Rules. The Company believes that this will make investing in the Shares more attractive to a broader range of investors and thus further broaden the shareholder base of the Company.

The Company also believes that the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade which will correspondingly increase the liquidity of the trading of the Consolidated Shares.

In light of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable. Taking into account of the potential benefits and the insignificant amount of costs to be incurred, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size. As at the date of this announcement, the Company does not have any other plan, agreement, arrangement or understanding, intention, or negotiation (either concluded or in process) to conduct any fund-raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Company. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation and the Change in Board Lot Size.

Events 2023

Expected date of despatch of the circular together with notice of EGM and proxy form for EGM	On or before Tuesday, 10 January
Latest time for lodging transfer of the Existing Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Friday, 27 January
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	from Monday, 30 January to Thursday, 2 February (both days inclusive)
Latest date and time for lodging proxy forms for the EGM	4:00 p.m. on Tuesday, 31 January
Expected date and time of the EGM	4:00 p.m. on Thursday, 2 February
Announcement of poll results of the EGM	Thursday, 2 February

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size.

Effective date of the Share Consolidation	Monday, 6 February
First day of free exchange of existing share certificates of the Existing Shares for new share certificates of the Consolidated Shares	Monday, 6 February
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 6 February
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 6 February

Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 6 February
Original counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Monday, 20 February
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Monday, 20 February
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Monday, 20 February
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Friday, 10 March
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 10 March
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Friday, 10 March
Last day for free exchange of existing share certificates of the Existing Shares for new share certificates of the Consolidated Shares	Tuesday, 14 March

Note:

The expected timetable is for indicative purpose only and may be extended or varied. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A circular containing, among other matters, further details of the Share Consolidation, the Change in Board Lot Size and a notice convening the EGM is expected to be despatched to the Shareholders on or before Tuesday, 10 January 2023. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day(s)”	a day (other than Saturdays, Sundays, public holidays in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time;

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective;
“Company”	Birmingham Sports Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 2309);
“Consolidated Share(s)”	ordinary share(s) of the Company of HK\$0.25 each immediately after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation;
“Existing Shares”	ordinary share(s) of the Company of HK\$0.01 each prior to the Share Consolidation having become effective;
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be;

“Shareholder(s)”	holder(s) of issued Share(s);
“Share Consolidation”	the proposed consolidation of every twenty-five (25) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.25 each;
“Share Option(s)”	the option(s) to subscribe for new shares of the Company granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 30 December 2016; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 21 December 2022

As at the date of this announcement, 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.