BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
伯明翰環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

The board of directors (the "Board") of Birmingham International Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company together with its subsidiaries (the "Group") for the year ended 30 June 2013, together with last year comparative figures set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Turnover	*4*	**294,497**	489,887
Operating expenses		**(390,915)**	(447,607)
(Loss) profit from operations before amortisations		**(96,418)**	42,280
Other income		**7,403**	3,110
Profit on sales of players' registrations		**77,125**	266,693
Impairment loss on intangible assets		**(3,602)**	(26,554)
Impairment loss on amounts due from related companies		**(1,089)**	(921)
Amortisation of intangible assets		**(24,669)**	(68,687)
Administrative and other expenses		**(58,861)**	(50,923)
Finance costs	*6*	**(25,421)**	(21,310)
(Loss) profit before taxation	*7*	**(125,532)**	143,688
Income tax credit	*8*	**4,944**	—
(Loss) profit for the year		**(120,588)**	143,688
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries and total other comprehensive (expenses) income for the year		**(315)**	311
Total comprehensive (expenses) income for the year		**(120,903)**	143,999

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(118,760)**	136,911
Non-controlling interests		**(1,828)**	6,777
		(120,588)	143,688
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(119,064)**	137,212
Non-controlling interests		**(1,839)**	6,787
		(120,903)	143,999
(Loss) earnings per share	*10*		
— Basic and diluted (HK cents)		**(3.05)**	3.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	2013 *HK$'000*	2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**264,119**	277,389
Intangible assets		**37,896**	71,257
Goodwill		**—**	—
Deposits, prepayments and other receivables		**83**	5,753
		302,098	354,399
Current assets			
Inventories		**2,225**	2,374
Trade receivables	*11*	**93,687**	129,091
Deposits, prepayments and other receivables		**15,705**	19,350
Amounts due from related companies		**1,249**	1,317
Cash held at non-bank financial institutions		**1**	1
Bank balances and cash		**49,996**	72,604
		162,863	224,737
Current liabilities			
Transfer fee payables		**8,428**	38,687
Trade payables	*12*	**28,705**	28,302
Accruals and other payables		**75,324**	87,296
Deferred capital grants		**672**	690
Amount due to a former director		**5,198**	5,198
Deferred income		**23,770**	28,379
Borrowings		**178,442**	105,083
Amounts due to directors		**544**	—
Income tax payable		**418**	418
		321,501	294,053
Net current liabilities		**(158,638)**	(69,316)
Total assets less current liabilities		**143,460**	285,083

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Transfer fee payables		—	7,316
Accruals and other payables		—	4,021
Deferred capital grants		**20,600**	21,838
Amounts due to directors		**182,808**	179,819
Borrowings		**2,025**	7,219
Deferred tax liabilities		**37,296**	43,236
		242,729	263,449
NET (LIABILITIES) ASSETS		**(99,269)**	21,634
Capital and reserves			
Share capital	*13*	**38,878**	38,878
Reserves		**(138,407)**	(19,343)
Equity attributable to owners of the Company		**(99,529)**	19,535
Non-controlling interests		**260**	2,099
(CAPITAL DEFICIENCIES) TOTAL EQUITY		**(99,269)**	21,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") have been suspended from trading since 30 June 2011.

The functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is Hong Kong dollars ("HK$") and for those subsidiaries established in the United Kingdom ("U.K.") is Great Britain Pounds ("GBP"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in professional football operation, apparel sourcing and trading and entertainment and media services.

2. BASIS OF PREPARATION

The Group incurred a loss attributable to the owners of the Company of approximately HK$118,760,000 for the year ended 30 June 2013 and had net current liabilities of approximately HK$158,638,000 and a capital deficiency of approximately HK$99,269,000 as at 30 June 2013. The condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2013 given that:

a) the directors of the Company anticipates that the Group will generate positive cash flows from its future operations;

b) as set out in Note 14(a), subsequent to the end of the reporting period the Group have raised borrowing facilities with an independent third party to the amount of HK$35,000,000;

c) as set out in Note 14(d), the Group have entered into arrangements to raise funds which included (i) the placement of shares to the amount of approximately HK$63,000,000 before deduction of expense, and (ii) issue of two convertible notes to the amount of HK$50,000,000 (before consideration of the set off of the loan noted above in (b)) and HK$125,000,000;

d) if necessary, in order to meet the Group's funding requirements the directors of the Company will consider to raise funds by way of issuing additional equity and/or debt securities.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 1 "Presentation of Financial Statements" (as part of the Annual Improvements to HKFRSs 2009 — 2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009 — 2011 Cycle). The effective date of these amendments is annual period beginning on or after 1 January 2013.

In the current year, the Group and the Company have applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a consolidated statement of financial position as at the beginning of the preceding period (third consolidated statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third consolidated statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third consolidated statement of financial position and that related notes are not required to accompany the third consolidated statement of financial position.

Except as described above, the adoption of the other new and revised HKFRSs in the current year had no material impact on the Group's financial performance, financial position and/or disclosures set out in consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 to 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC) — INT 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC) — INT 21	Levies[2]

1 *Effective for annual periods beginning on or after 1 January 2013.*
2 *Effective for annual periods beginning on or after 1 January 2014.*
3 *Effective for annual periods beginning on or after 1 January 2015.*

The directors of the Company anticipate that the adoption of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. TURNOVER

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowance and exclude value added tax or other sales related taxes and are analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Television Broadcasting	**179,828**	259,020
Commercial income	**63,529**	116,623
Matching receipts	**51,140**	114,244
	294,497	489,887

5. SEGMENT INFORMATION

The chief operating decision makers, who is responsible for allocating and assessing segment performance, has been identified as the board of directors as they collectively make strategic decision in allocating the Group's resources and assessing performance. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) professional football operation;

(ii) apparel sourcing and trading;

(iii) entertainment and media; and

(iv) investment holding.

Segment information about these reportable segments is presented below:

(a) Segment revenue and results
For the year ended 30 June

	Professional football operation		Apparel sourcing & trading		Entertainment & media services		Investment holding		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE:										
External sales	**294,497**	489,887	**–**	–	**–**	–	**–**	–	**294,497**	489,887
SEGMENT RESULTS	**(45,198)**	215,140	**–**	–	**–**	–	**(52)**	(2,588)	**(45,250)**	212,552
Unallocated corporate income and expenses									**(80,282)**	(68,864)
(Loss) profit before taxation									**(125,532)**	143,688

Segment results represents the results earned by each segment without allocation of central administration costs, directors' salaries, amounts due from related companies, interest income and finance costs. This is the measure reported to the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

At 30 June

	Professional football operation		Apparel sourcing & trading		Entertainment & media services		Investment holding		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**398,139**	484,892	**–**	–	**–**	142	**722**	830	**398,861**	485,864
Unallocated segment assets									**66,100**	93,272
Total assets									**464,961**	579,136
LIABILITIES										
Segment liabilities	**139,418**	181,509	**–**	–	**21**	14	**–**	–	**139,439**	181,523
Unallocated segment liabilities									**424,791**	375,979
Total liabilities									**564,230**	557,502

For the purpose of monitoring segment performances and allocating resources between segment:

- all assets are allocated to operating segments other than amounts due from related companies, cash held at non-bank financial institutions and bank balances and cash which are not able to allocate into reportable segments.

- all liabilities are allocated to operating segments, other than borrowings, deferred tax liabilities, income tax payable and amount(s) due to a former director/directors which are not able to allocate into reportable segments.

(c) Geographic information

Information about the Group's revenue from external customers and non-current assets is presented based on the location of operations and geographical location of assets respectively.

	Revenue from external customers For the year ended 30 June		Non-current assets At 30 June	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	—	**722**	830
United Kingdom (place of domicile)	**294,497**	489,887	**301,293**	347,816
	294,497	489,887	**302,015**	348,646

(d) Information about major customers

No revenue was received from customers contributing more than 10% of the total sales of Group for the two years ended 30 June 2013.

6. FINANCE COST

	2013	2012
	HK$'000	*HK$'000*
Interest expenses on:		
— Bank loan and overdraft repayable within five years	**78**	394
— Other borrowings repayable within five years	**25,006**	20,559
— Finance leases	**337**	357
	25,421	21,310

7. (LOSS) PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit before taxation is arrived at after charging:		
Amortisation of intangible assets	**24,669**	68,687
Auditor's remuneration		
— Current year	**2,119**	2,652
— Under-provision in prior years	**128**	156
	2,247	2,808
Cost of inventories sold *(Note i)*	**7,940**	10,272
Cost on operating expenses *(Note ii)*	**378,156**	437,335
Depreciation of property, plant and equipment	**13,748**	12,020
Impairment loss on trade receivables	**—**	209
Impairment loss on other receivables	**624**	—
Minimum lease payments under operating lease in respect of premises	**2,552**	7,879
Foreign exchange loss, (net)	**1,831**	2,666
Staff costs (excluding director's and chief executive's emolument)		
— Wages and salaries	**248,500**	277,060
— Contributions to defined contribution retirement plans	**29,845**	36,055
	278,345	313,115
Property, plant and equipment written off	**59**	1,992

Notes:

i. Cost of inventories sold represents the cost in relation to the sales of sportswear and other accessories from the professional football operation.

ii. Cost of operating expenses mainly represents the salaries and related bonus paid to football players and expenses incurred during matches of the football Club.

8. INCOME TAX CREDIT

Income tax credit in the consolidated statement of comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Deferred taxation — U.K.		
Current year	**1,618**	—
Attributable to a change in tax rate	**3,326**	—
	4,944	—

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising from Hong Kong during the year ended 30 June 2013 (2012: Nil).

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

The Group's subsidiaries in the U.K. are subject to Corporation Tax in the U.K. ("Corporation Tax"). No provision was made in respect of Corporation Tax as these subsidiaries did not derive any assessable profits in the U.K. during the year ended 30 June 2013.

No provision has been made in respect of Corporation Tax as these subsidiaries have sufficient tax loss available for set-off against the estimated assessable profits for the year ended 30 June 2012.

9. DIVIDEND

No dividend was paid or proposed for the year ended 30 June 2013 (2012: Nil), nor has any dividend been proposed since the end of the reporting date.

10. (LOSS) EARNINGS PER SHARE

The calculation of basic loss (2012: earnings) per share is based on the loss for the year attributable to owners of the Company of approximately HK$118,760,000 (2012: profit for the year of approximately HK$136,911,000) and the weighted average number of 3,887,753,400 (2012: 3,887,753,400) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 30 June 2013 is the same as the basic loss per share because the Company had no dilutive potential shares.

The computation of diluted earnings per share for the year ended 30 June 2012 does not assume the conversion of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the shares.

11. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**93,793**	129,200
Less: Impairment loss recognised	**(106)**	(109)
	93,687	129,091

(i) The average credit period to the Group's trade receivables is 90 days (2012: 90 days) and represents solely from the professional football operation.

Trade receivables from the sale of player's registrations are received in accordance with the terms of the related transfer agreement. The Group does not hold any collateral over these balances.

(ii) The aging analysis of trade receivables based on invoice date net of impairment loss is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**84,226**	118,278
31 to 90 days	**676**	836
91 to 180 days	**71**	678
181 to 365 days	**8,714**	9,299
	93,687	129,091

(iii) At 30 June 2013 and 2012, the analysis of trade receivables that were neither past due nor impaired are as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**Less than 60 days**	**61-90 days**	**91-365 days**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2013	93,687	84,902	71	—	8,714
At 30 June 2012	129,091	119,114	436	582	8,959

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12. TRADE PAYABLES

An aged analysis of the trade payables is as below:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**15,371**	15,007
31 to 90 days	**2,016**	2,253
91 days to 180 days	**597**	351
181 days to 365 days	**10,721**	10,691
	28,705	28,302

The Group normally receive credit periods from suppliers averaging 90 days.

13. SHARE CAPITAL

	2013 Number of shares	**2013** Amount *HK$'000*	2012 Number of shares	2012 Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:				
At 1 July 2011, 30 June 2012 and 2013	**3,887,753,400**	**38,878**	3,887,753,400	38,878

14. EVENTS AFTER THE REPORTING PERIOD

a) Loan financing

On 27 July 2013, the Group entered into a loan agreement with U-Continent Holdings Limited ("U-Continent"), an independent third party for a loan in the principal amount of HK$20,000,000 ("Loan 1") for up to 12 months at a monthly interest rate of 0.5%. Details of the terms of the loan arrangement are set out in the announcement of the Company dated 1 August 2013.

On 18 November 2013, the Group entered into another loan agreement with U-Continent for a loan in the principal amount of HK$15,000,000 ("Loan 2") for up to 12 months at a monthly interest rate of 0.5%. Details of the terms of the loan arrangement are set out in the announcement of the Company dated 19 November 2013.

b) Potential disposal of the professional football operation

With reference to the announcement of the Company dated 22 January 2013 and 26 February 2013, the Group was approached by some prospective buyers to explore the possibility of purchasing BCP Group. No binding agreements have been reached. As detailed in the announcement of the Company dated 22 October 2013, the directors of the Company stated that there was "no immediate plans to dispose of a controlling equity interest in BCP and/or BCFC".

c) Transfer of player registrations

Transfers of player registrations subsequent to 30 June 2013 resulted in a net GBP2,591,000 (equivalent to HK$30,567,000) receivable to the Group.

d) Placement of shares and issue of convertible notes

i) On 12 November 2013, the Company and Shenyin Wanguo Capital (H.K.) Limited (the "Placing Agent") entered into a placing agreement pursuant to which the Placing Agent will conduct the placing, on a fully underwritten basis, of 1,260,000,000 placing shares to not less than six professional, institutional, or other investor(s) that are independent third parties and to the extent any such placing shares are not placed, to take up those placing shares itself at the placing price of HK$0.05 per Placing Share.

ii) On 12 November 2013, the Company and U-Continent (the "Subscriber" entered into a convertible note subscription agreement ("First CB Subscription Agreement"), pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, convertible notes ("First Convertible Bond") to the principal amount of HK$50,000,000 with a conversion price of HK$0.03 per conversion share. The convertible bond is unsecured, zero coupon interest rate and have a maturity date of two years from the date of issue.

Pursuant to the first deed of variation dated 19 November 2013, Loan 1 and Loan 2 will be used to set-off the First Convertible Bond and the Subscriber will only be required to pay the balance of the First CB Subscriptions Agreement amount of HK$15,000,000.

iii) On 12 November 2013, the Company and Subscriber entered into a second convertible note subscription agreement ("Second CB Subscription Agreement"), pursuant to which the Company agrees to issue, and the Subscriber agrees to subscribe to, convertible notes ("Second Convertible Bond") to the aggregate principal amount of HK$250,000,000 in two tranches of HK$125,000,000 each, with a conversion price of HK$0.03 per conversion share. Each tranche of the Second Convertible Bond are unsecured, zero coupon interest rate and has a maturity date of two years from the date of issue.

Pursuant to the second deed of variation dated 19 November 2013, the principal sum of the Second Convertible Bond was varied from the original amount of HK$250,000,000 to HK$125,000,000 and shall be completed within three months following the resumption of trading in the shares of the Company.

Details of the terms of the placement of shares and issue of convertible notes are set out in the announcement of the Company dated 12 November 2013.

iv) Proposed deed of novation, debt capitalisation agreement and subscription agreement.

With reference to the announcement of the Company dated 12 November 2013:

- the Company, Birmingham City Football Club Plc ("BCFC"), a subsidiary of the Group and Yeung Ka Shing, Carson ("Mr. Yeung") propose to enter into a deed of novation, pursuant to which Mr. Yeung will agree to and accept the liabilities of BCFC due to Mr. Yeung in sum of approximately GBP15,255,000 (equivalent to approximately HK$190,074,000) (the "Debt") being assumed by the Company. Upon completion of the deed of novation, the Company will assume the obligations and liabilities under the Debt, and Mr. Yeung will have no further rights against BCFC under the Debt; and

- the Company and Mr. Yeung propose to enter into a debt capitalisation agreement, pursuant to which and subject to the entering into of the deed of novation as detailed above, the Company will agree to capitalise the Debt owed by the Company to Mr.Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, a debt convertible bond ("Debt CB"). The Company and Mr. Yeung further propose to enter into a subscription agreement, pursuant to which and subject to the completion of the debt capitalisation agreement, the Company will agree to capitalise the Debt owed by the Company to Mr. Yeung, by Mr. Yeung agreeing to subscribe for, and the Company agreeing to issue to Mr. Yeung, the Debt CB, to the principal amount of HK$190,074,000 with a conversion price of HK$0.03 per Debt CB. The Debt CB is unsecured, zero coupon interest and has a maturity date of two years from the date of issue.

OPINION ON INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion

1. Limitation of Scope

i) Corresponding figures

Our reports on the consolidated financial statements of the Group for the years ended 30 June 2011 and 2012 were qualified in view of the limitations on the scope on the royalty fee income and amount due to a former director. With regard to the potential understatement of royalty fee income for the years ended 30 June 2011 and 2012, the Group as at the date of issuance of these consolidated financial statements was still in the process of negotiating the royalty fee income with the former sponsor for settlement.

Any adjustments found to be necessary to the opening balances as at 1 July 2011 and 1 July 2012 may affect the loss, cash flows and related disclosures in the notes to the consolidated financial statements for the year ended 30 June 2013. In addition, the comparative figures in respect of the net assets of the Group as at 30 June 2012, and the profit and cash flows and related disclosures in the notes to the consolidated financial statements for the year ended 30 June 2012 may not be comparable with the figures for the current year.

ii) Amount due to a former director

At 30 June 2013, the amount due to a former director, Hui Ho Leuk, Vico ("Mr. Hui"), was approximately HK$5,198,000 as stated in Note 35 to the consolidated financial statements. We were unable to obtain sufficient information to verify the amount and repayment terms of this amount. There were no other satisfactory audit procedures including direct confirmation that we could perform to satisfy ourselves as to whether this amount was fairly stated in the statements of financial position as at 30 June 2013.

Any adjustments that might have been found to be necessary in respect of the above figures would have a significant consequential effect on the financial position of the Group as at 30 June 2013, and the loss and cash flows of the Group for the year then ended and the related disclosures in the consolidated financial statements.

2. Fundamental Uncertainty Relating to the Going Concern Basis

As explained in Note 3(b) to the consolidated financial statements, the Group incurred a loss attributable to the owners of the Company of approximately HK$118,760,000 for the year ended 30 June 2013 and had net current liabilities of approximately HK$158,638,000 and a capital deficiency of approximately HK$99,269,000 as at 30 June 2013. The conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, the validity of which is dependent upon future funding available.

The consolidated financial statements do not include any adjustments that would result from the unavailability of future funding. We consider that appropriate disclosures have been made. However, the uncertainty surrounding the outcome of future funding available raises significant doubt as to the Group's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that may be necessary should the future funding be unavailable. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

Disclaimer of Opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 30 June 2013, the Group recorded a consolidated turnover of approximately HK$294 million, representing a decrease of 40% compared to the consolidated turnover of approximately HK$490 million in the year ended 30 June 2012. Such decrease was mainly due to the significant dwindling of the revenue from Birmingham City Plc ("BCP") due to Birmingham City Football Club ("BCFC") being relegated from Premier league to Championship football league.

The Group's net loss for the year ended 30 June 2013 amounted to approximately HK$121 million (2012: net profit of approximately HK$144 million). Such decrease was mainly due to the profit generated from sales of players' registration. The expense for the year included the amortisation of intangible assets in the United Kingdom of approximately HK$25 million (2012: approximately HK$69 million), impairment loss of intangible assets of approximately HK$4 million (2012: HK$27 million) and the staff costs of approximately HK$289 million (2012: approximately HK$319 million).

Business Review and Prospects

The Company engages in investment holding. The principal activities of its main subsidiaries are engaged in professional football operation, entertainment and media services.

Football Operation Business

BCP is a company domiciled in the United Kingdom, the principal activities of BCP and its subsidiaries (collectively refer to as the "BCP Group") was the operation of a professional football club in the United Kingdom. The revenue streams of BCP Group comprised of (i) gate receipts which consisted of season and matchday tickets; (ii) broadcasting revenue, including distribution from the Football Association and Championship broadcasting agreements, cup competitions and revenue from the local media; and (iii) commercial income which comprised of sponsorship income, corporate hospitality, merchandising, conference and banqueting and other sundry revenue.

BCP Group contributed a turnover of approximately HK$294 million (2012: HK$490 million) to the Group's turnover for the year. It recorded a loss before additional depreciation for revalued property and amortisation of intangible assets of approximately HK$96 million and a net loss of approximately HK$42 million to the Group's profit for the year (2012: net profit of approximately HK$215 million).

The first and second years in the Championship were very challenging and the BCP group almost secured immediate return to the Premier League for the season 2011/2012 as BCFC was in the play offs. Unfortunately, BCFC was eliminated in the play offs semi-final against Blackpool.

The Group will continue to manage the business prudently and to ensure that the BCP Group will adhere to the financial fair play rules which will be effective in the UK that requires clubs to be self sufficient in the long term.

Dividend

No dividend was paid or proposed for the year ended 30 June 2013 (2012: Nil), nor has any dividend been proposed since the end of reporting date.

Financial Review

Liquidity and Financial Resources

The current ratio (current assets to current liabilities) of the Group as at 30 June 2013 was 50.66% (2012: 76.43%) and the gearing ratio (borrowings in long term portion to equity and non-current liabilities) of the Group as at 30 June 2013 was 54% (2012: 66.09%). The ratio of total liabilities to total assets of the Group as at 30 June 2013 was 121.35% (2012: 96.26%).

As at 30 June 2013, the cash and bank balances of the Group amounted to approximately HK$50 million, representing a decrease of 31.51% compared to the cash and bank balances of approximately HK$73 million as at the last financial year end.

As at 30 June 2013, the borrowings (including current portion and long term portion) of the Group amounted to approximately HK$180 million (2012: HK$112 million), representing bank loans in the United Kingdom and other borrowings in Hong Kong.

Foreign Exchange Exposure

The Group's subsidiaries mainly operates in the United Kingdom and most of their transactions, assets and liabilities are denominated in Pound Sterling ("£") and does not have significant exposure to risk resulting from changes in foreign currency exchange rate. The Group does not have any derivative financial instruments to hedge its foreign currency risks.

Pledge of Group's Asset

As at 30 June 2013, the Group has the freehold land and buildings with the carrying value of approximately £23 million (equivalent to approximately HK$271 million) for the bank borrowings and the general banking facilities granted to the Group. The secured bank borrowings of the Group of approximately HK$3 million are also secured by unlimited multilateral guarantees given by certain of its subsidiaries in the Group.

Save as the above, the Group did not have assets charged nor pledged to secure any outstanding borrowing.

Contingent liabilities

Under the terms of contracts with other football clubs in respect of the player transfers, additional player transfer cost would become payable if certain specific performance conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 June 2013 was approximately HK$8,428,000 (equivalent to GBP714,000). At the end of the reporting period and up to the date of approval of these consolidated financial statement, none of these amounts have crystallise.

On 10 May 2013, the former director, Mr. Lee Yiu Tung (the "Claimant") filed a claim in the Labour Tribunal of the Hong Kong Special Administrative Region ("HKSAR") for unpaid wages, wages in lieu of notice and expenses paid on behalf of the Company up to the amount of approximately HK$1,484,000. The Company made a counterclaim against the Claimant on 29 May 2013 in respect of wages paid to the Claimant for the months from July to October 2012 up to the amount of HK$240,000 in which the Claimant was absent from his office and reimbursements of expenses paid to the Claimant during 2010 to 2012 totaling HK$2,000,000 for business/projects not related to the Company. On 4 June 2013, both parties agreed that the case would be transferred to the High Court in HKSAR for judgment. The Company have obtained legal advice in respect of the merits of the case and the directors of the Company are confident that they have a strong defence in this action and therefore, no provision for this claim have been made.

CAPITAL COMMITMENT

At 30 June 2013, the Group had authorised but not contracted for commitments for the acquisition of property, plant and equipment of approximately HK$5,165,000 (2012: Nil).

PURCHASE, SALE OF REDEMPTION OF SECURITIES OF THE COMPANY

During the year ended 30 June 2013, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders.

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2013 except for the deviations as detailed in the Company's last annual report as follows:

(a) Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from the above code provision as all non-executive director and independent non-executive Directors ("INEDs") are not appointed for specific terms. According to the provisions of the Company's Articles of Association, however, and INEDs are subject to retirement and re-election. The reason for the deviation is that the Company believes that the Directors ought to be committed to representing the long term interest of the Company's shareholders.

(b) Code provision A.4.2 stipulates that all directors should be subject to retirement by rotation at least once every three years. Pursuant to the Company's Articles of Association, the chairman shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. In order to ensure the smooth running and continuous adhering to the strategic view of the Company, the Company believes that the position of chairman is more practical to be maintained and not to be subject to retirement by rotation.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the full set of Model Code set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors (the "Model Code"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all directors, the Board confirms that the directors of the Company have complied with the Model Code regarding directors' securities transactions during the year and up to the date of publication of this Annual Results Announcement.

AUDIT COMMITTEE

The Audit Committee comprises of two independent non-executive directors, namely Mr. Yau Yan Ming, Raymond (resiged on 13 May 2013), Mr. Wong Ka Chun, Carson (Chairman of the Audit Committee) and Mr. Gao Shi Kui (appointed on 6 May 2013).

The main duties of the Audit Committee include the following:

— To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the Board;

— To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors;

— To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 30 June 2013 including the review the financial results and reports, financial reporting and compliance procedures, and the re-appointment of the external auditors. The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 30 June 2013 reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Board established a Remuneration Committee which comprises two independent non-executive directors and one executive director, namely Mr. Yau Yan Ming, Raymond (resigned on 13 May 2013), Mr. Chan Shun Wah, Mr. Wong Ka Chun, Carson and Mr. Gao Shi Kui (appointed on 6 May 2013) up to the date of this announcement. Mr. Wong Ka Chun, Carson is the chairman of the Committee.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets annually for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the senior management and other related matters. The Remuneration Committee shall consult the Board about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee held two meetings during the year ended 30 June 2013 for reviewing the remuneration policy and structure of the Company and remuneration packages of the executive directors and the senior management.

Emolument Policy

The directors are paid fees in line with market practice. The Group adopted the following main principles of determining the directors' remuneration:

— No individual should determine his or her own remuneration;

— Remuneration should be broadly aligned with companies with who the Group competes for human resources;

— Remuneration should reflect performance.

In addition to the basic salaries, a share option scheme is adopted for rewarding good performers as well as retaining talented staff for the continual operation and development of the Group.

NOMINATION COMMITTEE

The Board established a Nomination Committee which comprises two independent non-executive directors and one executive director, Mr. Yau Yan Ming, Raymond (resigned on 13 May 2013), Mr. Chan Shun Wah, Mr. Wong Ka Chun, Carson and Mr. Gao Shi Kui (appointed on 6 May 2013)up to the date of this announcement. It is chaired by Mr. Wong Ka Chun, Carson. The terms of reference of the Nomination Committee have been reviewed with reference to the Code.

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessment of the independence of the independent non-executive directors. The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge and personal integrity of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

The Nomination Committee is also responsible for considering and approving the appointment of its members and making recommendations to shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable shareholders to make an informed decision on the re-election and where necessary, nominate and appoint directors to fill casual vacancies. The chairman may in conjunction with the other directors from time to time review the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (http://www.irasia.com/listco/hk/birminghamint/index.htm) and Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk). The annual report of the Company for the year ended 30 June 2013 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company and made available on the above websites in due course.

By Order of the Board
BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
Yeung Ka Sing, Carson
Executive Director and Chairman

Hong Kong, 26 November 2013

As at the date hereof, the executive directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Peter Pannu, Mr. Ma Shui Cheong, Mr. Chan Shun Wah, Mr. Cheung Kwai Nang, Mr. Charlie Penn, Mr. Chen Liang and Mr. Cheung Shing and the independent non-executive directors are Mr. Wong Ka Chun, Carson and Mr. Gao Shi Kui.