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BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED

伯明翰環球控股有限公司

(Receivers Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

The joint and several receivers (the “**Receivers**”) of Birmingham International Holdings Limited (Receivers Appointed) (the “**Company**”), appointed pursuant to an order of the High Court of Hong Kong on 16 February 2015 (the “**Receivership Order**”) announce the audited consolidated results of the Company together with its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2015, together with restated last year comparative figures set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 HK\$'000	2014 HK\$'000 (Restated) (Note 2a)
Revenue	5	253,584	253,227
Operating expenses		<u>(273,156)</u>	<u>(362,107)</u>
Loss from operations before amortisations		(19,572)	(108,880)
Other income	6	37,723	15,169
Gain on settlement of borrowings		27,958	33,275
Profit on sales of players' registrations		22,647	42,758
Amortisation of intangible assets		(4,859)	(4,786)
Administrative and other expenses		(71,301)	(98,818)
Finance costs	7	<u>(475)</u>	<u>(18,267)</u>
Loss before taxation		(7,879)	(139,549)
Income tax credit/(expense)	8	<u>3,471</u>	<u>(21,032)</u>

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000 <i>(Restated)</i> <i>(Note 2a)</i>
Loss for the year	9	(4,408)	(160,581)
Other comprehensive expenses			
Items that may be classified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas subsidiaries		<u>(16,704)</u>	<u>(1,836)</u>
Total comprehensive expenses for the year		<u>(21,112)</u>	<u>(162,417)</u>
Loss for the year attributable to:			
Owners of the Company		(4,161)	(157,430)
Non-controlling interests		<u>(247)</u>	<u>(3,151)</u>
		<u>(4,408)</u>	<u>(160,581)</u>
Total comprehensive expenses attributable to:			
Owners of the Company		(20,303)	(159,206)
Non-controlling interests		<u>(809)</u>	<u>(3,211)</u>
		<u>(21,112)</u>	<u>(162,417)</u>
Loss per share	<i>11</i>		
— Basic and diluted (HK cents)		<u>(0.05)</u>	<u>(3.49)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	30 June 2015 HK\$'000	30 June 2014 HK\$'000 (Restated) (Note 2a)	1 July 2013 HK\$'000 (Restated) (Note 2a)
Non-current assets				
Property, plant and equipment		246,912	281,425	264,119
Intangible assets		41,756	43,627	37,896
Deposits, prepayments and other receivables		623	1,334	83
		<u>289,291</u>	<u>326,386</u>	<u>302,098</u>
Current assets				
Inventories		1,603	1,667	2,225
Trade receivables	12	12,274	19,153	93,687
Deposits, prepayments and other receivables		42,101	35,185	15,705
Amounts due from related companies		—	993	1,249
Cash held at non-bank financial institutions		1	1	1
Bank balances and cash		58,815	143,007	49,996
		<u>114,794</u>	<u>200,006</u>	<u>162,863</u>
Current liabilities				
Transfer fee payables		1,097	3,802	8,428
Trade payables	13	14,910	26,284	28,705
Accruals and other payables		47,634	53,561	56,879
Deferred capital grants		695	752	672
Amounts due to former directors		10,769	10,780	5,198
Deferred income		23,142	22,500	23,770
Borrowings	14	139,974	298,296	178,442
Amounts due to directors		—	—	544
Income tax payable		22,212	23,757	418
		<u>260,433</u>	<u>439,732</u>	<u>303,056</u>
Net current liabilities		<u>(145,639)</u>	<u>(239,726)</u>	<u>(140,193)</u>
Total assets less current liabilities		<u>143,652</u>	<u>86,660</u>	<u>161,905</u>

	30 June 2015	30 June 2014	1 July 2013
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>	<i>(Restated)</i>
		<i>(Note 2a)</i>	<i>(Note 2a)</i>
Non-current liabilities			
Transfer fee payables	296	704	—
Accruals and other payables	—	521	—
Deferred capital grants	19,907	22,298	20,600
Borrowings	43,869	834	2,025
Amounts due to directors	—	—	182,808
Deferred tax liabilities	33,383	39,994	37,296
	97,455	64,351	242,729
NET ASSETS/(LIABILITIES)	46,197	22,309	(80,824)
Capital and reserves			
Share capital	96,811	54,811	38,878
Reserves	(53,537)	(36,234)	(119,962)
Equity attributable to owners of the Company	43,274	18,577	(81,084)
Non-controlling interests	2,923	3,732	260
TOTAL EQUITY/(CAPITAL DEFICIENCIES)	46,197	22,309	(80,824)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Convertible bonds reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013,									
as previously stated	38,878	1,132,593	6,510	(13,018)	—	(1,264,492)	(99,529)	260	(99,269)
Effect of prior year adjustments	—	—	—	—	—	18,445	18,445	—	18,445
At 1 July 2013, as restated	38,878	1,132,593	6,510	(13,018)	—	(1,246,047)	(81,084)	260	(80,824)
Total comprehensive expenses for the year	—	—	—	(1,776)	—	(157,430)	(159,206)	(3,211)	(162,417)
Loss on deed novation	—	—	—	—	—	(6,683)	(6,683)	6,683	—
Issue of convertible bonds	—	—	—	—	193,500	—	193,500	—	193,500
Issue of shares	15,933	56,117	—	—	—	—	72,050	—	72,050
Change in equity for the year	15,933	56,117	—	(1,776)	193,500	(164,113)	99,661	3,472	103,133
At 30 June 2014, as restated	54,811	1,188,710	6,510	(14,794)	193,500	(1,410,160)	18,577	3,732	22,309
At 1 July 2014,									
as previously stated	54,811	1,188,710	6,510	(14,794)	350,500	(1,424,289)	161,448	3,732	165,180
Effect of prior year adjustments	—	—	—	—	(157,000)	14,129	(142,871)	—	(142,871)
At 1 July 2014, as restated	54,811	1,188,710	6,510	(14,794)	193,500	(1,410,160)	18,577	3,732	22,309
Total comprehensive expenses for the year	—	—	—	(16,142)	—	(4,161)	(20,303)	(809)	(21,112)
Issue of shares	15,000	30,000	—	—	—	—	45,000	—	45,000
Issue of shares upon conversion of convertible bonds	27,000	54,000	—	—	(81,000)	—	—	—	—
Change in equity for the year	42,000	84,000	—	(16,142)	(81,000)	(4,161)	24,697	(809)	23,888
At 30 June 2015	96,811	1,272,710	6,510	(30,936)	112,500	(1,414,321)	43,274	2,923	46,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is located at Room 1200, 12/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and have been suspended for trading since 4 December 2014.

The Company is principally engaged in investment holding and its subsidiaries are mainly engaged in the professional football club operation in the United Kingdom ("**U.K.**").

The functional currency of the Group's entities in Hong Kong is Hong Kong dollars ("**HK\$**") and for those subsidiaries established in the U.K. is British Pounds ("**GBP**"). The consolidated financial statements are presented in HK\$ for the convenience of the shareholders and users of the consolidated financial statements as the Company is listed in Hong Kong.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Group's annual financial statements for the year ended 30 June 2014 were audited by JH CPA Alliance Limited (the "**Predecessor Auditor**"). On 20 January 2015, the Company received a letter from the Predecessor Auditor stating that they were withdrawing their auditors' report to the shareholders dated 30 September 2014 in respect of the consolidated financial statements of the Group for the year ended 30 June 2014.

(b) Going concern basis

The Group incurred a loss attributable to the owners of the Company of approximately HK\$4,161,000 for the year ended 30 June 2015 and had a net current liabilities of approximately HK\$145,639,000 as at 30 June 2015. These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Receivers 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 given that the Company has on 26 June 2015 entered into a loan facility agreement with Trillion Trophy Asia Limited (“**Trillion Trophy**”), the ultimate beneficial owner(s) of which are third party(ies) independent of and not connected with the Company and the connected person(s) of the Company. As detailed in announcement of the Company dated 30 June 2015, Trillion Trophy agreed to grant a secured loan facility of up to a maximum amount of HK\$153,000,000 to the Company for funding the Company’s operation and the operation of Birmingham City Plc. (“**BCP**”) and the Birmingham City Football Club Plc. (“**BCFC**”) pursuant to the loan facility agreement for a term of 18 months from the date of the agreement. The Receivers are of the opinion that the liquidity and the financial resources of the Group are significantly enhanced since the loan facility has become available.

Reference is also made to the announcements of the Company of the Company dated 8 April 2015, 8 May 2015, 8 June 2015, 25 June 2015, 30 June 2015, 30 July 2015 and 31 August 2015 in relation to the possible restructuring and continuous suspension of trading. On 19 June 2015, the Receivers executed with Trillion Trophy an exclusivity agreement. As at the date of the issue of the consolidated financial statements, the Receivers are negotiating with Trillion Trophy as a potential offeror of the Company on its possible subscription and/or purchase of shares in the Company and/or BCP, a 96.64% owned subsidiary of the Company which owns the entire share capital of BCFC which in turn operates the professional football club in the U.K.

Taking into the consideration of the funding needs of the Group, the obligation to meet requirements of the English Football League and in order to maintain the operation of the BCFC, the Receivers are considering to raise additional funds by entering into further agreements with Trillion Trophy and/or by other means of fund raising exercises. The Company will issue further announcements setting out the progress of the possible restructuring as and when appropriate and necessary.

Accordingly, the Receivers are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the 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

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 July 2014. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. PRIOR YEAR ADJUSTMENTS

(a) Accruals

On 18 November 2009, the Company entered into a cooperation agreement with China Foundation of Disable Persons (中國殘疾人福利基金會) (the “**Cooperation Agreement**”) whereby the Company agreed to establish the Birmingham Charity Fund and would donate up to an aggregate amount of RMB50,000,000 to the Birmingham Charity Fund in a 5-year period of RMB10,000,000 each year (the “**Donation**”). The Cooperation Agreement was expired after 19 November 2014. Up to 30 June 2015, the Group has accrued approximately HK\$55,239,000. The Receivers have sought legal advice on the validity of the Cooperative Agreement.

Based on the legal advice, the statute of limitation period would be two years in the PRC. As such, management considers that the unpaid and accrued Donation for years from 2010 to 2012 of approximately HK\$37,698,000 was already beyond the retroactive period and therefore reversed such accruals in the respective years when they were expired. Accordingly, prior year adjustments have been made to reverse the accrued Donation of HK\$18,045,000 and HK\$6,584,000 in the year ended 30 June 2013 and 30 June 2014 respectively, and accrued Donation of HK\$13,069,000 has been reversed in the year ended 30 June 2015.

(b) Convertible bonds

The U-Continent convertible bonds

On 5 February 2014, the Company issued a zero coupon convertible bond (the “**First CB**”) of principal amount of HK\$50,000,000 to U-Continent Holdings Limited (“**U-Continent**”). On 21 February 2014, HK\$10,000,000 of the First CB was converted into 333,333,333 ordinary shares of the Company.

On 5 February 2014, the Company issued a zero coupon convertible bond (the “**Second CB**”) in two tranches of aggregating principal amount of HK\$125,000,000 (as to HK\$105,000,000 under the first tranche and HK\$20,000,000 under the second tranche) to U-Continent. On 9 October 2014, HK\$45,000,000 of the Second CB was converted into 1,500,000,000 ordinary shares of the Company.

According to the announcement of the Company dated 21 July 2015, the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in the First CB and Second CB agreements entered into between the Company and U-Continent (collectively, the “**Agreements**”) under which U-Continent acquired a total of HK\$175,000,000 convertible bond in the Company. By a letter to U-Continent dated 20 July 2015, the Company rescinded the Agreements and on 21 July 2015 issued a writ of summons against U-Continent from the High Court of Hong Kong claiming for loss and damages suffered by the Company as a result of the misrepresentations.

As a result of the rescission, the Company has made a retrospective restatement to re-classify the remaining balance of the First CB of HK\$40,000,000 and Second CB of HK\$125,000,000, totaling HK\$165,000,000 as at 30 June 2014, as an amount due to U-Continent, which is included in borrowings.

During the year ended 30 June 2015, HK\$45,000,000 of the Second CB was converted into 1,500,000,000 ordinary shares of the Company. The Company has re-classified the remaining balance of the First CB of HK\$40,000,000 and Second CB of HK\$80,000,000, totaling HK\$120,000,000 as at 30 June 2015, as an amount due to U-Continent, which is included in borrowings.

(c) Misappropriation of funds

As detailed in note 9(i) to this results announcement, the Company had made two announcements on 19 January 2015 and 22 January 2015 concerning that a former employee may have misappropriated a total sum of approximately HK\$38,000,000, belonging to the Group (the “**Suspected Misappropriation**”) covering at least two accounting years ended 30 June 2014 and 30 June 2015.

Upon the current management’s investigation, it was discovered that as at 30 June 2014, prepayments of HK\$2.5 million, convertible bonds issuance costs of approximately HK\$8 million and other payments of accounts payable of HK\$0.4 million, totaling HK\$10.9 million form part of approximately the Suspected Misappropriation. Accordingly, a prior year adjustment has been made to reclassify the aggregate sum of above items of HK\$10.9 million as provision for suspected mis-appropriated funds in the consolidated profit and loss for the year ended 30 June 2014.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position as previously reported for the year ended 30 June 2014.

Consolidated statement of profit or loss and other comprehensive income

	2014 (As previously reported) <i>HK\$'000</i>	Effect of prior year's adjustments <i>HK\$'000</i>	2014 (As restated) <i>HK\$'000</i>
Revenue	253,227	—	253,227
Cost of revenue	<u>(362,107)</u>	<u>—</u>	<u>(362,107)</u>
Loss from operations before amortisation	(108,880)	—	(108,880)
Other income	8,585	6,584	15,169
Gain on settlement of borrowings	33,275	—	33,275
Profit on sales of players' registrations	42,758	—	42,758
Amortisation of intangible assets	(4,786)	—	(4,786)
Administrative and other expenses	(87,918)	(10,900)	(98,818)
Finance costs	<u>(18,267)</u>	<u>—</u>	<u>(18,267)</u>
Loss before taxation	(135,233)	(4,316)	(139,549)
Income tax expense	<u>(21,032)</u>	<u>—</u>	<u>(21,032)</u>
Loss for the year	(156,265)	(4,316)	(160,581)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	<u>(1,836)</u>	<u>—</u>	<u>(1,836)</u>
Total comprehensive expenses for the year	<u>(158,101)</u>	<u>(4,316)</u>	<u>(162,417)</u>
Loss for the year attributable to:			
Owners of the Company	(153,114)	(4,316)	(157,430)
Non-controlling interests	<u>(3,151)</u>	<u>—</u>	<u>(3,151)</u>
	<u>(156,265)</u>	<u>(4,316)</u>	<u>(160,581)</u>
Total comprehensive expenses attributable to:			
Owners of the Company	(154,890)	(4,316)	(159,206)
Non-controlling interests	<u>(3,211)</u>	<u>—</u>	<u>(3,211)</u>
	<u>(158,101)</u>	<u>(4,316)</u>	<u>(162,417)</u>
Loss per share			
— Basic and diluted (HK cents)	<u>(3.40)</u>	<u>(0.09)</u>	<u>(3.49)</u>

Consolidated statement of financial position as at 30 June 2014

	30 June 2014 (As previously restated) <i>HK\$'000</i>	Effect of prior year's adjustments <i>HK\$'000</i>	30 June 2014 (as restated) <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	281,425	—	281,425
Intangible assets	43,627	—	43,627
Deposits, prepayments and other receivables	1,334	—	1,334
	<u>326,386</u>	<u>—</u>	<u>326,386</u>
Current assets			
Inventories	1,667	—	1,667
Trade receivables	19,153	—	19,153
Deposits, prepayments and other receivables	37,685	(2,500)	35,185
Amounts due from related companies	993	—	993
Cash held at non-bank financial institutions	1	—	1
Bank balances and cash	143,007	—	143,007
	<u>202,506</u>	<u>(2,500)</u>	<u>200,006</u>
Current liabilities			
Transfer fee payables	3,802	—	3,802
Trade payables	26,284	—	26,284
Accruals and other payables	78,190	(24,629)	53,561
Deferred capital grants	752	—	752
Amount due to former directors	10,780	—	10,780
Deferred income	22,500	—	22,500
Borrowings	133,296	165,000	298,296
Income tax payable	23,757	—	23,757
	<u>299,361</u>	<u>140,371</u>	<u>439,732</u>
Net current liabilities	<u>(96,855)</u>	<u>(142,871)</u>	<u>(239,726)</u>
Total assets less current liabilities	<u>229,531</u>	<u>(142,871)</u>	<u>86,660</u>
Non-current liabilities			
Transfer fee payables	704	—	704
Accrual and other payables	521	—	521
Deferred capital grants	22,298	—	22,298
Borrowings	834	—	834
Deferred tax liabilities	39,994	—	39,994
	<u>64,351</u>	<u>—</u>	<u>64,351</u>
NET ASSETS	<u>165,180</u>	<u>(142,871)</u>	<u>22,309</u>
Capital and reserves			
Share capital	54,811	—	54,811
Reserves	106,637	(142,871)	(36,234)
Equity attributable to equity holders of the Company	161,448	(142,871)	18,577
Non-controlling interests	3,732	—	3,732
TOTAL EQUITY	<u>165,180</u>	<u>(142,871)</u>	<u>22,309</u>

5. REVENUE AND SEGMENT INFORMATION

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.

The Group's revenue and contribution to profit were mainly derived from its professional football operation in the U.K., which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resources allocation and performance assessment. In addition, the principal assets employed by the Group are located in the U.K. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about the nature of revenue

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Television broadcasting	149,490	151,067
Commercial income	56,188	56,886
Matching receipts	47,906	45,274
	253,584	253,227

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		Non-current assets	
	For the year ended		At 30 June	
	30 June		2015	2014
	2015	2014	2015	2014
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Hong Kong	—	—	3,272	4,728
United Kingdom (place of domicile)	253,584	253,227	286,019	321,658
	253,584	253,227	289,291	326,386

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 2015 and 2014.

6. OTHER INCOME

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
Gain on disposal of property, plant and equipment		63	230
Interest income		137	142
Gain on deregistration of subsidiaries		—	419
Compensation from player injury insurance		11,024	—
Reverse of excess provision for Donation	<i>(i)</i>	13,069	6,584
Net gain on proposed settlement with a vendor	<i>(ii)</i>	6,500	—
Subsidies received from the Premier League	<i>(iii)</i>	6,024	6,178
Sundry income		906	1,616
		37,723	15,169

- (i) As explained in Note 4(a) of this results announcement, prior year adjustments have been made to reverse accrued Donation of HK\$18,045,000 and HK\$6,584,000 up to year ended 30 June 2013 and 30 June 2014, and accrued Donation of HK\$13,069,000 has been reversed during the year ended 30 June 2015.
- (ii) As at 30 June 2014, the Group recorded trade payable of HK\$10 million and trade receivable of HK\$8.5 million due to/from a vendor which is a third party not related to the Group (the “Vendor”). Subsequent to the year-end date of 2015, the Group had accepted an offer of HK\$5 million from the Vendor in full and final settlement of the above sums, together with other fees and charges, resulting in a net gain of HK\$6.5 million from this proposed settlement with the Vendor. Entering into the proposed settlement agreement is subject to court approval.
- (iii) During the year ended 30 June 2015, the Group’s professional football operation received funding of approximately HK\$6,024,000 (2014: HK\$6,178,000) from the Premier League under the Elite Player Performance Plan upon fulfillment of certain term and conditions.

7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest expenses on:		
— Bank loan and overdraft repayable within five years	23	61
— Other borrowings repayable within five years	421	18,148
— Finance leases	31	58
	<u>475</u>	<u>18,267</u>

8. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Corporation tax — U.K.		
Current year	(54)	(22,693)
Deferred taxation — U.K.		
Current year	350	—
Attributable to a change in tax rate	3,175	1,661
	<u>3,471</u>	<u>(21,032)</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising from Hong Kong for the two years ended 30 June 2015 and 2014.

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**”). Corporation Tax is calculated at 21% of the estimated assessable profit for the year ended 30 June 2015 (2014: 23%).

9. LOSS FOR THE YEAR

Loss for the year is arrived at after charging the following items:

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
Staff costs (including directors' remuneration):			
Salaries and wages		170,495	248,164
Retirement benefits scheme contributions		16,195	25,864
		<u>186,690</u>	<u>274,028</u>
Auditors' remuneration			
— Current year		1,020	2,191
Minimum lease payments under operating leases in respect of:			
— properties		3,427	3,915
— others		3,088	3,566
Cost of inventories recognised as expense		6,787	7,053
Cost on operating expenses		266,369	355,054
Depreciation of property, plant and equipment		16,483	11,408
Amortisation of intangible assets		4,859	4,789
Impairment loss on trade receivables		1,438	28
Impairment of amount due from related companies		993	—
Impairment of amount due from a former director		1,500	—
Impairment of property, plant and equipment		1,166	—
Foreign exchange loss (net)		3	—
Provision for suspected mis-appropriated funds	<i>(i)</i>	<u>9,643</u>	<u>27,900</u>

- (i) On 19 January 2015, the Company announced that the then board of directors of the Company discovered that a former employee of the Company may have misappropriated a sum of at least HK\$30 million (the “**First Suspected Misappropriation**”). On 22 January 2015, another announcement was made concerning a further sum of approximately HK\$8 million being misappropriated by the same former employee (the “**Second Suspected Misappropriation**”). The aggregate amount associated with the Suspected Misappropriation was approximately HK\$38 million.

Upon the current management's investigation, including reviewing copies of bank statements and cheques, at least HK\$37.5 million was suspected to be misappropriated, out of which HK\$35.25 million was suspected to be misappropriated by the former employee as mentioned earlier.

The Company has reported the First Suspected Misappropriation and Second Suspected Misappropriation to the Hong Kong Police Force (the "Police") for investigation. The Police arrested the former employee on 17 January 2015, but no charges have been laid against the former employee so far. He was subsequently released on bail. As far as the current board of directors of the Company is aware, up to the date of the release of this annual results, the Suspected Misappropriation is still under investigation by the Police.

In accordance with the period for the suspected misappropriation of funds, HK\$27.9 million was provided for the period financial years up to 30 June 2014 and HK\$9.6 million was provided for the year ended 30 June 2015.

As far as the current board of directors of the Company is aware, up to the date of the release of the 2015 annual results, the suspected misappropriation is still under investigation by the Police.

10. DIVIDEND

No dividend was paid or proposed for the two years ended 30 June 2015 and 2014, nor has any dividend been proposed since the end of the reporting date.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$4,161,000 (2014: HK\$157,430,000) and the weighted average number of 8,264,100,432 (2014: 4,506,109,565) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 30 June 2015 and 2014 are the same as the basic loss per share as the impact of the convertible bonds outstanding had an anti-dilutive effect.

12. TRADE RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	13,862	19,301
<i>Less: Impairment loss recognized</i>	<u>(1,588)</u>	<u>(148)</u>
	<u><u>12,274</u></u>	<u><u>19,153</u></u>

- (i) The average credit period to the Group's trade receivables is 90 days (2014: 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	3,658	7,292
31 to 90 days	949	975
91 to 180 days	1,292	1,113
181 to 365 days	1,375	1,273
Over 365 days	5,000	8,500
	<u>12,274</u>	<u>19,153</u>

- (iii) At 30 June 2015 and 2014, the analysis of trade receivables that were neither past due nor impaired are as follows:

	Total <i>HK\$'000</i>	Neither past due nor impaired <i>HK\$'000</i>	Past due but not impaired	
			Less than 90 days <i>HK\$'000</i>	91 days and over <i>HK\$'000</i>
At 30 June 2015	12,274	4,607	1,292	6,375
At 30 June 2014	<u>19,153</u>	<u>8,267</u>	<u>1,113</u>	<u>9,773</u>

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.

13. TRADE PAYABLES

An aged analysis of the trade payables is as below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	12,358	14,537
31 to 90 days	2,038	1,650
91 days to 180 days	382	57
181 days to 365 days	132	40
Over 365 days	—	10,000
	<u>14,910</u>	<u>26,284</u>

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

14. BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Secured bank loans (<i>Note (i)</i>)	—	2,077
Other loan — secured (<i>Note (ii)</i>)	43,314	—
Other loans — unsecured (<i>Notes (iii) & (iv)</i>)	19,895	132,053
Loan from U-Continent	120,000	165,000
Finance lease payable	634	—
	<u>183,843</u>	<u>299,130</u>

At 30 June 2015 and 2014, total current and non-current bank loans and other borrowings were repayable as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Carrying amounts repayable:		
On demand or within one year	139,974	298,296
More than one year, but not exceeding five years	43,869	834
	<u>183,843</u>	<u>299,130</u>
<i>Less:</i> Amounts due within one year shown in current liabilities	<u>(139,974)</u>	<u>(298,296)</u>
Amounts shown under non-current liabilities	<u>43,869</u>	<u>834</u>

Notes:

- (i) At 30 June 2014, the secured bank loans carried interest at floating rates LIBOR+1.5% per annum and are repayable within one year. The bank loans were secured against the Group's assets in the U.K amounting to approximately HK\$269,414,000 and by unlimited multilateral guarantees given by certain of its subsidiaries in the Group. The secured bank loans have been settled during the year ended 30 June 2015.
- (ii) At 30 June 2015, the secured other loan from Trillion Trophy carried interest at 8% per annum and repayable after 1 year. The loan is secured by (i) a first fixed legal charge over the property owned by the BCFC with a carrying value of approximately GBP19.6 million (equivalent to approximately HK\$239 million); (ii) a first floating charge over all the assets, goodwill, undertaking and uncalled capital, both present and future granted or to be granted by the BCFC; and (iii) a first fixed charge over all books and other debts, both present and future granted or to be granted by the BCFC.
- (iii) At 30 June 2015, included in the unsecured other loans was approximately HK\$6,000,000 (2014: HK\$16,856,000) loaned from iMerchants Asia Limited ("**iMerchants**"). The amount represented a principal of approximately HK\$6,000,000 (2014: HK\$10,000,000) and accrued interest of approximately HK\$Nil (2014: HK\$6,856,000). The loan was overdue and carries interest at fixed rates of 0.5% per annum and penalty interest at 2% per month.

On 8 June 2015, the Group and iMerchants entered in to a deed of settlement and pursuant to which, the parties agreed a settlement sum of HK\$10,000,000. As at 30 June 2015, the Group has settled HK\$4,000,000. The accrued interest of HK\$6,856,000 up to 30 June 2014 was waived.

- (iv) At 30 June 2015, included in the unsecured other loans was approximately HK\$13,670,000 (2014: HK\$43,884,000) loaned from China Energy Development Holdings Limited ("**China Energy**"), an independent third party and a company listed on the Stock Exchange. The amounts represented a principal of approximately HK\$13,670,000 (2014: HK\$22,782,000) and accrued interest of approximately HK\$Nil (2014: HK\$21,102,000). The loan is overdue and carries interest at fixed rates of 0.5% per month and penalty interest at 2% per month.

On 28 May 2015, the Group and China Energy entered into a deed of settlement and pursuant to which, the parties agreed a settlement sum of HK\$22,782,000. As at 30 June 2015, the Group has settled HK\$9,112,000. The accrued interest of HK\$21,102,000 up to 30 June 2014 was waived.

15. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 1 July 2013		10,000,000,000	100,000
Increase on 5 February 2014	<i>(i)</i>	<u>40,000,000,000</u>	<u>400,000</u>
At 30 June 2014 and 30 June 2015		<u><u>50,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:			
At 1 July 2013		3,887,753,400	38,878
Issue of shares upon placement	<i>(ii)</i>	1,260,000,000	12,600
Issue of shares		<u>333,333,333</u>	<u>3,333</u>
At 30 June 2014		<u><u>5,481,086,733</u></u>	<u><u>54,811</u></u>
Issue of shares	<i>(iii)</i>	1,500,000,000	15,000
Issue of shares upon conversion of convertible bonds	<i>(iv)</i>	<u>2,700,000,000</u>	<u>27,000</u>
At 30 June 2015		<u><u>9,681,086,733</u></u>	<u><u>96,811</u></u>

Notes:

- (i) On 5 February 2014, pursuant to ordinary resolution passed at the extraordinary general meeting of the Company, the authorised share capital of the Company was increased from HK\$100,000,000 to HK\$500,000,000 by the creation of an additional 40,000,000,000 new ordinary shares at a par value of HK\$0.01.
- (ii) On 5 February 2014, the Company completed the placement of 1,260,000,000 ordinary shares at an issue price of HK\$0.05 per ordinary share. The net proceed of the placement was approximately HK\$62,050,000 and will be used for general working capital and the general improvement of the Group's liquidity position.
- (iii) The Second CB was partially converted into 1,500,000,000 ordinary shares of the Company on 9 October 2014.
- (iv) The Debt CB (as defined below) was partially converted into 2,700,000,000 ordinary shares of the Company on 14 November 2014.
- (v) All ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.

16. CONVERTIBLE BONDS RESERVE

	Debt CB <i>HK\$'000</i> (Restated)
At 1 July 2013	—
Issue of convertible bonds and at 30 June 2014	193,500
Conversion to shares	<u>(81,000)</u>
At 30 June 2015	<u><u>112,500</u></u>

The principle terms of the convertible bond is as follows:

	Debt CB
Maturity date	4 February 2016
Principal amount	HK\$193,500,000
Interest rate	zero
Conversion price	HK\$0.03
Conversion period	<u>5 February 2014 to</u> <u>4 February 2016</u>

The Debt CB is non-redeemable and shall be converted into ordinary share capital of the Company. The Debt CB is accordingly classified as equity in the consolidated financial statements of the Company.

On 20 December 2013, the Company and Mr. Yeung agreed to capitalise a debt owed by the Company to Mr. Yeung (which had been novated from a subsidiary of the Company) by issuing the Debt CB in the principal amount of HK\$193,500,000 to Mr. Yeung (please refer to the circular of the Company dated 17 January 2014 for further details). As of 30 June 2015, HK\$112,500,000 of the Debt CB was outstanding.

Mr. Yeung is the largest shareholder at present, holding 27.89% of the Company's entire issued share capital. The directors note that Mr. Yeung was convicted of money laundering offences in March 2014 and, due to a restraint order on his assets issued by the Department of Justice of Hong Kong ("DOJ"), he is prohibited from dealing with the Debt CB and his shares in the Company. On 24 September 2014, the DOJ confirmed that they will not raise any objection to the restructuring that took place under the Debt Capitalisation Agreement. On 14 August 2015, Mr. Yeung obtained leave of the Hong Kong Court of Final Appeal to appeal his conviction and the appeal is scheduled to be heard on 31 May 2016.

17. COMMITMENTS

Operating lease arrangements

The Group as lessee

The Group leases certain premises and motor vehicles under operating lease arrangements. Leases are negotiated for a term ranging from two to ninety nine years. The Group does not have an option to purchase the leased assets at the expiry of the lease period. At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Within one year	3,761	3,738
After one year but within five years	6,404	6,818
After five years	<u>79,584</u>	<u>85,920</u>
	<u><u>89,749</u></u>	<u><u>96,476</u></u>

18. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in this results announcement, the Group has the following events after the reporting period:

Discharge Application

Reference is made to the announcement of the Company dated 16 March 2015 in relation to the summons issued against the Receivers by the Company seeking to, amongst other things, discharge or vary the Receivership Order and the announcement of the Company dated 25 March 2015 in relation to the summons issued against the Receivers by Mr. Yeung seeking to discharge or vary the Receivership Order (the “**Discharge Application**”).

At the first hearing of the Discharge Application on 1 April 2015, the High Court of Hong Kong directed that to be adjourned to 31 July 2015 and, in the meantime, be advertised in order that any interested shareholder wishing to participate could apply to intervene in the adjourned hearing.

On 24 July 2015, a group of minority shareholders of the Company issued a summons to intervene in the hearing and seeking an order that the Receivers continue in office until resumption of trading of shares in the Company on the Stock Exchange, or until further order (the “**Minority Application**”).

The adjourned hearing on the Discharge Application was heard on 31 July 2015 together with the hearing of the Minority Application. In its decision handed down on 28 August 2015, the High Court of Hong Kong ordered that the Receivership Order to be continued, until the trading of the shares of the Company is resumed on the Stock Exchange or until further order (the “**28 August Decision**”).

By way of a summons dated 9 September 2015, Mr. Yeung applied to the High Court of Hong Kong for leave to appeal the 28 August Decision. The leave application will be heard (for directions only) on 12 October 2015.

Hong Kong High Court Action No. 1590 of 2015 (“HCA 1590/2015”)

Reference is made to the announcement of the Company dated 15 July 2015 in which it was announced that the Company and BCFC (as joint plaintiffs) had commenced legal proceedings against Mr. Yeung, Asia Rays Limited (“**Asia Rays**”) and Amazing Top International Enterprise Limited (“**Amazing Top**”) in the High Court of Hong Kong on 13 July 2015 claiming for loss and damages suffered by the Group as a result of Mr. Yeung’s breaches of fiduciary duties.

On 5 August 2015, Mr. Yeung requested the Company to provide further and better particulars of the Statement of Claim before providing his defence. The Company agreed to answer one of the requests, which it duly provided on 14 September 2015 and Mr. Yeung’s defence is now due to be filed on 12 October 2015.

On 25 September 2015, the Company filed an application with the Court to add Mr. Peter Pannu (“**Mr. Pannu**”) as the 4th Defendant in the action. In the meantime, it has been agreed by consent that Asia Rays and Amazing Top do not need to file their defence until 42 days after the High Court of Hong Kong has given leave to the Company to add Mr. Pannu as a defendant.

Hong Kong High Court Action No. 1648/2015

Reference is made to the announcement of the Company dated 21 July 2015 in which it was announced that the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in the Agreements under which U-Continent acquired a total of HK\$175,000,000 of convertible bonds in the Company. By a letter to U-Continent dated 20 July 2015, the Company rescinded the Agreements and on 21 July 2015 issued a writ of summons against U-Continent from the High Court of Hong Kong claiming for loss and damages suffered by the Company as a result of the misrepresentations.

The writ has been sent to U-Continent and its solicitors for their information, however, it has not yet been formally served pending leave from the High Court of Hong Kong to serve it out of the jurisdiction.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has disclaimed the Group's consolidated financial statements for the year ended 30 June 2015, an extract of which is as follows:

Basis for Disclaimer of Opinion

1. *Limitation of Scope*

i) Corresponding figures

The consolidated financial statements of the Group for the year ended 30 June 2014 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. The Predecessor Auditor's audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2014 was disclaimed because of the significance of the possible effect of the limitations on the scope of their audit and fundamental uncertainty relating to the going concern basis, details of which are set out in the Predecessor Auditor's report dated 30 September 2014.

On 20 January 2015, the Company received a letter from the Predecessor Auditor stating that they are withdrawing their auditor's report to the shareholders dated 30 September 2014 in respect of the consolidated financial statements of the Company for the year ended 30 June 2014.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (further details explained in the following paragraphs) shown in the current year's consolidated financial statements.

ii) Amounts due to former directors

At 30 June 2014 and 30 June 2015, the Group recorded amounts due to former directors of approximately HK\$10,780,000 and HK\$10,769,000, respectively. We were unable to obtain sufficient and satisfactory evidence to verify the amounts and the repayment terms of these amounts. There was no other satisfactory audit procedures including direct confirmation that we could perform to satisfy ourselves as to whether these amounts were fairly stated in the consolidated statements of financial position as at 30 June 2014 and 30 June 2015.

iii) Other payables

We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the existence and amounts of other payables of approximately HK\$5,353,000 as at 30 June 2014 and 30 June 2015. There are no other satisfactory audit procedures including direct confirmation that we could perform to satisfy ourselves as to whether these amounts are fairly stated in the consolidated statements of financial position as at 30 June 2014 and 30 June 2015.

iv) *Suspected misappropriation of funds*

The Company announced on 19 January 2015 that a former employee of the Company may have misappropriated a sum of at least HK\$30,000,000, and announced on 22 January 2015 that such former employee may have misappropriated a further sum of at least HK\$8,000,000 belonging to the Group. The Company has reported the above suspected misappropriation to the Police for investigation. They arrested the former employee on 17 January 2015, but no charges have been laid against the former employee so far. He was subsequently released on bail.

The Company finally discovered approximately HK\$37,543,000 were suspected to have been misappropriated, of which HK\$9,643,000 were included in the consolidated profit or loss for the year ended 30 June 2015 and HK\$27,900,000 were included in the consolidated profit or loss for the previous financial years up to 30 June 2014.

We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the nature of the above amounts. Furthermore, there may be a cut-off effect on the consolidated loss for the year ended 30 June 2014 and 30 June 2015 or on the financial years prior to that. We have not been provided with sufficient and satisfactory audit evidence of whether the above amounts are fairly stated and should be recorded in the current year or prior years.

v) *Convertible bonds*

(a) The U-Continent convertible bonds

On 5 February 2014, the Company issued the First CB of principal amount of HK\$50,000,000 to U-Continent. On 21 February 2014, HK\$10,000,000 of the First CB was converted into 333,333,333 ordinary shares of the Company.

On 5 February 2014, the Company issued the Second CB in two tranches to the principal amount of HK\$125,000,000 (as to HK\$105,000,000 under the first tranche and HK\$20,000,000 under the second tranche) to U-Continent. On 9 October 2014, HK\$45,000,000 of the Second CB was converted into 1,500,000,000 ordinary shares of the Company.

On 21 July 2015, the Company announced that the Board has resolved to institute legal proceedings against U-Continent, in connection with alleged misrepresentations made by U-Continent in the CB Agreements, in which U-Continent represented that at the time of entering into the CB Agreements and up until the time of completion of the CB Agreements, U-Continent was independent from and not acting in concert with any of the directors or substantial shareholders of the Company. (the “**Misrepresentations**”). The Company contended that at the time of entering into and/or completion of the CB Agreements, U-Continent knew that it was acting in concert with a director, Mr. Yeung and that Mr. Yeung was the Company’s

substantial shareholder and executive director. Accordingly, the Company rescinded the CB Agreements by way of a letter to U-Continent dated 20 July 2015 and filed a writ of summons against U-Continent in the High Court of Hong Kong on 21 July 2015 claiming for loss and damages suffered by the Company as a result of the Misrepresentations.

As a result of the above legal actions, the Company has made a retrospective restatement to re-classify the remaining balance of the First CB of HK\$40,000,000 and Second CB of HK\$125,000,000, totaling HK\$165,000,000 as at 30 June 2014, as an amount due to U-Continent, and included in borrowings.

During the year ended 30 June 2015, HK\$45,000,000 of the Second CB was converted into 1,500,000,000 ordinary shares of the Company. The Company has re-classify the remaining balance of the First CB of HK\$40,000,000 and Second CB of HK\$80,000,000, totaling HK\$120,000,000 as at 30 June 2015, as an amount due to U-Continent, and included in borrowings.

Up to the date of this announcement, the legal action is still in progress and no conclusion has been reached so far. We were unable to obtain sufficient appropriate audit evidence on the accounting treatment of the First CB and Second CB, including whether the First CB and Second CB constitute equity instruments which should be classified as a convertible bonds reserve, or whether the recognition of the remaining balances of the First CB of HK\$40,000,000 and Second CB of HK\$125,000,000 as at 30 June 2014 and the remaining balance of the First CB of HK\$40,000,000 and Second CB of HK\$80,000,000 as at 30 June 2015 to borrowings is appropriate. In addition, we were unable to determine whether the conversion of the First CB during the year ended 30 June 2014 and conversion of the Second CB during the year ended 30 June 2015 constitute a transaction within the scope of HK(IFRIC) Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments” which would require to determine the fair value of the equity instruments issued. We were also unable to quantify the effect on the consolidated profit or loss for the years ended 30 June 2014 and 30 June 2015.

(b) The debt convertible bond

On 20 December 2013, the Company and Mr. Yeung agreed to capitalise the debt owed by the Company of HK\$193,500,000 to Mr. Yeung by issuing the Debt CB. The Debt CB can be converted to a total of approximately 6,450,000,000 ordinary shares of the Company at a conversion price HK\$0.03 per debt conversion share.

The Company recorded the initial value of the Debt CB of HK\$193,500,000, which was the carrying value of the debt owed by the Company as at the completion date of the subscription agreement (i.e. 5 February 2014). However, in accordance with HK(IFRIC) Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments”, when equity instruments issued to a creditor to extinguish all or part of a financial liability are recognized initially, an entity shall measure them at the

fair value of the equity instruments issued. We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the fair value of the Debt CB. Any adjustment to the fair value of the Debt CB at the time of issuance will affect the consolidated profit or loss for the year ended 30 June 2014 and on classification of the accumulated losses and convertible bonds reserve as at 30 June 2014 and 30 June 2015.

vi) *Administrative expenses*

During the year ended 30 June 2015, the Group recorded certain administrative expenses amounted to approximately HK\$5,663,000 which consisted of consultancy fees, staff costs, motor vehicle and travelling expenses. We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the nature of these expenses.

vii) *Material uncertainty relating to the going concern basis*

We draw attention to note 2(b) to the consolidated financial statements, the Group recorded a loss attributable to the owners of the Company of approximately HK\$4,161,000 for the year ended 30 June 2015, and net current liabilities of approximately HK\$145,639,000 as at 30 June 2015. These 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 at a level sufficient to finance the working capital requirements of the Company. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support.

We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the availability of future funding, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Any consequential effect in connection with the above matters would affect the net assets of the Group as at 30 June 2014 and 2015, and the Group's loss for the years ended 30 June 2014 and 30 June 2015, and the related disclosures in the consolidated financial statements.

Disclaimer of Opinion

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 30 June 2015, the Group's consolidated turnover remained stable at HK\$254 million (2014: HK\$253 million), while the Group's net loss amounted to HK\$4 million, representing an improvement of HK\$157 million compared to the Group's restated net loss of HK\$161 million for the year ended 30 June 2014. Such increase was mainly due to the net effect of the following:

- An increase in other income of HK\$23 million largely coming from player insurance proceeds received and a higher write back of excess accrued donation payable to a charity fund in China which is no longer valid compared with last year and the proposed settlement with the Vendor;
- Better margin of HK\$89 million arising from normal operating activities from the professional football operation in the U.K. primarily due to planned reduction in cost base offset by a reduction in sales of players registration;

Business Review and Prospect

The company is engaged in investment holding. The principal activity of its major subsidiary is the operation of a professional football club.

Professional Football Operation Business

BCP is a company domiciled in the U.K. The principal activity of BCP and its subsidiaries (collectively refer to as the "**BCP Group**") is the operation of a professional football club in the U.K. The revenue streams of the BCP Group are comprised of (i) match receipts which consisted of season and match day tickets; (ii) television 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.

The 2014/15 season started disappointingly with BCFC languishing in the bottom three places of the Championship. This prompted a change of manager in October 2014. Performance of the football team and attendances had immediately improved. Under the new leadership, BCFC finished 10th in the Championship for the 2014/15 season. The Academy maintains its category 2 status under the Elite Player Performance Plan.

For the year ended 30 June 2015, BCP Group contributed HK\$254 million to the Group's turnover (2014: HK\$253 million) and HK\$16 million in profit (2014: HK\$92 million loss). Such improvement in result was mainly driven by better performance of football players during the reporting period and conservative spending, in particular, staff costs.

Dividend

No dividend was paid or proposed for the year ended 30 June 2015 (2014: 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 2015 was 44.1% (2014 restated: 45.5%) and the gearing ratio (borrowings in long term portion to equity and non-current liabilities) of the Group as at 30 June 2015 was 30.5% (2014 restated: 1.0%). The ratio of total liabilities to total assets of the Group as at 30 June 2015 was 88.6% (2014 restated: 95.8%).

As at 30 June 2015, the cash and bank balances of the Group amounted to approximately HK\$59 million, representing a decrease of 59% compared to HK\$143 million as at 30 June 2014.

On 26 June 2015, the Company entered into a loan facility agreement with Trillion Trophy, being a Potential Offeror of the Company. The agreement covers a drawdown of HK\$9,813,600 as security for the loan or bank facilities granted by HSBC in the U.K. to BCFC and further loans to be made up to a maximum aggregate amount of HK\$153,000,000 (collectively referred as the “**Loans**”). The Loans bear interest at a rate of 8% per annum, maturing in 18 months but extendable for another 18 months providing certain conditions are satisfied. The liquidity and the financial resources of the Group are significantly enhanced since the loan facility has become available.

As at 30 June 2015, the borrowings (including current portion and long term portion) of the Group amounted to HK\$184 million (2014 restated: HK\$299 million). These comprised of non-bank borrowings in Hong Kong which includes HK\$43 million drew down from Trillion Trophy.

Pledge of Group's Assets

As at 30 June 2015, the Loans from Trillion Trophy were secured by (i) a first fixed legal charge over the property owned by the BCFC with a carrying value of approximately GBP19.6 million (equivalent to approximately HK\$239 million); (ii) a first floating charge over all the assets, goodwill, undertaking and uncalled capital, both present and future granted or to be granted by the BCFC; and (iii) a first fixed charge over all book and other debts, both present and future granted or to be granted by the BCFC.

As a result of the Loans from Trillion Trophy, BCFC's bank loan was repaid in full.

Foreign Exchange Risk

The Group's exposure to foreign currency risk is with the Group's operation in the U.K. and most of which transactions, assets and liabilities are denominated in GBP. The Group does not use derivative financial instruments to hedge its foreign currency risks.

Contingent Liabilities and Potential Claims

Hong Kong High Court Action No. 1099 of 2013 ("HCA 1099/2013")

On 10 May 2013, Mr. Lee Yiu Tung ("Mr. Lee"), a former director of the Company, filed a claim with the Labour Tribunal of Hong Kong against the Company for unpaid wages, wages in lieu of notice and expenses paid by him on behalf of the Company of approximately HK\$1,484,000. The Company made a counterclaim against Mr. Lee on 8 October 2013 in respect of wages paid to him for the months from July to October 2012 up to the amount of HK\$240,000 and reimbursement of expenses paid to him during 2010 to 2012 totaling HK\$2,000,000 for business and projects not related to the Company. On 4 June 2013, both parties agreed that the case would be transferred to the High Court.

On 16 September 2015, a Case Management Conference ("CMC") was held at the High Court and the Master directed that the CMC be adjourned to 27 April 2016. In the meantime, the Company was ordered to provide its list of documents within 8 weeks and the parties ordered to exchange witness statements within 6 months.

Hong Kong High Court Action No. 1355 of 2015 ("HCA 1355/2015")

Reference is made to the announcement of the Company dated 25 March 2015 in relation to the four demand notices sent by Mr. Pannu, a former executive director of the Company, to the Company.

Subsequent to the demand notice, on 11 May 2015, Mr. Pannu filed a claim with the Labour Tribunal of Hong Kong against the Company for a sum of HK\$3,397,609.68 on the grounds constructive dismissal under the Employment Ordinance (Cap. 57 of the laws of Hong Kong) dismissal by reason of redundancy, failure to grant an annual leave, failure to pay wages, failure to pay of year payment.

The Receivers attended an interview with an officer of the Labour Tribunal of Hong Kong on 22 May 2015 and, in view of the complexity of matters involved, requested the Labour Tribunal to transfer the case to the High Court of Hong Kong. The approval for the transfer to the High Court of Hong Kong was granted on 18 June 2015 and the Company and Mr. Pannu subsequently agreed directions for the filing of pleadings.

On 18 August 2015, the Company received a summons from Mr. Pannu seeking for the Court's direction to amend his Statement of Claim by adding a new cause of action in the proceeding. According to the Amended Statement of Claim, Mr. Pannu claims against the Company on the following:

1. Damages including special, aggravated and exemplary damages for libel in respect of termination of appointment of Mr. Pannu's as managing director and chief executive officer of the Company as announced in the Company's announcement on 15 December 2014;
2. HK\$3,423,342.46 for outstanding wages, bonus payments, long service payment and payment in lieu of untaken leave;
3. Interest of 8% per annum on the outstanding amount of wages pursuant to section 25A of the Employment Ordinance;
4. Further, or alternatively, interest on such sums and at such rates as the Court shall think fit pursuant to the High Court Ordinance; and
5. Costs.

The Receivers have obtained legal advice in respect of the merits of the case and they intend to defend all the claims of Mr. Pannu. Separately, the Receivers intend to make a number of counter-claims against Mr. Pannu for the breach of duties while Mr. Pannu was serving as (i) the executive director of the Company and the BCFC and (ii) Vice/Acting Chairman of BCFC. The claims made against Mr. Pannu will, however, be brought in HCA 1590/2015 (see above) and, given the overlapping issues, it is likely that an application will be made in due course to consolidate HCA 1355/2015 (see above) with HCA 1590/2015.

China Energy

On 19 March 2015, the Receivers received a demand letter dated 19 March 2015 from the legal representative of China Energy demanding an immediate repayment by the Company of an aggregate sum of an outstanding principal of HK\$22,782,545 and interest of HK\$24,583,683 accrued up to 31 December 2014 together with further interest accrued up-to actual repayment date, as borrowed and owned by the Company not later than 1 April 2015.

The Receivers held several discussions with China Energy who eventually agreed to forego the interest due on their respective debts on the condition that 40% of the principal amount was to be paid by early June 2015 and the balance 60% of the principal amount due by 31 August 2015. The Receivers sought leave of the High Court of Hong Kong to enter into a deed of settlement with

China Energy on 26 May 2015 and the deed of settlement was signed on 28 May 2015. Using the funding obtained from Trillion Trophy, the Receivers remitted to China Energy the first instalment in the sum of HK\$9,113,018 on 1 June 2015 and the second instalment in the sum of HK\$13,669,527 on 1 September 2015.

CAPITAL COMMITMENT

At 30 June 2015, the Group had no capital commitments (2014: HK\$Nil).

PURCHASE, SALE OF REDEMPTION OF SECURITIES OF THE COMPANY

During the year ended 30 June 2015, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The current board of directors of the Company (the “**Current 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.

According to the Receivers' understanding, the former board of directors of the Company (the “**Former Board**”) were split into two camps. The Company suffered a management deadlock prior to the appointment of the Receivers. Except for Mr Wong Ka Chun Carson (whose director's duties was suspended by the Receivers since 9 March 2015), the rest of the members of Former Board were either resigned or removed by the Receivers pursuant to powers granted under the Receivership Order.

In view of the Receivership Order and the Current Board was only formed on 9 March 2015, the Current Board is unable to confirm that the Company has fully complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the “**CG Code**”) for the period from 1 July 2014 to 8 March 2015.

The Current Board is however pleased to report compliance with CG Code provisions for the period from 9 March 2015 to 30 June 2015 with an exception of a deviation from CG Code:

Code provision A.4.1 in respect of the service term of independent non-executive directors. CG Code provision A.4.1 stipulates that non-executive directors (including independent non-executive directors) should be appointed for a specific term, subject to re-election. The Company deviated from the above code provision as all independent non-executive directors (“**INEDs**”) are not appointed for specific terms. However, all INEDs are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. The reason for the deviation is that the Company believes that its directors ought to be committed to representing the long term interests of the Company's shareholders.

The Current Board is responsible for the Company's corporate governance and continues to monitor and review the Company's corporate governance practices to ensure compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the full for Securities Transactions by Directors of Listed Issuers as 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 announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors (all appointed on 9 March 2015), namely Mr. Cheung Yuk Ming, Mr. Law Pui Cheung and Mr. Lai Hin Wing Henry Stephen. Up to the date of this announcement, Mr. Cheung Yuk Ming is the chairman of the Audit Committee.

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 four meetings from 9 March 2015 up to the date of this announcement including the review of 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 2015 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Board established a Remuneration Committee which comprises three independent non-executive directors (all appointed on 9 March 2015), namely Mr. Law Pui Cheung, Mr. Cheung Yuk Ming and Mr. Lai Hin Wing Henry Stephen. Up to the date of this announcement, Mr. Law Pui Cheung is the chairman of the Remuneration 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.

Since the appointment of Receivers, the Remuneration Committee held two meetings from 9 March 2015 up to the date of this announcement 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 in determining the directors' remuneration:

- No individual should determine his own remuneration;
- Remuneration should be broadly aligned with companies with who the Group competes for human resources;
- Remuneration should reflect performance.

NOMINATION COMMITTEE

The Board established a Nomination Committee which comprises three independent non-executive directors (all appointed on 9 March 2015), Mr. Lai Hin Wing Henry Stephen, Mr. Cheung Yuk Ming and Mr. Law Pui Cheung up to the date of this announcement. The Nomination Committee is chaired by Mr. Lai Hin Wing Henry Stephen. 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.

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.

Since the appointment of the Receivers, the Remuneration Committee held one meeting from 9 March 2015 up to the date of this announcement.

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/>) and Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>). The annual report of the Company for the year ended 30 June 2015 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.

For and on behalf of
BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
(Receivers Appointed)
Liu Yiu Keung Stephen, Yen Ching Wai David and Koo Chi Sum
Joint and Several Receivers

Hong Kong, 30 September 2015

As at the date of this announcement, the Board comprises 7 directors, namely Mr. Liu Yiu Keung Stephen, Mr. Yen Ching Wai David, and Ms. Koo Chi Sum as executive directors; and Mr. Cheung Yuk Ming, Mr. Law Pui Cheung, Mr. Lai Hin Wing Henry Stephen and Mr. Wong Ka Chun Carson (suspended) as independent non-executive directors.