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BIRMINGHAM SPORTS HOLDINGS LIMITED

伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

The Board of Directors (the “Board”) of Birmingham Sports Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2022 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	220,939	165,023
Operating expenses		(465,552)	(427,136)
Loss from operations		(244,613)	(262,113)
Interest revenue		8,965	17,896
Other income	6	12,715	16,321
Other gains and losses, net	7	6,713	(3,713)
Football club segment compensation		201,318	–
Profit on sales of players’ registration		33,196	276,854
Amortisation of intangible assets		(65,322)	(76,854)
Administrative and other expenses		(35,379)	(50,134)
Finance costs	8	(25,361)	(30,675)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation		(107,768)	(112,418)
Income tax credit	9	<u>1</u>	<u>589</u>
Loss for the year	10	(107,767)	(111,829)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of overseas subsidiaries		25,766	11,853
Reclassification of translation reserve to profit or loss upon disposal of a subsidiary		<u>–</u>	<u>8,378</u>
		25,766	20,231
Total comprehensive expense for the year		<u>(82,001)</u>	<u>(91,598)</u>
Loss for the year attributable to:			
Owners of the Company		(40,661)	(74,232)
Non-controlling interests		<u>(67,106)</u>	<u>(37,597)</u>
		<u>(107,767)</u>	<u>(111,829)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(47,291)	(42,789)
Non-controlling interests		<u>(34,710)</u>	<u>(48,809)</u>
		<u>(82,001)</u>	<u>(91,598)</u>
Loss per share attributable to owners of the Company			
– Basic (<i>HK cent</i>)	12	<u>(0.21)</u>	<u>(0.40)</u>
– Diluted (<i>HK cent</i>)	12	<u>(0.21)</u>	<u>(0.40)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		34,341	32,516
Right-of-use assets		70,262	86,943
Intangible assets		72,936	140,983
Investment properties	<i>13</i>	477,594	481,962
Deposits, prepayments and other receivables		6,804	53,750
		<hr/>	<hr/>
Total non-current assets		661,937	796,154
		<hr/>	<hr/>
Current assets			
Inventories		54	378
Trade receivables	<i>14</i>	7,080	13,804
Deposits, prepayments and other receivables		128,641	221,670
Amount due from a related party	<i>16</i>	184,384	–
Pledged bank deposits		7,616	8,600
Bank balances and cash		28,092	36,155
		<hr/>	<hr/>
Total current assets		355,867	280,607
		<hr/>	<hr/>
Current liabilities			
Transfer fee payables		15,919	17,266
Trade payables	<i>15</i>	18,983	10,104
Accruals and other payables		63,320	75,455
Amount due to a related party	<i>16</i>	246,995	213,359
Contract liabilities		14,579	35,326
Borrowings	<i>17</i>	74,754	184,435
Lease liabilities		9,361	11,686
		<hr/>	<hr/>
Total current liabilities		443,911	547,631
		<hr/>	<hr/>
Net current liabilities		(88,044)	(267,024)
		<hr/>	<hr/>
Total assets less current liabilities		573,893	529,130
		<hr/>	<hr/>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Transfer fee payables		–	19,888
Borrowings	<i>17</i>	274,395	109,325
Lease liabilities		74,405	92,526
Deferred tax liabilities		2,280	2,577
		<hr/>	<hr/>
Total non-current liabilities		351,080	224,316
		<hr/>	<hr/>
NET ASSETS		222,813	304,814
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	<i>18</i>	192,890	192,890
Reserves		295,120	342,411
		<hr/>	<hr/>
Equity attributable to owners of the Company		488,010	535,301
Non-controlling interests		(265,197)	(230,487)
		<hr/>	<hr/>
TOTAL EQUITY		222,813	304,814
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. BASIS OF PREPARATION

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 (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance (Cap. 622 of Laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in Hong Kong dollars for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”). They are presented in HK\$ and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The Group incurred a loss attributable to owners of the Company of approximately HK\$40,661,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities of approximately HK\$88,044,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis. The directors of the Company (the “Directors”) 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 after taking into consideration that (i) the Company has a loan facility from a substantial shareholder of the Company, Trillion Trophy Asia Limited (“Trillion Trophy”) under which an unsecured revolving loan facility up to HK\$250,000,000 has been granted to the Company; (ii) the Company has a loan facility from Oriental Rainbow Investments Limited (“Oriental Rainbow”), a non-controlling shareholder of subsidiaries of the Company and a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$300,000,000 has been granted to the Company; (iii) the Company has a loan facility from Great Summit Ventures Limited (“Great Summit”), a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$100,000,000 has been granted to the Company; and (iv) the Company has a loan facility with aggregate amount of approximately HK\$23,396,000 from a third party lender.

As at 30 June 2022, the total carrying amount of the borrowings under the above facilities of the Group was approximately HK\$246,783,000. As at 30 June 2022, the Group had approximately HK\$426,613,000 undrawn borrowing facilities available.

Accordingly, the Directors 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 as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

Revenue represents amount receivable for goods sold and services provided to external customers in the normal course of business and rental income from investment properties, after deducting discounts and excluding value added tax or other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Disaggregation of revenue:		
Revenue from contracts with customers		
<i>Recognised at a point in time</i>		
Commercial income	11,929	10,629
Match day receipts	15,557	–
Healthcare and medical related business (“Healthcare Business”)	1,047	5,917
	<u>28,533</u>	<u>16,546</u>
<i>Recognised over time</i>		
Commercial income	28,045	16,013
Broadcasting	88,645	97,342
Match day receipts	28,835	–
Lottery system and online payment system service solutions (“System Service Solutions”)	–	3,503
	<u>145,525</u>	<u>116,858</u>
	<u>174,058</u>	<u>133,404</u>
Revenue from other sources		
Commercial income	18,702	3,440
Rental income	28,179	28,179
	<u>46,881</u>	<u>31,619</u>
	<u><u>220,939</u></u>	<u><u>165,023</u></u>

Revenue from contracts with customers comprise:

- (i) Match day receipts
 - Match day receipts for the football match tickets are recognised when the match was held.
 - Match day receipts for sales of season tickets are recognised on a yearly basis.
- (ii) Broadcasting
 - Television and broadcasting income are recognised over the contract period.
- (iii) Commercial income
 - Catering and programme sales are recognised when control of the products has been transferred or when the services are rendered.
 - Royalties, advertising and sponsorship are recognised over the contract period.
- (iv) Healthcare Business
 - Healthcare and medical related business are recognised when control of the products has been transferred or when the services are rendered.

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on the information provided to the chief operating decision maker representing the Board, for the purposes of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

During the year ended 30 June 2022, the Group has three (2021: four) reportable and operating segments as follows:

- (i) operation of a professional football club in the United Kingdom of Great Britain and Northern Ireland (the “UK”) and other related business;
- (ii) investment in properties; and
- (iii) the Healthcare Business.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

For the year ended 30 June 2022

	Football club <i>HK\$’000</i>	Investment in properties <i>HK\$’000</i>	Healthcare Business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue				
External sales	<u>191,713</u>	<u>28,179</u>	<u>1,047</u>	<u>220,939</u>
Results				
Segment results	<u>(66,776)</u>	<u>21,019</u>	<u>(4,873)</u>	<u>(50,630)</u>
Interest revenue				5
Other income				157
Other gains and losses, net				(17,646)
Corporate expenses				(33,049)
Finance costs				<u>(6,605)</u>
Loss before taxation				(107,768)
Income tax credit				<u>1</u>
Loss for the year				<u><u>(107,767)</u></u>

For the year ended 30 June 2021

	Football club <i>HK\$'000</i>	Investment in properties <i>HK\$'000</i>	System Service Solutions <i>HK\$'000</i>	Healthcare Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
External sales	<u>127,424</u>	<u>28,179</u>	<u>3,503</u>	<u>5,917</u>	<u>165,023</u>
Results					
Segment results	<u>4,836</u>	<u>(24,249)</u>	<u>10,004</u>	<u>(4,016)</u>	(13,425)
Interest revenue					13
Other income					792
Other gains and losses, net					(36,174)
Corporate expenses					(46,840)
Finance costs					<u>(16,784)</u>
Loss before taxation					(112,418)
Income tax credit					<u>589</u>
Loss for the year					<u>(111,829)</u>

Segment results represent the profit or loss incurred by each segment without allocation of certain interest revenue, other income, other gains and losses, corporate expenses, finance costs and income tax credit.

Geographical information

The following is an analysis of geographical location of the Group's (i) revenue from external customers; and (ii) non-current assets presented based on the location of operations and geographical location of assets respectively.

(i) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The UK		
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>	27,486	10,629
<i>Recognised over time</i>	144,703	113,355
Revenue from other sources	18,702	3,440
	<u>190,891</u>	<u>127,424</u>
The PRC		
Revenue from contracts with customers:		
<i>Recognised over time</i>	822	–
	<u>822</u>	<u>–</u>
The Kingdom of Cambodia (“Cambodia”)		
Revenue from contracts with customers:		
<i>Recognised over time</i>	–	3,503
Revenue from other sources	28,179	28,179
	<u>28,179</u>	<u>31,682</u>
Japan		
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>	1,047	5,917
	<u>1,047</u>	<u>5,917</u>
	<u>220,939</u>	<u>165,023</u>

(ii) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	1,704	3,458
The PRC	76	94
Cambodia	477,594	481,962
The UK	182,318	310,317
Japan	245	323
	<u>661,937</u>	<u>796,154</u>

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Subsidies received from the Premier League (<i>Note (i)</i>)	12,026	7,620
Reversal of provision for directors' fee	–	4
Government subsidies (<i>Note (ii)</i>)	669	8,075
Sundry income	20	622
	<u>12,715</u>	<u>16,321</u>

Notes:

- (i) During the year ended 30 June 2022, the Group's professional football operation received funding of approximately HK\$12,026,000 (2021: approximately HK\$7,620,000) from the Premier League in the UK under the Elite Player Performance Plan upon fulfilment of certain terms and conditions.
- (ii) These represent COVID-19-related grants provided by various government to retain employees who may otherwise be made redundant and to support businesses affected by COVID-19 respectively. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

7. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment loss on intangible assets	–	(812)
Impairment loss on goodwill	–	(5,600)
Impairment loss on right-of-use assets	(1,075)	(10,049)
Reversal of impairment loss on right-of-use assets	371	–
Fair value change on investment properties	(4,368)	(48,672)
Insurance compensation arising on business interruption caused by COVID-19	28,727	–
Foreign exchange loss (<i>Note (i)</i>)	(16,979)	–
Fair value gain on derivative financial instruments	–	14,017
Gain on termination of lease agreement	37	3
Gain on disposal of property, plant and equipment	–	2
Fixed assets written off	–	(10)
Gain on bargain purchase of subsidiaries	–	15
Gain on disposal of subsidiaries	–	74,223
Loss on extinguishing financial liabilities with equity instruments	–	(26,830)
	<u>6,713</u>	<u>(3,713)</u>

Note:

- (i) Foreign exchange loss mainly arose from the football club segment compensation receivable, all are denominated in Pounds Sterling (“GBP”) which depreciated against Hong Kong dollars during the year ended 30 June 2022.

8. FINANCE COSTS

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Interest expenses on:		
– Other borrowings	6,116	16,437
– Bank borrowings	2,497	6,508
– Imputed interest arising on interest-free borrowings from The Football League Limited (the “Football League”)	3,071	695
– Notional interest on transfer fee payables	2,858	3,465
– Lease liabilities	10,819	3,570
	<u>25,361</u>	<u>30,675</u>

9. INCOME TAX CREDIT

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

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Deferred tax:		
– Current year	<u>1</u>	<u>589</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 30 June 2022 and 2021.

The Group’s subsidiaries in the UK are subject to Corporation Tax in the UK (“Corporation Tax”). Corporation Tax is calculated at 19% of the estimate assessable profit for the year ended 30 June 2022 (2021: 19%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for the years ended 30 June 2022 and 2021.

10. LOSS FOR THE YEAR

Loss for the year is arrived at after charging/(crediting) the following items:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and wages (excluding share-based payments expense)	339,060	328,915
– Retirement benefits scheme contributions	37,941	38,621
	<u>377,001</u>	<u>367,536</u>
Share-based payments expense:		
– Directors	–	1,002
– Employees	–	1,313
	<u>–</u>	<u>2,315</u>
Total staff costs	<u>377,001</u>	<u>369,851</u>
Auditors' remuneration	1,392	1,394
Amortisation of intangible assets	65,322	76,854
Depreciation of property, plant and equipment	7,026	11,389
Depreciation of right-of-use assets	9,274	9,807
Expenses related to short-term lease	5,125	4,127
Cost of inventories recognised as expense	12,722	576
Impairment loss on right-of-use assets	1,075	10,049
Reversal of impairment loss on right-of-use assets	(371)	–
Impairment loss on goodwill	–	5,600
Impairment loss on trade receivables	1,324	41
Reversal of impairment loss on other receivables	(1)	(1,676)
Impairment loss on intangible assets	–	812
Foreign exchange loss	16,979	31

11. DIVIDEND

No dividend was paid or proposed for the years ended 30 June 2022 and 2021, nor has any dividend been proposed since the end of the reporting periods.

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

Loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss:		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(40,661)</u>	<u>(74,232)</u>
	2022	2021
Number of shares:		
Weighted average number of ordinary shares for calculating basic loss per share attributable to owners of the Company	<u>19,288,998,508</u>	<u>18,448,946,168</u>

Diluted loss per share

For the years ended 30 June 2022 and 2021, the computation of diluted loss per share does not assume the exercise of share options as they would decrease the loss per share attributable to owners of the Company and have anti-dilutive effect.

13. INVESTMENT PROPERTIES

The carrying amount of the Group's investment properties as at 30 June 2022 and 30 June 2021 were stated based on the valuation conducted by JP Assets Consultancy Limited, an independent qualified professional valuer, on market value using the existing use basis. The loss arising from changes in fair value of investment properties of approximately HK\$4,368,000 was recognised in profit or loss during the year ended 30 June 2022 (2021: approximately HK\$48,672,000). As at 30 June 2022, investment properties of the Group were stated at fair values of approximately HK\$477,594,000 (2021: approximately HK\$481,962,000).

The Group leases out its investment properties under operating leases. The average lease term is three years. All leases are on a fixed rental basis and do not include variable lease payments.

14. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	10,043	16,579
Less: Impairment loss recognised	<u>(2,963)</u>	<u>(2,775)</u>
	<u><u>7,080</u></u>	<u><u>13,804</u></u>

Notes:

- (i) In general, the Group grants a credit period of about 14 days to 90 days to its customers. The ageing analysis of trade receivables (net of provision for impairment) based on the invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	4,657	6,237
31 days to 90 days	778	5,176
91 days to 180 days	807	2,160
181 days to 365 days	<u>838</u>	<u>231</u>
	<u><u>7,080</u></u>	<u><u>13,804</u></u>

- (ii) The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Less than 90 days past due	Over 90 days past due	Total
At 30 June 2022				
Weighted average expected loss rate	0.0%	0.0%	78.0%	
Receivables amount (<i>HK\$'000</i>)	5,435	807	3,801	10,043
Loss allowance (<i>HK\$'000</i>)	–	–	2,963	2,963
At 30 June 2021				
Weighted average expected loss rate	0.0%	0.0%	92.3%	
Receivables amount (<i>HK\$'000</i>)	11,413	2,160	3,006	16,579
Loss allowance (<i>HK\$'000</i>)	–	–	2,775	2,775

15. TRADE PAYABLES

The ageing analysis of trade payables based on the invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	6,756	3,188
31 days to 90 days	7,291	3,966
91 days to 180 days	2,636	1,212
181 days to 365 days	1,045	1,738
Over 365 days	1,255	–
	<u>18,983</u>	<u>10,104</u>

The credit periods of the Group's trade payables normally granted from suppliers averaging at 90 days (2021: 90 days).

16. AMOUNT DUE FROM/TO A RELATED PARTY

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amount due from a related party (<i>Note (i)</i>)	184,384	–
Amount due to a related party (<i>Note (ii)</i>)	246,995	213,359
	<u>184,384</u>	<u>213,359</u>

Notes:

- (i) Amount due from a related party of approximately HK\$184,384,000 (2021: nil) represented the compensation income from football club segment in the UK receivable from Oriental Rainbow under the profit and loss sharing arrangement between the Company and Oriental Rainbow pursuant to the shareholders' agreement dated 9 October 2020. Details of the shareholders' agreement, please refer to the announcement of the Company dated 9 October 2020 and the circular of the Company dated 17 November 2020. The balances are denominated in Pounds Sterling, interest-free, unsecured and repayable on demand. The maximum amount outstanding during the year is approximately HK\$184,384,000.
- (ii) The carrying amount of approximately HK\$246,995,000 as at 30 June 2022 (2021: approximately HK\$213,359,000) represented amount due to Oriental Rainbow. The balances are denominated in Pounds Sterling and are unsecured, interest-free and have no fixed repayment term.

17. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank borrowings, secured	44,489	154,229
Other borrowings, unsecured:		
– Loan from Football League	54,595	80,460
– Loan from substantial shareholders	233,049	49,200
– Loan from third parties	16,840	9,672
– Other loan	176	199
	<u>349,149</u>	<u>293,760</u>
	2022	
	Bank	Other
	borrowings	borrowings
	<i>HK\$'000</i>	<i>HK\$'000</i>
		Total
		<i>HK\$'000</i>
Carrying amounts repayable:*		
– On demand or within one year	44,489	30,265
– Between one and two years	–	212,850
– Between two and five years	–	61,038
– Over five years	–	507
	<u>44,489</u>	<u>304,660</u>
Less: Amounts due within one year shown as current liabilities	<u>(44,489)</u>	<u>(30,265)</u>
Amounts shown as non-current liabilities	<u>–</u>	<u>274,395</u>
		2021
	Bank	Other
	borrowings	borrowings
	<i>HK\$'000</i>	<i>HK\$'000</i>
		Total
		<i>HK\$'000</i>
Carrying amounts repayable:*		
– On demand or within one year	103,992	80,443
– Between one and two years	50,237	29,943
– Between two and five years	–	28,946
– Over five years	–	199
	<u>154,229</u>	<u>139,531</u>
Less: Amounts due within one year shown as current liabilities	<u>(103,992)</u>	<u>(80,443)</u>
Amounts shown as non-current liabilities	<u>50,237</u>	<u>109,325</u>

* The amounts due are based on scheduled repayable dates set out in loan agreements.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amounts are denominated in the following currencies:		
Hong Kong dollars	233,049	49,200
Pounds Sterling	101,449	234,888
Renminbi	13,734	8,407
Japanese Yen	917	1,265
	<u>349,149</u>	<u>293,760</u>
Effective interest rates per annum:		
Hong Kong dollars	4.50%	4.50%
Pounds Sterling	0.00% - 6.00%	0.00% -5.56%
Renminbi	5.00%	5.00%
Japanese Yen	0.46%	0.46%

18. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
At 30 June 2021 and 30 June 2022	50,000,000,000	500,000
Issued and fully paid:		
At 1 July 2020	17,710,022,508	177,100
Issue of shares upon share placing (<i>Note</i>)	516,400,000	5,164
Issue of shares upon share subscriptions (<i>Note</i>)	1,062,576,000	10,626
At 30 June 2021 and 30 June 2022	<u>19,288,998,508</u>	<u>192,890</u>

Note:

Details of movement in the issued share capital of the Company were disclosed in the Company's 2021 annual report dated 30 September 2021.

19. CONTINGENT LIABILITIES

Player transfer costs

As at 30 June 2022, under the terms of certain contracts with other football clubs in respect of player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 June 2022 was approximately HK\$67,315,000 (equivalent to approximately GBP7,071,000) (2021: approximately HK\$82,782,000, equivalent to approximately GBP7,701,000).

20. EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 30 June 2022.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

An extract of the Company's independent auditor's report for the year ended 30 June 2022 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$40,661,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities of approximately HK\$88,044,000. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2022 (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Performance and Results

For the year ended 30 June 2022, the revenue of the Group was approximately HK\$220.9 million (2021: approximately HK\$165.0 million), representing an increase of approximately 33.9% as compared with that for the year ended 30 June 2021.

The Group recorded a loss attributable to owners of the Company of approximately HK\$40.7 million for the year ended 30 June 2022, representing a decrease of approximately 45.2% as compared to the loss of approximately HK\$74.2 million for the year ended 30 June 2021. The decrease in loss was mainly due to (i) absence of loss on extinguishing financial liabilities with equity instruments; (ii) decrease in loss arising on fair value change on investment properties; (iii) decrease in impairment loss on right-of-use assets; and (iv) the gain on compensation from the football club segment in the UK receivable under the profit and loss sharing arrangement between the Company and a non-controlling shareholder of major subsidiaries of the Group pursuant to the shareholders' agreement dated 9 October 2020; and these favourable factors were partly offset by (i) the significant decrease in profit on transfer activities of players; (ii) absence of gain on disposal of subsidiaries; (iii) absence of fair value gain on derivative financial instruments; and (iv) the increase in foreign exchange loss during the year.

The basic loss per share was approximately HK0.21 cent (2021: approximately HK0.40 cent).

Business Review and Prospect

During the year ended 30 June 2022, the Group is principally engaged in three reportable business segments: (i) operation of a professional football club in the UK and other related business; (ii) investment in properties; and (iii) the Healthcare Business.

(i) Football club

The Group operates Birmingham City Football Club (i.e. BCFC or the Club) in the UK. Revenue streams of BCFC comprised (i) match day receipts which consisted of season and match day tickets; (ii) broadcasting income, including distributions of broadcasting revenue from the English Football League (the "EFL"), cup competitions, solidarity payment from the Premier League and revenue from the media; and (iii) commercial income which comprised sponsorship income, corporate hospitality, conferences and events and other sundry income.

During the season 2021/22, the Club was in the EFL Championship Division and finished at the 20th position. The Club continues to play in the EFL Championship Division in the season 2022/23. At the date of this announcement, the Club stood at the 17th position.

During the year ended 30 June 2022, the UK government had lifted a number of coronavirus related restrictions. Fans were allowed to attend football matches and the commercial activities were substantially back to normal. The management is keen to improve the overall game play performance of the Club and will continue to provide support to the Club with an aim to achieve higher ranking in the league in the new season.

The Birmingham City Football Academy (the “Academy”) operates as a Category 2 Academy for the season 2022/23 under the Elite Player Performance Plan. The Academy has a clear pathway that exists from our Academy to our first team and remains committed to producing players capable of competing for places in the senior squad. Through a clearly defined strategy, strong culture and age specific coaching curriculum, the Academy staff will utilise all available resources to progress players through the development phases and meet the goal.

On 9 October 2020, the Company and Oriental Rainbow, a non-controlling shareholder of the Club and a wholly-owned subsidiary of the ultimate beneficial owner of a substantial shareholder of the Company, entered into a shareholders’ agreement, pursuant to which, among others, Oriental Rainbow undertook to the Company that in the event the football club business segment incurs a loss after taxation (the “Loss”) for the financial years ended 30 June 2021 and 2022 and the financial year ending 30 June 2023 respectively in which the Club does not compete in the English Premier League, Oriental Rainbow shall pay a compensation to the Company equivalent to the Company’s share of the Loss in full (“Profit and Loss Sharing Arrangement”). For details, please refer to the announcement and circular of the Company dated 9 October 2020 and 17 November 2020, respectively. During the year ended 30 June 2022, the Company recorded a football club segment compensation of approximately HK\$201.3 million.

The Company has been informed by a substantial shareholder of the Company holding approximately 23.53% of the issued share capital of the Company that he has agreed to dispose of all of the issued share capital of Birmingham City PLC (“BCP”) beneficially owned by him (approximately 21.64% of the issued capital of BCP). To the best of the knowledge of the Directors, the completion of the transaction is still pending for the approval by EFL as at the date of this announcement.

(ii) Investment in properties

The Group holds certain residential apartments and commercial properties in Phnom Penh, Cambodia. All the properties are leased out to secure a stable stream of income for the Group. During the year ended 30 June 2022, the Group recorded rental income of approximately HK\$28.2 million from the investment properties.

As at 30 June 2022, investment properties of the Group were stated at fair value and amounted to approximately HK\$477.6 million (2021: approximately HK\$482.0 million) representing approximately 46.9% (2021: approximately 44.8%) of the total assets of the Group.

(iii) Healthcare Business

Healthcare Business principally comprises the provision of medical consultation and healthcare and wellness referral related services in Japan and the sales of health-related products. Customers are mainly from overseas seeking medical services such as health checks, medical diagnosis and treatments in Japan and distributors and retailers of health-related products. During the year ended 30 June 2022, the Group recorded income of approximately HK\$1.0 million from this business segment.

Outlook

Throughout the year under review, the world economy has been picking up progressively when most of the countries have made a shift from strict lockdown to opening up their borders and gradually resume their business activities to normal. The overall economic environment, however, has yet to recover back to the level before the coronavirus (COVID-19) pandemic outbreak. The emergence of different variants of COVID-19 continue to pose threats to the recovery of world economy, the recent Russian-Ukraine conflict and the intensified political and economic tension between China and the United States have induced many more uncertainties and disruptions to the business environment. Looking forward to 2022/23, while the management of the Group is cautiously optimistic for the coming year, facing with the possible disturbances and challenges ahead, we will stay vigilant and continue to adopt a cautious and disciplined approach in managing the businesses of the Group. The management will continue to look for investment opportunities around the world in a prudent and proactive manner so as to expand the business portfolio of the Group. The management will strive to identify suitable opportunities with potential which can bring value to the Group and the shareholders of the Company as a whole.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year ended 30 June 2022 was approximately HK\$220.9 million (2021: approximately HK\$165.0 million), representing an increase of approximately 33.9% over the same period last year.

The revenue from the football club segment for the year ended 30 June 2022 was approximately HK\$191.7 million (2021: approximately HK\$127.4 million), representing an increase of approximately 50.5% compared with the corresponding period in 2021. The increase was primarily contributed by the growth in commercial income and match day receipts.

The revenue derived from the investment properties for the year ended 30 June 2022 was approximately HK\$28.2 million (2021: approximately HK\$28.2 million), all of which was the rental income from the premises of the Group.

The revenue derived from the Healthcare Business for the year ended 30 June 2022 was approximately HK\$1.0 million (2021: approximately HK\$5.9 million).

Operating Expenses

Operating expenses incurred during the year ended 30 June 2022 were approximately HK\$465.6 million (2021: approximately HK\$427.1 million), representing an increase of approximately 9.0% over the same period in 2021. The increase in operating expenses was mainly attributable to higher operating expenses of the Club.

Other Income

Other income during the year ended 30 June 2022 was approximately HK\$12.7 million (2021: approximately HK\$16.3 million) which was approximately 22.1% lower than that during the year ended 30 June 2021. The decrease mainly represented decline in government subsidies received by the various operating units of the Group.

Other Gains and Losses, Net

Other gains and losses for the year ended 30 June 2022 recorded a gain of approximately HK\$6.7 million (2021: loss of approximately HK\$3.7 million). Other gains and losses mainly include (i) insurance compensation arising on business interruption caused by COVID-19 was approximately HK\$28.7 million; (ii) loss arising on changes in fair value of investment properties of approximately HK\$4.4 million; and (iii) the foreign exchange loss was approximately HK\$17.0 million.

Football Club Segment Compensation

Football club segment compensation represented the compensation income of approximately HK\$201.3 million pursuant to the Profit and Loss Sharing Arrangement recorded by the Company for the year ended 30 June 2022 (2021: nil).

Profit on Sales of Players' Registration

Profit on sales of players' registration for the year ended 30 June 2022 was approximately HK\$33.2 million (2021: approximately HK\$276.9 million). The decrease was mainly because lower revenue from sales of players were generated during the year ended 30 June 2022.

Administrative and Other Expenses

Administrative and other expenses for the year ended 30 June 2022, which included mainly depreciation charges, professional fees, staff costs and office overheads, decreased by approximately 29.4% to approximately HK\$35.4 million as compared to that of the corresponding period in the 2021. The management will continue to adopt stringent measures on control and management so as to maintain the administrative and other expenses at a reasonable level.

Finance Costs

During the year ended 30 June 2022, the Group incurred finance costs of approximately HK\$25.4 million (2021: approximately HK\$30.7 million), representing a decrease of approximately 17.3% as compared to the corresponding period in the previous year. The decrease was primarily due to the decrease in borrowings costs as compared to the corresponding period last year.

Contingent Liabilities

Other than disclosed in note 19 above, the Group did not have any material contingent liabilities as at 30 June 2022.

Capital Commitments

As at 30 June 2022, the Group had no significant capital commitment (2021: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial Ratios

As at 30 June 2022, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 80.2% (2021: approximately 51.2%) and the gearing ratio (calculated as total borrowings divided by equity attributable to owners of the Company plus total borrowings) was approximately 41.7% (2021: approximately 35.4%). The ratio of total liabilities to total assets of the Group was approximately 78.1% (2021: approximately 71.7%).

Financial Resources

The Group generally finances its operations with internally generated cash flows, bank borrowings, loans from substantial shareholders and from independent third parties, and through the capital market available to listed companies in Hong Kong. As at 30 June 2022, the Group has bank balances and cash (including bank deposits, pledged bank deposits, and cash and cash equivalents) of approximately HK\$35.7 million (2021: approximately HK\$44.8 million), which were principally denominated in Hong Kong dollars, Pounds Sterling, Renminbi and Japanese Yen. As at 30 June 2022, the Group had total borrowings of approximately HK\$349.1 million (2021: approximately HK\$293.8 million), with approximately HK\$74.8 million repayable on demand or within one year, approximately HK\$212.8 million repayable after one year and within two years, approximately HK\$61.0 million repayable after two years and within five years and approximately HK\$0.5 million repayable after five years. About 66.75%, 29.06%, 3.93% and 0.26% of these borrowings were denominated in Hong Kong dollars, Pounds Sterling, Renminbi and Japanese Yen, respectively. All borrowings were at fixed interest rates.

The management endeavours to enhance the financial strengths of the Group so as to pave the way for future business development. Cost control measures have already been put in place to monitor the day-to-day operational and administrative expenses.

The management closely reviews the financial resources of the Group in a cautious manner and continues to explore opportunities in external financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises. The Company will closely monitor the market situation and take prompt actions when such opportunities arise.

Directors' Opinion on Sufficiency of Working Capital

As at 30 June 2022, the current liabilities of the Group exceeded current assets by approximately HK\$88.0 million (2021: approximately HK\$267.0 million). Ability of the Group to continue as a going concern depends on the financial resources presently available to the Group. Taking into account the expected financial performance, net cash expected to be generated from the operation of the Group and the available loan facilities, the Directors believe that the Group is able to fully meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future.

Foreign Exchange Exposure

Exposure of the Group to foreign currency risk mainly relates to its operation in the UK, the PRC and Japan and its investment in Cambodia, in which transactions, assets and liabilities are mostly denominated in Pounds Sterling, Renminbi, Japanese Yen and US dollars. The Group does not use derivative financial instruments to hedge its foreign currency risks. The management will continue to monitor its foreign exchange exposure and take appropriate measures if needed.

Pledge of Assets

As at 30 June 2022, certain bank credit facilities made available to BCFC were secured by a fixed charge over a specific bank deposit account of BCFC held with the bank. The balance on this bank deposit account was GBP0.8 million (equivalent to approximately HK\$7.6 million) (2021: GBP0.8 million which was equivalent to approximately HK\$8.6 million). In addition, the Group's transfer fee receivable from other football clubs with a carrying amount of GBP5.0 million (equivalent to approximately HK\$47.6 million) as at 30 June 2022 (2021: GBP15.0 million, equivalent to approximately HK\$161.3 million) were pledged to secure bank borrowings of the Group.

Save for the above, the Group had not charged other assets to secure its borrowings.

Capital Structure

As at 30 June 2022, the Company had an issued capital of 19,288,998,508 shares of HK\$0.01 each in issue (2021: 19,288,998,508 shares).

Use of Proceeds

On 7 June 2021, the Company completed the disposal of Birmingham City Stadium Ltd. The net proceeds from the disposal were approximately HK\$116.0 million ("Net Proceeds"), of which approximately HK\$103.5 million was utilised during the year ended 30 June 2021 as disclosed in the annual report of the Company for the same year. During the year ended 30 June 2022, the remaining balance of the Net Proceeds of approximately HK\$12.5 million was used as general working capital. The Net Proceeds were fully utilised and were applied in accordance with the planned use. For details, please refer to the announcements of the Company dated 31 March 2021 and 7 June 2021.

HUMAN RESOURCES AND REMUNERATION POLICY

During the year ended 30 June 2022, the Group employed on average approximately 270 full time employees and approximately 110 temporary staff members in Hong Kong, the PRC, the UK and Japan (2021: approximately 320 full time employees and approximately 60 temporary staff members) and the total staff costs (including share-based payments expense) of the Group amounted to approximately HK\$377.0 million (2021: approximately HK\$369.9 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees mainly based on industry practices and individual performance. In addition, the Group provides other employee benefits including medical insurance, training subsidy, discretionary bonus and participation in the share option scheme of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement of the Group's results for the year ended 30 June 2022 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management over the financial reporting system and internal control systems of the Group. The Audit Committee comprises three Independent Non-executive Directors, Mr. Yeung Chi Tat, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine. Mr. Yeung Chi Tat is the chairperson of the Audit Committee. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 30 June 2022.

CORPORATE GOVERNANCE

The Company had complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 30 June 2022 except for the deviation disclosed below:

Code provision A.1.3 (which has been renumbered as code provision C.5.3 since 1 January 2022) of the Corporate Governance Code provides that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 30 June 2022, certain regular Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision in respect of internal affairs of the Group. Such Board meetings were held with a shorter notice period than required with no objection by the Directors and all Directors attended such meetings. The Company will use its best endeavor to meet the requirement of code provision in the future.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the existing Directors, all of them confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company at *www.bshl.com.hk* and the Stock Exchange's website at *www.hkexnews.hk*. The annual report of the Company will be published on the website of the Company and the Stock Exchange's website and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 September 2022

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