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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Messrs. Liu Yiu Keung Stephen, Yen Ching Wai David and Koo Chi Sum, all of Ernst & Young Transactions Limited of 62nd Floor, One Island East, 18 Westlands Road, Island East, Hong Kong, who were appointed as the joint and several receivers (the “**Receivers**”) of Birmingham International Holdings Limited (Receivers Appointed) (the “**Company**”) present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2014 together with the comparative figures set out as follows. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended	
		2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>143,797</b>	133,502
Operating expenses		<b>(141,324)</b>	(187,603)
<b>Profit/(Loss) from operations</b>		<b>2,473</b>	(54,101)
Other income	5	<b>14,961</b>	3,070
Profit on sales of players’ registrations		<b>17,292</b>	35,506
Amortisation of intangible assets		<b>(2,446)</b>	(2,297)
Administrative and other expenses		<b>(37,762)</b>	(31,949)
Finance costs	6	<b>(4,135)</b>	(12,638)

		<b>For the six months ended</b>	
		<b>31 December</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>	7	<b>(9,617)</b>	(62,409)
Income tax credit	8	—	190
<b>Loss for the period</b>		<b>(9,617)</b>	(62,219)
<b>Other comprehensive expense:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of financial statements of overseas subsidiaries		<u>(13,782)</u>	<u>(8,412)</u>
<b>Total comprehensive expenses for the period</b>		<b><u>(23,399)</u></b>	<b><u>(70,631)</u></b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(10,635)	(61,470)
Non-controlling interests		<u>1,018</u>	<u>(749)</u>
		<b><u>(9,617)</u></b>	<b><u>(62,219)</u></b>
<b>Total comprehensive expenses attributable to:</b>			
Owners of the Company		(20,861)	(69,594)
Non-controlling interests		<u>(2,538)</u>	<u>(1,037)</u>
		<b><u>(23,399)</u></b>	<b><u>(70,631)</u></b>
<b>Loss per share</b>			
— Basic and diluted ( <i>HK cents</i> )	10	<b><u>(0.16)</u></b>	<b><u>(1.58)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>At</b>	<b>At</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	264,267	281,425
Intangible assets	43,334	43,627
Deposits, prepayments and other receivables	901	1,334
	<b>308,502</b>	<b>326,386</b>
	<b>308,502</b>	<b>326,386</b>
<b>Current assets</b>		
Inventories	2,370	1,667
Trade receivables	11 38,265	19,153
Deposits, prepayments and other receivables	16,012	37,685
Amounts due from related companies	320	993
Cash held at non-bank financial institutions	1	1
Bank balances and cash	89,818	143,007
	<b>146,786</b>	<b>202,506</b>
	<b>146,786</b>	<b>202,506</b>
<b>Current liabilities</b>		
Transfer fee payables	2,633	3,802
Trade payables	12 30,818	26,284
Accruals and other payables	76,728	78,190
Deferred capital grants	688	752
Amount due to former directors	10,780	10,780
Deferred income	43,499	22,500
Borrowings	66,236	133,296
Income tax payable	21,321	23,757
	<b>252,703</b>	<b>299,361</b>
	<b>252,703</b>	<b>299,361</b>
<b>Net current liabilities</b>	<b>(105,917)</b>	<b>(96,855)</b>
	<b>(105,917)</b>	<b>(96,855)</b>
<b>Total assets less current liabilities</b>	<b>202,585</b>	<b>229,531</b>
	<b>202,585</b>	<b>229,531</b>

		At <b>31 December</b> <b>2014</b> <i>Notes</i> <b>HK\$'000</b> <b>(Unaudited)</b>	At 30 June 2014 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Transfer fee payables		—	704
Accruals and other payables		<b>49</b>	521
Deferred capital grants		<b>20,061</b>	22,298
Borrowings		<b>700</b>	834
Deferred tax liabilities		<b>39,994</b>	39,994
		<u><b>60,804</b></u>	<u>64,351</u>
<b>NET ASSETS</b>		<u><b>141,781</b></u>	<u>165,180</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>96,811</b>	54,811
Reserves		<b>43,776</b>	106,637
		<u><b>140,587</b></u>	<u>161,448</u>
Equity attributable to owners of the Company		<b>1,194</b>	3,732
Non-controlling interests		<u><b>1,194</b></u>	<u>3,732</u>
<b>TOTAL EQUITY</b>		<u><b>141,781</b></u>	<u>165,180</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 31 December 2014*

## 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in the professional football operation in the United Kingdom (“**U.K.**”).

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

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Group’s annual financial statements for the year ended 30 June 2014 were audited by JH CPA Alliance Limited (the “**Former Auditor**”). On 20 January 2015, the Company received a letter from the Former 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 (the “**Withdrawal**”). The Receivers do not accept the Withdrawal. The Receivers are considering the validity and implication of the Withdrawal and are in the process of seeking advice from the HKICPA and their professional legal advisors on this matter.

### **Going concern basis**

For the six months ended 31 December 2014, the Group reported a consolidated loss attributable to owners of the Company of approximately HK\$10,635,000, and had consolidated net current liabilities of approximately HK\$105,917,000 as at 31 December 2014. 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 and therefore it 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 Receivers will consider to raise funds by way of loans, if necessary, in order to meet the Group’s funding requirements.

Accordingly, the Receivers of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements on the going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the condensed consolidated interim 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 have not been reflected in the condensed consolidated interim financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis.

The condensed consolidated interim financial statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2014 ("**2014 Annual Report**").

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the 2014 Annual Report.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are consistent with those followed in the preparation of the 2014 Annual Report.

In the current interim period, the Group has adopted all the new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") effective for the accounting year beginning on 1 July 2014 issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated interim financial statements.

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated interim financial statements.

The Group has not applied the new and revised HKFRSs that have been issued but have not come into effect yet. 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 revised HKFRSs would have a material impact on its results of operations and financial positions.

### 4. 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 entitywide disclosures.

## Entity-wide disclosures

### *Information about the nature of revenue*

	For the six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Television broadcasting	86,574	83,270
Commercial income	32,058	29,255
Matching receipts	25,165	20,977
	<u>143,797</u>	<u>133,502</u>

## 5. OTHER INCOMES

	For the six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	280	—
Interest income	81	59
Subsidies received from the Premier League ( <i>Note</i> )	3,070	2,914
Compensation from player injury insurance	11,467	—
Sundry income	63	97
	<u>14,961</u>	<u>3,070</u>

### *Note:*

During the six months ended 31 December 2014, the Group's professional football operation received funding of approximately HK\$3,070,000 (six months ended 31 December 2013: HK\$2,914,000) from the Premier League under the Elite Player Performance Plan upon fulfillment of certain term and conditions.

## 6. FINANCE COSTS

	For the six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
— Bank loan and other borrowing repayable within five years	4,120	12,581
— Finance leases	15	57
	<u>4,135</u>	<u>12,638</u>

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Notes	For the six months ended	
		31 December	
		2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Amortisation of intangible assets		2,446	2,297
Depreciation of property, plant and equipment		5,413	6,302
Minimum lease payments under operating lease in respect of premises		2,999	2,864
Provision for loss of suspected mis-appropriated funds	(i)	9,243	1,700
Staff costs (including director's and chief executive officer's emoluments)			
— Wages and salaries		136,902	117,691
— Contributions to defined contribution retirement plans		9,063	14,386
		<u>145,965</u>	<u>132,077</u>

Notes:

- (i) On 19 January 2015, the Company announced that the Board has discovered that a former employee of the Company may have misappropriated a sum of at least HK\$30 million belonging to the Group since December 2013 (the “**First Suspected Misappropriation**”). The Company has reported the First Suspected Misappropriation to the Hong Kong Police Force (the “**Police**”) for investigation.

On 22 January 2015, the Company announced that a further sum of at least HK\$8 million (the “**Second Suspected Misappropriation**”) belonging to the Group may have been misappropriated by the same employee. The Company has also reported the Second Suspected Misappropriation to 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.

After the release of the audited financial statements of the year ended 30 June 2014, approximately HK\$9.2 million and HK\$29.4 million were suspected to have been misappropriated. The suspected misappropriation of HK\$29.4 million was included in the loss before taxation for the previous financial years up to 30 June 2014.

Subsequent to the above discovery, an amount of cash held in the Company's previous registered office of approximately HK\$93,000 was also found to have been misappropriated.

As far as the Board is aware, up to the date of the release of the 2015 interim results, the suspected misappropriation is still under investigation by the Police.

## 8. INCOME TAX CREDIT

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Deferred taxation		
Current period	—	190
	<u>          </u>	<u>          </u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising from Hong Kong during the six months ended 31 December 2014 and 2013.

The Group's subsidiaries in the U.K are subject to Corporation Tax in the U.K ("**Corporation Tax**"). No provision has been made in respect of Corporation Tax as these subsidiaries did not derive any assessable profits for the six months ended 31 December 2014 and 2013.

## 9. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2014 (2013: Nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the six months ended 31 December 2014 attributable to owners of the Company of approximately HK\$10,635,000 (six months ended 31 December 2013: HK\$61,470,000) and the weighted average number of 6,870,217,168 (2013: 3,887,753,400) ordinary shares in issue during the period.

The computation of diluted earnings per share for the six months ended 31 December 2014 and 2013 is the same as the basic earnings per share because the Company had no dilutive potential ordinary shares.

## 11. TRADE RECEIVABLES

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

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Within 30 days	20,929	7,292
31 days to 90 days	4,161	975
91 days to 180 days	4,345	1,113
181 days to 365 days	330	1,273
More than 365 days	8,500	8,500
	<u>38,265</u>	<u>19,153</u>

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

## 12. TRADE PAYABLES

An aged analysis of the trade payables is as follows:

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Within 30 days	13,961	14,537
31 days to 90 days	3,822	1,650
91 days to 180 days	1,654	57
More than 365 days	11,381	10,040
	<u>30,818</u>	<u>26,284</u>

The Group receives credit from suppliers for an average of about 90 days.

### 13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 July 2013 and 31 December 2013	10,000,000,000	100,000
Increase on 5 February 2014	<u>40,000,000,000</u>	<u>400,000</u>
At 30 June 2014 and 31 December 2014	<u><u>50,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:		
At 1 July 2013 and 31 December 2013	3,887,753,400	38,878
Issue of shares upon:		
— placement of shares	1,260,000,000	12,600
— upon conversion of convertible bonds ( <i>Note a</i> )	<u>333,333,333</u>	<u>3,333</u>
At 1 July 2014	5,481,086,733	54,811
Issue of shares upon:		
— upon conversion of convertible bonds ( <i>Note b</i> )	<u>4,200,000,000</u>	<u>42,000</u>
At 31 December 2014	<u><u>9,681,086,733</u></u>	<u><u>96,811</u></u>

#### Notes:

- (a) The First Convertible Bond as referred to in the Circular of the Company dated 17 January 2014 (the “**Circular**”) was partially converted into 333,333,333 ordinary shares of the Company on 21 February 2014.
- (b) The Second Convertible Bond as referred to in the Circular was partially converted into 1,500,000,000 ordinary shares of the Company on 9 October 2014.

The Debt Convertible Bond as referred to in the Circular was partially converted into 2,700,000,000 ordinary shares of the Company on 14 November 2014.

### 14. CONTINGENT LIABILITIES AND POTENTIAL CLAIMS

#### i. Player transfer costs

Under the terms of certain contracts with other football clubs in respect of the player transfers, additional amounts would become payable if certain specific performance conditions are met. The maximum amount not provided that could be payable in respect of the transfers to 31 December 2014 is HK\$12,561,000 (30 June 2014: HK\$15,640,000). Since the period end up to the approval of these condensed consolidated interim financial statements none of these amounts have crystallised.

**ii. Claim from a former director against the Company**

On 10 May 2013, a former director, Mr. Lee Yiu Tung (the “**Claimant**”) filed a claim in the Labour Tribunal of the Hong Kong Special Administrative Region (“**HKSAR**”) for unpaid wages, wages in lieu of notice and expenses paid on behalf of the Company up to the amount of approximately HK\$1,484,000. The Company made a counterclaim against the Claimant on 29 May 2013 in respect of wages paid to the Claimant for the months from July to October 2012 up to the amount of HK\$240,000 as the Claimant was absent from his office and reimbursements of expenses paid to the Claimant during 2010 to 2012 totaling HK\$2,000,000 for business/projects not related to the Company. The Receivers will seek legal advice as and when necessary.

**iii.** On 13 March 2015, the Company received a demand letter dated 11 March 2015 addressed to the Company from Mr. Charlie Penn (the “**Penn Demand**”), a former executive director of the Company who resigned on 5 February 2014, whereby Mr. Penn demanded payment by the Company of an aggregate outstanding sum of HK\$480,000 of director’s fee accrued for the period from July 2013 to 6 February 2014 within ten days upon receipt of the Penn Demand. In the Penn Demand, Mr. Penn also reserved his rights to take legal action should the Company fails to make payment. The Receivers are seeking legal advice regarding the Penn Demand.

**iv.** On 15 December 2014, the Company made an announcement in respect of the termination of appointment of Mr. Peter Pannu as a managing director (“**MD**”) and the chief executive officer (“**CEO**”) of the Company (the “**Termination**”) and his resignation as a director of Birmingham City Plc and Birmingham City Football Club (the “**Resignation**”) (the “**Pannu Announcement**”).

On 12 March 2015, the Receivers received the following from the legal representatives of Mr. Peter Pannu as a former executive director of the Company who was removed by the Receivers on 9 March 2015:

- (a) a first demand letter dated 12 March 2015 (the “**First PP Demand**”) from the legal representatives of Mr. Pannu demanding for the provision of a copy of the affirmation of Mr. Ma Shui Cheong, a former Vice-Chairman, CEO, MD and executive director of the Company who resigned on 9 March 2015, which was filed with the High Court of Hong Kong on 16 February 2015 and was believed to have formed the basis of the Receivership Order and the appointment of the Receivers;
- (b) a second demand letter dated 12 March 2015 (the “**Second PP Demand**”) from the legal representatives of Mr. Pannu and Asia Rays Limited (a Hong Kong limited company, wholly owned and solely controlled by Mr. Pannu), demanding response from either the Company or the Receivers in respect of an aggregate outstanding sum of HK\$391,313 accrued to Asia Rays Limited in connection with a statutory demand thereof served on the Company on 3 February 2015. In the Second PP Demand, Mr. Pannu and Asia Rays Limited reserved their rights to present a petition in respect of the Second PP Demand and take legal action should the Company fail to respond within seven days upon receipt of the Second PP Demand; and

- (c) a third demand letter dated 12 March 2015 from the legal representatives of Mr. Pannu (the “**Third PP Demand**”) demanding, among others:
  - (i) confirmation of the current employment status of Mr. Pannu with the Company; and
  - (ii) immediate determination of bonus payments (to be not less than HK\$1 million) due to Mr. Pannu for bonus periods ending 30 September 2013 and 30 September 2014, and arrange remittance of the same together with late payment interest within the next three working days upon receipt of the Third PP Demand.
- (d) On 19 March 2015, a fourth demand letter dated 19 March 2015 from the legal representatives of Mr. Pannu (the “**Fourth PP Demand**”) was received by the Receivers’ legal representatives demanding an immediate withdrawal of the Pannu Announcement and a public apology and compensation for loss and damage caused to Mr. Pannu in respect of his Termination and Resignation.

The Receivers are seeking legal advice regarding the First PP Demand, the Second PP Demand, the Third PP Demand and the Fourth PP Demand (collectively, the “**PP Demands**”).

- v. On 19 March 2015, the Receivers received a demand letter dated 19 March 2015 from the legal representatives of China Energy Development Holdings Limited (the “**China Energy Demand**”) demanding an immediate repayment by the Company of an aggregate sum of an outstanding principal of HK\$22,782,545.17 and interest of HK\$24,583,682.76 accrued up to 31 December 2014 together with further interest accrued up to actual repayment date, as borrowed and owed by the Company not later than 1 April 2015. The Receivers are negotiating with China Energy.

## 15. EVENT AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the consolidated interim financial statements, the Group recorded the following event after the reporting period. As mentioned in note 7 to the condensed consolidated interim financial statements, on 19 January 2015 and 22 January 2015, the Company announced the First Suspected Misappropriation and the Second Suspected Misappropriation respectively. The aggregate amount of the First Suspected Misappropriation and the Second Suspected Misappropriation was approximately HK\$38,550,000, of which HK\$29,400,000 was recorded in the Group’s loss for the year ended 30 June 2014 and approximately HK\$9,150,000 was recorded in the Group’s loss for the six months ended 31 December 2014. The additional misappropriation of approximately HK\$93,000 was also recorded in the Group’s loss for the six months ended 31 December 2014. Up to the date of this report, the First Suspected Misappropriation and the Second Suspected Misappropriation are still under investigation by the Police.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the six months ended 31 December 2014, the Group recorded a consolidated turnover of approximately HK\$144 million, representing an increase of 7.7% compared to the consolidated turnover of approximately HK\$134 million in the six months ended 31 December 2013. Such increase was mainly due to the better performance of our football players in football matches during the 2014/2015 football season which drove increases in match receipts, television broadcasting and other commercial revenues.

### Business Review and Prospect

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

#### *Professional Football Operation Business*

Birmingham City Plc (“**BCP**”) is a company domiciled in the U.K.. The principal activities of Birmingham City Plc 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 matchday 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.

This is the fourth year (season 2014/2015) that the BCP Group is in the Championship League. The challenges faced by the BCP Group continued but the Group responded with prudent expenses control, downsizing and cost reductions across the board to ensure that funds are suitably utilized to maintain, by and large, the same team that was successful in the preceding season.

The Group recorded a loss of approximately HK\$9.6 million for the six months ended 31 December 2014, compared to a loss of approximately HK\$62.2 million for the six months ended 31 December 2013. Such reduction in loss was mainly driven by better performance of football players during the reporting period in comparison to the same period in last year.

### Financial Review

#### *Liquidity and Financial Resources*

The current ratio (current assets to current liabilities) of the Group as at 31 December 2014 was 58.09% (30 June 2014: 67.65%) and the gearing ratio (borrowings in long term portion to equity and non-current liabilities) of the Group as at 31 December 2014 was 0.35% (30 June 2014: 0.36%). The ratio of total liabilities to total assets of the Group as at 31 December 2014 was 68.86% (30 June 2014: 68.77%).

As at 31 December 2014, the cash and bank balances of the Group amounted to approximately HK\$90 million, representing a decrease of 37% compared to the cash and bank balances of approximately HK\$143 million as at the last financial year end.

As at 31 December 2014, the borrowings (including current portion and long term portion) of the Group amounted to approximately HK\$67 million (30 June 2014: approximately HK\$134 million). These mainly comprised of bank loans in the U.K. and non-bank borrowings in Hong Kong.

### *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.

### *Operating lease arrangements*

At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	At <b>31 December</b> <b>2013</b> <i>HK\$'000</i>	At 30 June 2013 <i>HK\$'000</i>
Within one year	2,179	2,459
After one year but within five years	<u>828</u>	<u>3,644</u>
	<u><b>3,007</b></u>	<u><b>6,103</b></u>

### *Pledge of the Group's Assets*

As at 31 December 2014, the Group held the freehold land and buildings in the U.K. with the carrying value of approximately GBP 21 million (equivalent to approximately HK\$254 million) which is used to secure a bank borrowing of approximately HK\$1.2 million for the Group.

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

## **Employees**

As at 31 December 2014, the Group employs altogether approximately 205 full time employees and approximately 618 temporary staff members in Hong Kong and the U.K. (31 December 2013: 180 full time employees and 640 temporary staff members). The Group remunerated its employees mainly based on industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus may be granted to eligible employees with reference to the Group's performance as well as the individual's performance. The team manager would be given a bonus should the football team finish in a certain position or above, together with bonuses due upon success in cup competitions. In addition, share options may be granted from time to time in accordance with the terms of the Company's Share Option Scheme.

## **Event after the reporting period**

Other than those disclosed elsewhere in the consolidated interim financial statements, as mentioned in note 7 to the condensed consolidated interim financial statements, on 19 January 2015 and 22 January 2015, the Company announced the First Suspected Misappropriation and the Second Suspected Misappropriation respectively. The aggregate amount of the First Suspected Misappropriation and the Second Suspected Misappropriation was approximately HK\$38,550,000, of which HK\$29,400,000 was recorded in the Group's loss for the year ended 30 June 2014 and approximately HK\$9,150,000 was recorded in the Group's loss for the six months ended 31 December 2014. The additional misappropriation of approximately HK\$93,000 was also recorded in the Group's loss for the six months ended 31 December 2014. Up to the date of this report, the First Suspected Misappropriation and the Second Suspected Misappropriation are still under investigation by the Police.

## **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.

The Current Board is unable to confirm the Company has fully complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2014:

### **Model Code for Securities Transactions by Directors**

The Company has adopted and complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

## **AUDIT COMMITTEE**

The Audit Committee comprises four independent non-executive directors of the Company, of which Mr. Wong Ka Chun, Carson has been suspended from his duties as chairman of the Audit Committee of the Company by the Receivers on 9 March 2015. The remaining three independent non-executive directors of the Company have reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters of the unaudited interim financial information and interim report for the six months period ended 31 December 2014.

## **REMUNERATION COMMITTEE**

The Remuneration Committee comprises four independent non-executive directors, of which Mr. Wong Ka Chun, Carson has been suspended from his duties as chairman of the Remuneration Committee of the Company by the Receivers on 9 March 2015. The remaining three independent non-executive directors are responsible for reviewing and evaluating the remuneration policies of executive directors and senior management and making recommendations to the Board from time to time.

## **NOMINATION COMMITTEE**

The Nomination Committee comprises four independent non-executive directors, of which Mr. Wong Ka Chun, Carson has been suspended from his duties as chairman of the Nomination Committee of the Company by the Receivers on 9 March 2015. The remaining three independent non-executive directors are responsible for ensuring that there is a formal and transparent procedure adopted by the Company for the nomination of directors of the Company.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY**

During the six months period ended 31 December 2014, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of the Company (<http://www.irasia.com/listco/hk/birminghamint/index.htm>) and Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>). The interim report of the Company for the six months ended 31 December 2014 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company and be 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 April 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 as independent non-executive Directors.*