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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 2016

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 (the “**High Court**”) 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 2016, together with the comparative figures for the year ended 30 June 2015 set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	4	169,333	253,584
Operating expenses		(279,514)	(273,156)
Loss from operations before amortisations		(110,181)	(19,572)
Other income	5	50,294	37,723
Gain on settlement of borrowings		—	27,958
Profit on sales of players' registration		50,193	22,647
Amortisation of intangible assets		(8,783)	(4,859)
Administrative and other expenses		(32,899)	(71,301)
Finance costs	6	(8,653)	(475)
Loss before taxation		(60,029)	(7,879)
Income tax credit	7	255	3,471
Loss for the year	8	(59,774)	(4,408)

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Other comprehensive expenses			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of overseas subsidiaries		<u>(40,529)</u>	<u>(16,704)</u>
Total comprehensive expenses for the year		<u>(100,303)</u>	<u>(21,112)</u>
Loss for the year attributable to:			
Owners of the Company		(58,574)	(4,161)
Non-controlling interests		<u>(1,200)</u>	<u>(247)</u>
		<u>(59,774)</u>	<u>(4,408)</u>
Total comprehensive expenses attributable to:			
Owners of the Company		(97,740)	(20,303)
Non-controlling interests		<u>(2,563)</u>	<u>(809)</u>
		<u>(100,303)</u>	<u>(21,112)</u>
Loss per share			
— Basic and diluted (HK cents)	<i>10</i>	<u>(12.10)</u>	(Restated) <u>(1.01)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment		203,008	246,912
Intangible assets		82,259	41,756
Deposits, prepayments and other receivables		594	623
		<u>285,861</u>	<u>289,291</u>
Current assets			
Inventories		2,672	1,603
Trade receivables	11	3,229	12,274
Deposits, prepayments and other receivables		55,793	42,101
Cash held at non-bank financial institutions		—	1
Bank balances and cash		26,982	58,815
		<u>88,676</u>	<u>114,794</u>
Current liabilities			
Transfer fee payables		8,572	1,097
Trade payables	12	6,878	14,910
Accruals and other payables		41,268	47,634
Deferred capital grants		592	695
Amount due to former directors		10,769	10,769
Deferred income		22,790	23,142
Borrowings	13	120,259	139,974
Income tax payable		18,703	22,212
		<u>229,831</u>	<u>260,433</u>
Net current liabilities		<u>(141,155)</u>	<u>(145,639)</u>
Total assets less current liabilities		<u>144,706</u>	<u>143,652</u>

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Non-current liabilities			
Transfer fee payables		2,598	296
Accruals and other payables		890	—
Deferred capital grants		16,371	19,907
Borrowings	<i>13</i>	150,527	43,869
Deferred tax liabilities		28,426	33,383
		<u>198,812</u>	<u>97,455</u>
NET (LIABILITIES)/ASSETS		<u>(54,106)</u>	<u>46,197</u>
Capital and reserves			
Share capital	<i>14</i>	96,811	96,811
Reserves		(151,277)	(53,537)
(Capital deficiency)/equity attributable to owners of the Company		(54,466)	43,274
Non-controlling interests		360	2,923
(CAPITAL DEFICIENCY)/TOTAL EQUITY		<u>(54,106)</u>	<u>46,197</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Convertible notes 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 2014	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 notes	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 and 1 July 2015	96,811	1,272,710	6,510	(30,936)	112,500	(1,414,321)	43,274	2,923	46,197
Total comprehensive expenses for the year	—	—	—	(39,166)	—	(58,574)	(97,740)	(2,563)	(100,303)
Change in equity for the year	—	—	—	(39,166)	—	(58,574)	(97,740)	(2,563)	(100,303)
At 30 June 2016	<u>96,811</u>	<u>1,272,710</u>	<u>6,510</u>	<u>(70,102)</u>	<u>112,500</u>	<u>(1,472,895)</u>	<u>(54,466)</u>	<u>360</u>	<u>(54,106)</u>

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 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, 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 principally engaged in the operation of a professional football club 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 Great British Pound ("**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**").

(b) Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK\$58,574,000 for the year ended 30 June 2016 and had a net current liabilities and net liabilities of approximately HK\$141,155,000 and HK\$54,106,000 as at 30 June 2016. 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 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 given that the Company has entered into a loan facility agreement on 26 June 2015 (the "**Loan Facility Agreement**") and an amendment letter to the Loan Facility Agreement on 31 May 2016 with Trillion Trophy Asia Limited ("**Trillion Trophy**") under which a secured loan facility of up to a maximum amount of HK\$212,813,600 has been granted to the Company. As at the date of approval of these consolidated financial statements, the Company has drawn a total of HK\$189,113,600, the Company could further utilise the remaining undrawn balance of HK\$23,700,000 if and when necessary to fund the Group's operation.

References are also made to the announcements of the Company dated 31 March 2015, 8 April 2015, 8 May 2015, 8 June 2015, 25 June 2015, 30 June 2015, 30 July 2015, 31 August 2015, 30 September 2015, 2 November 2015, 30 November 2015, 31 December 2015, 29 January 2016, 26 February 2016, 31 March 2016, 29 April 2016, 6 June 2016, 5 August 2016, and 15 September 2016, respectively in relation to the possible restructuring. On 8 January 2016, the Company submitted a resumption proposal (the “**Resumption Proposal**”) to the Stock Exchange which sets out potential steps to be taken by the Group under a proposed restructuring (the “**Proposed Restructuring**”) which comprises of, among others, the issue of 242,027,168 shares of the Company to be allotted and issued at an offer price of HK\$0.08 per share to the existing shareholders of the Company under the open offer (the “**Open Offer**”), the issue of 3,125,000,000 shares to Trillion Trophy at a subscription price of HK\$0.08 per share (the “**Shares Subscription**”).

Upon the completion of the Open Offer and the Shares Subscription, the Company will receive net proceeds of approximately of HK\$264,143,000 (after deducting the estimated expenses) which is intended to be used (i) to satisfy the annual working capital requirement of Birmingham City Football Club PLC (“**BCFC**”) for seasons 2016/2017 and 2017/2018; (ii) to finance the expenses incurred from the operations in Hong Kong; and (iii) to acquire additional football players, when considered appropriate, to enhance the competitiveness of the football team.

On 29 August 2016, resolutions approving, among others, the Open Offer and the Shares Subscriptions were approved by independent shareholders at an extraordinary general meeting of the Company. On 30 August 2016, the Receivers obtained the High Court’s approval to enter into the settlement agreements (details which are set out in the Company’s circular dated 5 August 2016 (the “**Circular**”)) and to formulate and carry out the Proposed Restructuring.

The Directors are of the opinion that in the absence of unforeseeable circumstances, following completion of the Proposed Restructuring, which is anticipated to be completed in mid-October 2016, the financial position of the Company will be improved and the Group will have sufficient working capital for at least the next twelve months (details of which are set out in Appendix II of the Circular). Accordingly, 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. ADOPTION 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 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); 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 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. 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 the operation of a professional football club 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

	2016 HK\$'000	2015 <i>HK\$'000</i>
Television broadcasting	59,278	149,490
Commercial income	62,141	56,188
Match receipts	47,914	47,906
	169,333	253,584

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		2016	2015
	2016	2015	2016	2015
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Hong Kong	—	—	2,071	3,272
U.K. (place of domicile)	169,333	253,584	283,790	286,019
	169,333	253,584	285,861	289,291

5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	107	63
Interest income	1,685	137
Compensation from player injury insurance	—	11,024
Reversal of excess provision for donation	11,420	13,069
Reversal of impairment losses on intangible assets	27,780	—
Net gain on proposed settlement with a vendor	—	6,500
Subsidies received from the Premier League (<i>Note</i>)	5,872	6,024
Foreign exchange gain (net)	488	—
Sundry income	2,942	906
	<u>50,294</u>	<u>37,723</u>

Note:

During the year ended 30 June 2016, the Group's professional football operation received funding of approximately HK\$5,872,000 (2015: HK\$6,024,000) from the Premier League under the Elite Player Performance Plan upon fulfillment of certain term and conditions.

6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest expenses on:		
— Bank loan and overdraft	—	23
— Other borrowings	8,620	421
— Finance leases	33	31
	<u>8,653</u>	<u>475</u>

7. INCOME TAX CREDIT

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Corporation Tax — U.K.		
Current year	—	(54)
Deferred taxation — U.K.		
Current year	(1,335)	350
Attributable to a change in tax rate	1,590	3,175
	<u>255</u>	<u>3,471</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 2016 and 2015.

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 20% of the estimated assessable profit for the year ended 30 June 2016 (2015: 21%).

8. LOSS FOR THE YEAR

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
Salaries and wages	165,026	170,495
Retirement benefits scheme contributions	17,299	16,195
	<u>182,325</u>	<u>186,690</u>
Auditor's remuneration		
— Current year	1,061	1,020
Minimum lease payments under operating leases in respect of:		
— properties	2,374	3,427
— others	2,729	3,088
Cost of inventories recognised as expense	12,836	6,787
Depreciation of property, plant and equipment	10,682	16,482
Amortisation of intangible assets	8,783	4,859
Reversal of impairment losses on intangible assets	(27,780)	—
Impairment loss on trade receivables	—	1,438
Impairment loss on amount due from related companies	—	993
Impairment loss on amount due from a former director	—	1,500
Impairment of property, plant and equipment	—	1,166
Foreign exchange (gain)/loss (net)	(488)	3
Provision for loss of suspected misappropriated funds	—	9,643
	<u> </u>	<u> </u>

9. DIVIDEND

No dividend was paid or proposed for the two years ended 30 June 2016 and 2015, nor has any dividend been proposed since the end of the reporting date.

10. 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\$58,574,000 (2015: HK\$4,161,000) and the weighted average number of 484,054,337 (2015 (Restated): 413,205,022) ordinary shares in issue during the year.

The weighted average number of shares adopted in the calculation of the basic loss per share for the years of 2016 and 2015 have been adjusted to reflect the impact of the share consolidation effected on 7 September 2016.

The computation of diluted loss per share for the years ended 30 June 2016 and 2015 are the same as the basic loss per share as the impact of the convertible notes outstanding had an anti-dilutive effect.

11. TRADE RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	4,754	13,862
Less: Impairment loss recognised	(1,525)	(1,588)
	3,229	12,274

- (i) The average credit period to the Group's trade receivables is 90 days (2015: 90 days) and represents solely from the professional football operation.
- (ii) The aging analysis of trade receivables, based on invoice date, net of impairment loss is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	728	3,658
31 days to 90 days	958	949
91 days to 180 days	575	1,292
181 days to 365 days	968	1,375
More than 365 days	—	5,000
	3,229	12,274

(iii) At 30 June 2016 and 2015, the analysis of trade receivables that were neither past due nor impaired are as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
	<i>HK\$'000</i>	<i>HK\$'000</i>	less than 90 days	91 days and over
			<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2016	3,229	1,686	575	968
At 30 June 2015	<u>12,274</u>	<u>4,607</u>	<u>1,292</u>	<u>6,375</u>

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

12. TRADE PAYABLES

An aged analysis of the trade payables is as below:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	6,005	12,358
31 days to 90 days	455	2,038
91 days to 180 days	101	382
181 days to 365 days	317	132
	<u>6,878</u>	<u>14,910</u>

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

13. BORROWINGS

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other loan — secured (<i>Note (i)</i>)	150,314	43,314
Other loans — unsecured (<i>Note (ii) & (iii)</i>)	192	19,895
Loan from U-Continent Holdings Limited (“U-Continent”)	120,000	120,000
Finance lease payable	280	634
	<u>270,786</u>	<u>183,843</u>

At 30 June 2016 and 2015, total current and non-current borrowings were repayable as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Carrying amounts repayable:		
On demand or within one year	120,259	139,974
More than one year, but not exceeding five years	<u>150,527</u>	<u>43,869</u>
	270,786	183,843
Less: Amounts due within one year shown in current liabilities	<u>(120,259)</u>	<u>(139,974)</u>
Amounts shown under non-current liabilities	<u><u>150,527</u></u>	<u><u>43,869</u></u>

Notes:

- (i) On 26 June 2015 and 31 May 2016, the Company entered into the Loan Facility Agreement and an amendment letter to the Loan Facility Agreement, respectively, with Trillion Trophy to provide a term loan facility of up to HK\$212,813,600 to the Company, of which HK\$9,813,600 would be deposited into BCFC's account with HSBC Bank Plc. upon which the Company will procure (i) BCFC to enter into certain security documents; and (ii) HSBC Bank Plc. to release certain security documents signed by BCFC in favour of HSBC Bank Plc. and other security interest securing BCFC's obligations under the term loan facility with HSBC Bank Plc. and the remaining amount of up to HK\$203,000,000 would be used for funding the operation of Birmingham City PLC ("**BCP**") and BCFC as and when required. On 31 May 2016, the Company and Trillion Trophy mutually agreed that the maturity date of the Loan Facility Agreement shall be extended to 25 June 2018 in accordance with the terms and conditions of the Loan Facility Agreement.

The loans bear interest at a rate of 8% per annum and are secured by (i) a first fixed legal charge over the property owned by BCFC with a carrying value of approximately GBP18,942,000 (equivalent to approximately HK\$196,818,000); (ii) a first floating charge over all the assets, goodwill, undertaking and uncalled capital, both present and future granted or to be granted by BCFC in favour of Trillion Trophy; and (iii) a first fixed charge over all books and other debts, both present and future granted or to be granted by BCFC in favour of Trillion Trophy.

- (ii) At 30 June 2015, included in the unsecured loans was approximately HK\$6,000,000 due to iMerchants Asia Limited ("**iMerchants**"). On 8 June 2015, the Group and iMerchants entered into a deed of settlement after obtaining leave of the High Court. Pursuant to the deed of settlement, the parties agreed a settlement sum of HK\$10,000,000. As at 30 June 2015, the Group had settled HK\$4,000,000 and the remaining balance of HK\$6,000,000 was settled on 31 August 2015.
- (iii) At 30 June 2015, included in the unsecured loans was approximately HK\$13,670,000 due to China Energy Development Holdings Limited ("**China Energy**"). On 28 May 2015, the Group and China Energy entered into a deed of settlement after obtaining leave of the High Court. Pursuant to the deed of settlement, the parties agreed a settlement sum of HK\$22,782,000. As at 30 June 2015, the Group had settled HK\$9,112,000 and the remaining balance of HK\$13,670,000 was settled on 31 August 2015.

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 July 2014, 30 June 2015 and 30 June 2016	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 July 2014	5,481,086,733	54,811
Issue of shares	1,500,000,000	15,000
Issue of shares upon conversion of convertible notes	<u>2,700,000,000</u>	<u>27,000</u>
At 30 June 2015 and 30 June 2016	<u>9,681,086,733</u>	<u>96,811</u>

Notes:

- (i) All ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.
- (ii) Subsequent to the year ended 30 June 2016, the Company completed the capital reorganisation, details of which are set out in the Company's announcement dated 6 June 2016 and the Circular.

15. CONVERTIBLE NOTES RESERVE

	Debt CN HK\$'000
At 1 July 2014	193,500
Conversion to shares	<u>(81,000)</u>
At 30 June 2015 and 30 June 2016	<u>112,500</u>

The principle terms of the convertible note is as follows:

	Debt CN
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>

On 20 December 2013, the Company and Mr. Yeung Ka Sing, Carson (“**Mr. Yeung**”) agreed to capitalise the debt owed by the Company of HK\$193,500,000 to Mr. Yeung (which had been novated from a subsidiary of the Company) by issuing a zero coupon convertible note (the “**Debt CN**”). The Debt CN could be converted to a total of approximately 6,450,000,000 ordinary shares of the Company at a conversion price of HK\$0.03 per share. As at 30 June 2015, HK\$112,500,000 of the Debt CN was outstanding remaining unconverted (the “**CY Unconverted Note**”).

The Debt CN is non-redeemable and shall be converted into ordinary shares of the Company. The Debt CN is accordingly classified as equity in the consolidated financial statements of the Company. All outstanding Debt CN shall be forfeited and deemed cancelled after the conversion period.

By a writ of summons dated 13 July 2015, the Company and BCFC commenced legal proceedings against Mr. Yeung under HCA 1590/2015 claiming a total of more than HK\$100,000,000 from Mr. Yeung for various breaches of duties whilst he was a director of the Company and BCFC.

References are made to the announcements of the Company dated 14 March 2016, 6 June 2016 and the Circular. On 8 March 2016, the Company, together with BCFC, entered into a settlement agreement with Mr. Yeung and Mr. Ryan Yeung (son of Mr. Yeung) (the “**CY Settlement Agreement**”) pursuant to which, among others, subject to and conditional upon the fulfilment of the conditions precedent thereto (details of which are set out in the section headed “Conditions precedent to the CY Settlement Agreement” of the Circular, the Company agreed to extend the maturity date of the CY Unconverted Note from 4 February 2016 to 31 December 2016 or to such other date as the parties to the settlement agreement may agree in writing (with all the other terms and conditions of the Debt CN remaining unchanged).

Pursuant to the terms and conditions of the Debt CN, the initial conversion price of the Debt CN, being HK\$0.03 per conversion share, shall be adjusted to an adjusted conversion price of HK\$0.41 per share after taking into account the effects of the share consolidation and the Open Offer (details of the adjustments are set out in the section headed “Adjustments to the Conversion Price of the Existing Convertible Notes” of the Circular). Based on the adjusted conversion price of HK\$0.41 per conversion share, a total of 274,390,243 shares shall be issued upon (i) the fulfilment of the conditions precedent set out in the section headed “Conditions precedent to the CY Settlement Agreement” of the Circular; and (ii) the full exercise of the conversion rights under the CY Unconverted Note.

16. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	2,856	3,761
After one year but within five years	4,592	6,404
After five years	<u>66,769</u>	<u>79,584</u>
	<u><u>74,217</u></u>	<u><u>89,749</u></u>

17. EVENTS AFTER THE REPORTING PERIOD

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

High Court Action No. 1099 of 2013

On 9 May 2013, Mr. Lee Yiu Tung, a former executive director of the Company, filed a claim with the Labour Tribunal of Hong Kong against the Company for, amongst others, unpaid wages, wages in lieu of notice and expenses allegedly paid by him on behalf of the Company for a sum of approximately HK\$1,484,000. The Company made a counterclaim against Mr. Lee Yiu Tung on 8 October 2013 in respect of, amongst others, wages paid to him in the aggregate sum of HK\$240,000 for the months from July to October 2012 and reimbursement of out-of-pocket expenses paid by the Company to him during 2010 to 2012 totaling HK\$2,000,000 for business and projects not related to the Company. On 4 June 2013, the Labour Tribunal of Hong Kong made an order to transfer the case to the High Court.

At a Case Management Conference held on 16 September 2015 at the High Court, the High Court directed that the Case Management Conference be adjourned to 27 April 2016, and ordered the Company to provide its list of documents within eight weeks and the parties to exchange witness statements within six months. On 15 December 2015, the Company provided the list of documents to Mr. Lee Yiu Tung. The parties were required to exchange witness statement(s) on or before 16 March 2016. On 30 March 2016, the High Court ordered, inter alia, that (i) the parties should exchange their witness statements by 4 p.m. on 11 May 2016; and (ii) the 3rd Case Management Conference be adjourned to 12 October 2016 at 10:30 a.m. Subsequently, on 11 May 2016, by consent, the parties agreed to stay the proceedings until 9 August 2016 pending settlement negotiations between the parties. As at the date of this results announcement, no settlement agreement has been reached between the parties. For the avoidance of doubt, the 3rd Case Management Conference will be proceeded as fixed on 12 October 2016.

High Court Action No. 1648 of 2015

References are made to the section headed “Background of the UC Settlement Agreement” in the letter from the board of Directors of the Company (the “**Board**”) in the Circular, the announcements of the Company dated 21 July 2015, 26 April 2016, and 6 June 2016. As disclosed therein, the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in the agreements of subscription of the zero coupon convertible notes entered into between U-Continent and the Company in 2014 (the “**U-Continent Agreements**”). By way of a letter dated 20 July 2015, the Company had rescinded the U-Continent Agreements and on 21 July 2015 issued a writ against U-Continent under High Court Action No. 1648 of 2015 seeking, among other things, a declaration that it had validly rescinded the U-Continent Agreements and an order compelling U-Continent to return the converted shares to the Company and claiming for loss and damages suffered by the Company as a result of the alleged misrepresentations.

On 12 April 2016, the Company entered into a settlement agreement with U-Continent (the “**UC Settlement Agreement**”) with U-Continent. Pursuant to the terms of the UC Settlement Agreement, the Company and U-Continent shall, within seven (7) business days, jointly sign and file consent summons at the High Court to apply for an interim stay of the High Court Action No. 1648 of 2015 with liberty for both and/or either of the parties to restore. As the Company had not taken any steps to serve the writ on U-Continent and U-Continent was not in a position to sign any consent summons for interim stay, the Company provided an undertaking by way of a letter dated 15 April 2016 that the Company would not serve the writ against U-Continent (subject to certain obligations of the Company and U-Continent set out in the UC Settlement Agreement). On 26 April 2016, U-Continent’s solicitors replied saying that U-Continent was agreeable to the Company’s provision of the undertaking. Pursuant to the UC Settlement Agreement, within seven (7) business days from the date of fulfilling the conditions precedent (i), (ii) and (v) as set out in the section headed “Conditions precedent to the UC Settlement Agreement” in the letter from the Board in the Circular whichever is later, among others, the Company shall file and serve a notice of discontinuance under the High Court Action No. 1648 of 2015. As at the date of this results announcement, the conditions precedent (i), (ii), (iii) and (v) of the UC Settlement Agreement have been fulfilled. The Company has filed and served a notice of discontinuance under the High Court Action No. 1648 of 2015 on 7 September 2016.

Discharge application, LBTC 1470/2015, HCA 1355/2015 and HCA 1590/2015

References are made to the sections headed “Background of the CY Settlement Agreement” and “Background of the PP Settlement Agreement” in the letter from the Board in the Circular, the announcements of the Company dated 16 March 2015, 25 March 2015, 15 July 2015, 6 November 2015, 14 March 2016, 10 May 2016 and 6 June 2016.

On 23 March 2015, the Receivers were served with a summons issued by Mr. Yeung seeking, amongst other, to discharge or vary the Receivership Order. At the hearing of the discharge application on 1 April 2015, the High Court directed that the hearing to be adjourned to a date to be fixed (the “**Adjourned Hearing**”) and, in the meantime, be advertised with directions that any interested shareholders wishing to participate could apply to intervene in the Adjourned Hearing. On 24 July 2015, a group of minority shareholders issued a summons to intervene in the hearing and seeking an order that the Receivers continue in office until the resumption of trading of the shares in the Company on the Stock Exchange (the “**Resumption**”) or further order. The Adjourned Hearing was held on 31 July 2015 to hear the discharge application and the application of the minority shareholders issued on 24 July 2015. The decision of the Adjourned Hearing was delivered on 28 August 2015, pursuant to which the High Court ordered that the Receivership Order to be continued until the Resumption or further order.

By way of a summons dated 9 September 2015, Mr. Yeung applied to the High Court for leave to appeal the aforesaid decision of the High Court made on 28 August 2015, which was subsequently disposed of by the High Court on the papers as agreed among the parties by consent. Mr. Yeung was directed to file his skeleton submissions by 12 January 2016 and the Receivers and minority shareholders were directed to file their respective skeleton submissions by 19 January 2016.

On 11 May 2015, Mr. Peter Pannu (“**Mr. Pannu**”) commenced an action against the Company in the Labour Tribunal of Hong Kong under LBTC 1470/2015 claiming approximately HK\$3.6 million (plus interest) from the Company for alleged wrongful dismissal of him as a director of the Company. The action was subsequently transferred to the High Court and designated as HCA 1355/2015, whereupon Mr. Pannu added further claims of unspecified quantum against the Company for alleged libel. By way of a consent summons filed on 20 April 2016 pending consent by the High Court, the parties have applied for a stay of proceedings under HCA 1355/2015 pending settlement negotiations. The summons was sealed by the High Court on 12 May 2016.

By a writ of summons dated 13 July 2015, the Company and BCFC commenced legal proceedings under HCA 1590/2015 against (i) Mr. Yeung claiming a total of more than HK\$100,000,000 from Mr. Yeung for various breaches of duties whilst he was a director of the Company and BCFC; and (ii) Asia Rays Limited (“**Asia Rays**”) and Amazing Top International Enterprise Limited (“**Amazing Top**”) claiming approximately HK\$3.7 million and GBP1.5 million from Asia Rays and GBP180,000 from Amazing Top for monies alleged wrongfully received from the Company and BCFC. By way of summons dated 25 September 2015, the Company and BCFC applied for leave to add Mr. Pannu as a defendant to HCA 1590/2015 claiming approximately HK\$11 million and GBP4.5 million from Mr. Pannu for various alleged breaches of duties whilst he was a director of the Company and BCFC. By way of summons dated 15 October 2015, the Company and BCFC applied to file an amended writ of summons and amended statement of claim related to HCA 1590/2015. By way of a consent summons sealed by the High Court on 15 April 2016, argument for HCA 1590/2015, which had been adjourned to 13 April 2016, had been adjourned *sine die* and proceedings against Asia Rays and Amazing Top have been stayed.

On 8 March 2016, the Company, together with BCFC, entered into the CY Settlement Agreement with Mr. Yeung and Mr. Ryan Yeung (son of Mr. Yeung). Subsequent to the signing of the CY Settlement Agreement, the parties thereto have, among others, jointly signed and filed consent summonses at the High Court to apply for an interim stay of (i) HCA 1590/2015; and (ii) Mr. Yeung’s pending appeal of the Receivership Order in the High Court under High Court Miscellaneous Proceedings No. 395 of 2015. Pursuant to the CY Settlement Agreement, within seven (7) business days from the date of fulfilling the conditions precedent (i), (ii) and (v) as set out in the section headed “Conditions precedent to the CY Settlement Agreement” in the letter from the Board in the Circular whichever is later, among others, (i) all parties concerned shall sign a consent summons for Mr. Yeung to withdraw (a) his pending appeal of the Receivership Order in the High Court; and (b) his objection to the Company’s application in the Grand Court of the Cayman Islands for the recognition of the Receivership Order, and for the Company to withdraw its pending application in the Grand Court of the Cayman Islands for recognition of Receivership Order; and (ii) the Company and BCFC shall take steps to discontinue HCA 1590/2015 as against Mr. Yeung and any action against Mr. Ryan Yeung (if any). As at the date of this results announcement, the conditions precedent (i), (ii), (iii) and (v) of the CY Settlement Agreement have been fulfilled. As at the date of this announcement, the parties to HCA 1590/2015 have applied to the High Court for discontinuing the proceedings under HCA 1590/2015 and the consent order was sealed by the High Court on 23 September 2016. Mr. Yeung has filed and served a notice of discontinuance under High Court Miscellaneous Proceedings No. 395 of 2015 on 30 September 2016.

On 4 May 2016, the Company, BCFC, Mr. Pannu, Asia Rays and Amazing Top entered into a Settlement Agreement (the “**PP Settlement Agreement**”). Pursuant to the PP Settlement Agreement, within 14 days following fulfilment of the conditions precedent as set out in the section headed “Conditions precedent to the PP Settlement Agreement” in the letter from the Board in the Circular, (i) the Company and BCFC shall sign and file, and do all other necessary acts to cause or procure all parties named under HCA 1590/2015 to sign and file, consent summons at the High Court to discontinue HCA 1590/2015 as against, Mr. Pannu if he is joined as a party and, Asia Rays and Amazing Top as soon as practicable; and (ii) Mr. Pannu shall sign and file, and do all other necessary acts to cause or procure all parties named under HCA 1355/2015 to sign and file, consent summons at the High Court to discontinue HCA 1355/2015 as soon as practicable. As at the date of this announcement, all of the conditions precedent as set out in the section headed “Conditions Precedent to the PP Settlement Agreement” in the letter from the Board in the Circular have been fulfilled. On 7 September 2016, the documents in relation to the transfer of Mr. Pannu’s entire shareholding in Birmingham City Ladies Football Club Limited to BCFC were released to the Company. The parties to the HCA 1355/2015 has applied to the High Court for discontinuing the proceedings Order under HCA 1355/2015 and the consent order was sealed by the High Court on 14 September 2016. As mentioned above, the proceedings under HCA 1590/2015 has been discontinued effective from 23 September 2016.

High Court Miscellaneous Proceedings No. 1429 of 2016

On 30 January 2015, Mr. Hui Ho Luek, Vico (“**Mr. Hui**”), the former executive Director of the Company, issued a statutory demand against the Company for an alleged debt in a sum of approximately HK\$5,231,000. Mr. Hui subsequently provided some documents to the Receivers in support of the alleged debt. Having reviewed the documents, the Receivers considered that Mr. Hui may not be able to prove the whole or part of the alleged debt. Nevertheless, the Receivers commenced settlement negotiations with Mr. Hui in order to explore the opportunity of settling his claim for the alleged debt amicably.

In around mid-May 2016, Mr. Hui’s solicitors threatened to issue a winding-up petition against the Company. In view of the urgency of the matter and the dire consequence the Company may have as a result of the issuance of the winding-up petition, the Company applied for an urgent injunction application against Mr. Hui from presenting the said winding-up petition. On 3 June 2016, the High Court granted the injunction order. On 10 June 2016, the High Court continued the injunction order until the determination of the Company’s application which was fixed to be heard on 8 July 2016. On 30 June 2016, the parties agreed to discontinue High Court Miscellaneous Proceedings No. 1429 of 2016 which was approved by the High Court on 4 July 2016.

Proposed Restructuring

References are made to the announcements of the Company dated 6 June 2016 and 8 June 2016, respectively, and the Circular in relation to the Proposed Restructuring.

At the extraordinary general meeting of the Company held on 29 August 2016, all resolutions in respect of, among others, the Proposed Restructuring were duly passed by the independent shareholders of the Company by way of poll.

The Receivers were approved by the High Court on 30 August 2016 to enter into the settlement agreements with Mr. Yeung, Mr. Ryan Yeung, U-Continent, Mr. Pannu, Asia Rays and Amazing Top and to formulate and carry out the Proposed Restructuring.

As at the date of this results announcement, save for the capital reorganisation, which has become effective since 7 September 2016 and the completion of the PP Settlement Agreement, all other parts of the Proposed Restructuring are yet to be completed.

On 20 June 2016, Trillion Trophy made an application to the Executive Director of the Corporate Finance Division of the Securities and Futures Commission for the granting of the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers, which was then conditionally granted on 25 August 2016. The latest time for acceptance of payment for the offer shares under the Open Offer was 30 September 2016. It is expected that completion of the Open Offer, the Shares Subscription and the new convertible note to be subscribed by Trillion Trophy (details of which are set out in the section headed “Summary of principal terms of the New Convertible Notes” in the Circular) shall take place on 11 October 2016.

Since 30 August 2016, all the conditions precedent to the PP Settlement Agreement have been fulfilled and completion of the PP Settlement Agreement took place on 23 September 2016. It is expected that completion of the CY Settlement Agreement and the UC Settlement Agreement and hence, completion of the Proposed Restructuring shall take place simultaneously with the resumption of trading of shares in the Company in mid-October 2016.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement 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 ended 30 June 2016. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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 2016, an extract of which is as follows:

Basis for Disclaimer of Opinion

1. Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2015 was qualified because of the significance of possible effect of the limitations on the scope of our audit and fundamental uncertainty relating to the going concern basis, details of which are set out in our auditor’s report dated 30 September 2015.

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

2. *Amounts due to former directors*

At 30 June 2015 and 30 June 2016, the Group recorded amounts due to former directors of approximately HK\$10,769,000 and HK\$10,769,000, respectively. We were unable to obtain sufficient and satisfactory audit 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 2015 and 30 June 2016.

3. *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 and HK\$5,353,000 as at 30 June 2015 and 30 June 2016, respectively. There are 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 2015 and 30 June 2016.

4. *Suspected misappropriation of funds and administrative expenses*

During our audit on the consolidated financial statements of the Group for the year ended 30 June 2015, we have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the nature of the suspected misappropriation of funds of HK\$9,643,000 and certain administrative expenses amounted to approximately HK\$5,663,000 included in the consolidated profit of loss for the year ended 30 June 2015. Furthermore, there may be a cut-off effect in connection with the suspected misappropriation of funds on the consolidated loss for the year ended 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 amounts are fairly stated and should be recorded in the year ended 30 June 2015 or prior years. Details of which are set out in points 4 and 6 under the heading "Basis for Disclaimer of Opinion" in our auditor's report dated 30 September 2015.

Accordingly, our opinion on the current year's consolidated financial statements is also qualified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

5. *Convertible notes*

(a) *The U-Continent convertible notes*

On 5 February 2014, the Company issued a zero coupon convertible notes (the “First CN”) 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 CN was converted into 333,333,333 ordinary shares of the Company.

In 2014, the Company issued a zero coupon convertible note 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) (the “Second CN”) to U-Continent. On 9 October 2014, HK\$45,000,000 of the Second CN was converted into 1,500,000,000 ordinary shares of the Company.

Subsequently, the Company rescinded the First CN and Second CN agreements (the “Agreements”) by way of a letter dated 20 July 2015 to U-Continent and filed a writ of summons against U-Continent in the High Court of Hong Kong (the “High Court”) on 21 July 2015 claiming for loss and damages suffered by the Company as a result of the alleged misrepresentations made by U-Continent, details of which are set out in the announcement of the Company dated 21 July 2015. As a result of the above legal action, the Company has classified the remaining balance of the First CN of HK\$40,000,000 and the Second CN of HK\$80,000,000, totaling HK\$120,000,000 as at 30 June 2015 and 30 June 2016, as an amount due to U-Continent, and included in borrowings.

On 12 April 2016, the Company entered into a settlement agreement with U-Continent to extend the maturity dates of the remaining unconverted First CN and Second CN to 31 December 2016 or such other date as the parties to the settlement agreement may agree in writing (with all the other terms and conditions of the remaining unconverted First CN and Second CN remain unchanged) subject to the terms and conditions of the settlement agreement. Up to the date of these consolidated financial statements, the conditions of the settlement agreement entered into with U-Continent have not been fulfilled.

We were unable to obtain sufficient appropriate audit evidence on the accounting treatment of the First CN and the Second CN, including whether the First CN and the Second CN constitute equity instruments which should be classified under convertible notes reserve, or whether the recognition of the remaining balances of the First CN of HK\$40,000,000 and the Second CN of HK\$80,000,000 as at 30 June 2015 and 30 June 2016 to borrowings is appropriate. In addition, we were unable to determine whether the conversion of the First CN during the year ended 30 June 2015 constituted a transaction within the scope of HK(IFRIC) Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments” which would require the determination of the fair value of the equity instruments issued. We were also unable to quantify the effect on the consolidated profit or loss for the year ended 30 June 2015.

(b) The debt convertible notes

On 20 December 2013, the Company and Mr. Yeung Ka Sing, Carson (“Mr. Yeung”) agreed to capitalise the debt owed by the Company of HK\$193,500,000 to Mr. Yeung by issuing a zero coupon convertible note (the “Debt CN”). The Debt CN could be converted to a total of approximately 6,450,000,000 ordinary shares of the Company at a conversion price HK\$0.03 per share.

The Company recorded the initial value of the Debt CN 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 entered into between the Company and Mr. Yeung (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 recognised 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 CN. Any adjustment to the fair value of the Debt CN at the time of issuance will affect classification of the accumulated losses and convertible notes reserve as at 30 June 2015 and 30 June 2016.

6. *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\$58,574,000 for the year ended 30 June 2016, and net current liabilities and net liabilities of approximately HK\$141,155,000 and HK\$54,106,000 respectively as at 30 June 2016. 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 and completion of the proposed restructuring as fully detailed in note 2(b) to 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 significant consequential effect in connection with the above matters would affect the net assets and net liabilities of the Group as at 30 June 2015 and 30 June 2016 respectively, and the Group’s loss for the years ended 30 June 2015 and 30 June 2016, 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 2016, the Group's consolidated turnover was HK\$169 million (2015: HK\$254 million), while the Group's net loss amounted to HK\$60 million, representing a reduction of HK\$56 million compared to the Group's net loss of HK\$4 million for the year ended 30 June 2015. Such decrease was mainly due to the fact that BCFC is no longer entitled to receive parachute payments from the Premier League effective from season 2015/2016. The parachute payments is replaced with the solidarity payment resulting a reduction of approximately GBP7.8 million (approximately HK\$90 million) in revenue for the year ended 30 June 2016.

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 in the U.K.

Professional Football Operation Business

BCP is a company domiciled in the U.K. The principal activity of BCP and its subsidiary (collectively referred to as the "**BCP Group**") is the operation of a professional football club (the "**Club**") in the U.K. The revenue streams of the Club comprised (i) match receipts which consists of season and match day tickets; (ii) television broadcasting revenue, including distributions from the Premier League and the English Football League, cup competitions and revenue from the local media; and (iii) commercial income which comprised sponsorship income, corporate hospitality, merchandising, conference and events and other sundry income.

For the fifth consecutive year the football team competed in the Championship Division of the English Football League. A league position of 10th or above was maintained for the entire season 2015/2016 which showed the stability that had been created since the appointment of a new manager in October 2014. Revenue from match receipts and commercial activities has increased by approximately 5.7% comparing to 30 June 2015.

Despite the Club attempted to challenge the play-off position, this did not materialise and the Club finished the season in 10th place (same as the position in season 2014/2015).

In preparation for season 2016/2017, the Club has signed some new players to enhance the competitiveness of the squad. As at the date of this results announcement, the Club is ranked at the 7th position in the Championship Division.

The BCFC Academy has continued to operate at Category 2 status under the Elite Player Performance Plan and that a number of academy developed players continued to be involved in the first team squad.

For the year ended 30 June 2016, the BCP Group recorded a loss of GBP3.1 million (approximately HK\$35.7 million) as compared to a loss of GBP0.6 million for the year ended 30 June 2015. The decline was mainly caused by the reduction in subsidies (i.e. parachute payments replaced with solidarity payment) received by BCFC from the Premier League, resulting to a drop in revenue of approximately GBP7.8 million (approximately HK\$90 million) as compared to 30 June 2015.

Dividend

No dividend was paid or proposed for the year ended 30 June 2016 (2015: 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 2016 was 38.6% (2015: 44.1%) and the gearing ratio represented its borrowings in long term portion to equity and non-current liabilities. As the Group was in deficiency of equity of HK\$54,106,000 as at 30 June 2016 (30 June 2015: Total equity of HK\$46,197,000) the Group's gearing ratio could not be determined (2015: 30.5%). The ratio of total liabilities to total assets of the Group as at 30 June 2016 was 114.4% (2015: 88.6%).

As at 30 June 2016, the cash and bank balances of the Group amounted to approximately HK\$27 million, representing a decrease of 54% compared to HK\$59 million as at 30 June 2015.

As at 30 June 2016, the borrowings (including current portion and long term portion) of the Group amounted to HK\$271 million (2015: HK\$184 million). These comprised of non-bank borrowings in Hong Kong which includes HK\$150 million drawn down from Trillion Trophy.

Pledge of Group's Assets

As at 30 June 2016, 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 GBP18.9 million (equivalent to approximately HK\$197 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.

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

High Court Action No. 1099 of 2013

On 9 May 2013, Mr. Lee Yiu Tung, a former executive director of the Company, filed a claim with the Labour Tribunal of Hong Kong against the Company for, amongst others, unpaid wages, wages in lieu of notice and expenses allegedly paid by him on behalf of the Company for a sum of approximately HK\$1,484,000. The Company made a counterclaim against Mr. Lee Yiu Tung on 8 October 2013 in respect of, amongst others, wages paid to him in the aggregate sum of HK\$240,000 for the months from July to October 2012 and reimbursement of out-of-pocket expenses paid by the Company to him during 2010 to 2012 totaling HK\$2,000,000 for business and projects not related to the Company. On 4 June 2013, the Labour Tribunal of Hong Kong made an order to transfer the case to the High Court.

At a Case Management Conference held on 16 September 2015 at the High Court, the High Court directed that the Case Management Conference be adjourned to 27 April 2016, and ordered the Company to provide its list of documents within eight weeks and the parties to exchange witness statements within six months. On 15 December 2015, the Company provided the list of documents to Mr. Lee Yiu Tung. The parties were required to exchange witness statement(s) on or before 16 March 2016. On 30 March 2016, the High Court ordered, inter alia, that (i) the parties should exchange their witness statements by 4 p.m. on 11 May 2016; and (ii) the 3rd Case Management Conference be adjourned to 12 October 2016 at 10:30 a.m. Subsequently, on 11 May 2016, by consent, the parties agreed to stay the proceedings until 9 August 2016 pending settlement negotiations between the parties. As at the Latest Practicable Date, no settlement agreement has been reached between the parties. For the avoidance of doubt, the 3rd Case Management Conference will be proceeded as fixed on 12 October 2016.

Player transfer costs

Under the terms of certain contracts with other football clubs in respect of the 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 2016 was approximately HK\$32,101,000 (equivalent to GBP3,090,000). At the end of the reporting period and up to the date of approval of these consolidated financial statements, approximately HK\$634,000 (equivalent to GBP61,000) of these amounts have crystallised.

CAPITAL COMMITMENT

At 30 June 2016, the Group had no capital commitments (2015: HK\$Nil).

PURCHASE, SALE OF REDEMPTION OF SECURITIES OF THE COMPANY

During the year ended 30 June 2016, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

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

The Board is pleased to report compliance with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the “**CG Code**”) CG Code for the year ended 30 June 2016 except for the following deviations:

- (a) 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, according to the Company's Articles of Association, one-third of the directors (including INEDs) shall retire by rotation at each annual general meeting. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed in the CG Code.
- (b) Code provision A.6.7 of the CG Code requires that INEDs and other non-executive directors shall attend general meetings. Mr. Cheung Yuk Ming, one of the INEDs, did not attend the AGM by reason of his prior engagement in another meeting scheduled for the same day and time.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by the 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 have complied with the Model Code regarding directors' securities transactions during the period and up to the date of publication of these condensed consolidated interim financial statements.

AUDIT COMMITTEE

The Audit Committee comprises of three INEDs (all were re-elected at the AGM), namely Mr. Cheung Yuk Ming, Mr. Law Pui Cheung and Mr. Lai Hin Wing Henry Stephen. Up to the date of these consolidated financial statements, Mr. Cheung Yuk Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters of the audited financial information and final results for the year ended 30 June 2016. The Audit Committee held nine meetings from 1 July 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 auditor.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three INEDs (all were re-elected at the AGM), namely Mr. Law Pui Cheung, Mr. Cheung Yuk Ming and Mr. Lai Hin Wing Henry Stephen. Up to the date of these consolidated financial statements, Mr. Law Pui Cheung is the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for reviewing and evaluating the remuneration policies of the senior management and making recommendations to the Board from time to time. The Remuneration Committee held one meeting from 1 July 2015 up to the date of this announcement.

NOMINATION COMMITTEE

The Nomination Committee comprises of three INEDs (all were re-elected at the AGM), Mr. Lai Hin Wing Henry Stephen, Mr. Cheung Yuk Ming and Mr. Law Pui Cheung. Up to the date of these consolidated financial statements, Mr. Lai Hin Wing Henry Stephen is the chairman of the Nomination Committee.

The Nomination Committee is responsible for ensuring that there is a formal and transparent procedure adopted by the Company for the nomination of directors of the Company. The Nomination Committee held one meeting from 1 July 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 2016 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 2016

As at the date of this announcement, the Board comprises of 6 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 and Mr. Lai Hin Wing Henry Stephen as independent non-executive Directors.