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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Birmingham International Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities



BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED

(formerly known as Grandtop International Holdings Limited)

伯明翰環球控股有限公司

(前稱泓鋒國際控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

**SUPPLEMENTAL CIRCULAR
IN RELATION TO THE CIRCULAR
ISSUED BY THE COMPANY
ON 14 SEPTEMBER 2009
RELATING TO, INTER ALIA,
THE COMPANY ACQUIRING ALL THE ISSUED
SHARE CAPITAL OF
BIRMINGHAM CITY PLC
CONSTITUTING A
VERY SUBSTANTIAL ACQUISITION**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of BCFC Shares under the General Offer
“associates”	has the meaning ascribed thereto under the Listing Rules
“BCFC”	Birmingham City Plc. a company the shares of which are quoted on the Alternative Investment Market of the London Stock Exchange and which owns a Premier League football club
“BCFC Group”	BCFC and its subsidiaries from time to time
“BCFC Shares”	issued ordinary share(s) of £0.10 each in the capital of BCFC
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Circular”	the Company’s circular dated 14 September 2009 issued in connection with the Acquisition
“Company”	Birmingham International Holdings Limited (formerly known as Grandtop International Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Directors”	the directors of the Company
“Enlarged Group”	the Group including BCFC and its subsidiaries
“General Offer”	the conditional offer made by the Company to acquire the entire issued share capital of BCFC not already owned by the Company

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 February 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premier League”	the professional football league by that name in UK which is administered by The Football Association Premier League Limited
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.
“£”	Pound sterling, the lawful currency of the United Kingdom

LETTER FROM THE BOARD



BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED

(formerly known as Grandtop International Holdings Limited)

伯明翰環球控股有限公司

(前稱泓鋒國際控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

Executive Directors:

Mr. Yeung Ka Sing, Carson
Mr. Hui Ho Luek, Vico
Mr. Steven McManaman
Mr. Lee Yiu Tung
Mr. Ip Wing Lun
Ms. Wong Po Ling, Pauline

Non-executive Directors:

Mr. Christian Lali Karembeu
Mr. Chan Wai Keung

Independent Non-executive Directors:

Mr. Chang Kin Man
Mr. Yau Yan Ming Raymond
Mr. Zhou Han Ping

Registered Office:

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business in Hong Kong:*

Unit 3008, 30th Floor,
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No. 168-200 Connaught Road
Central, Hong Kong

26 February 2010

To the Shareholders

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR
IN RELATION TO THE CIRCULAR
ISSUED BY THE COMPANY
ON 14 SEPTEMBER 2009
RELATING TO, INTER ALIA,
THE COMPANY ACQUIRING ALL THE ISSUED
SHARE CAPITAL OF
BIRMINGHAM CITY PLC
CONSTITUTING A
VERY SUBSTANTIAL ACQUISITION**

On 14 September 2009, the Company issued the Circular.

LETTER FROM THE BOARD

The Company had not included in the Circular certain financial information of BCFC by reason of the factors set out in Rule 14.67(A)(1) of the Listing Rules. Pursuant to Rule 14.67A(1) of the Listing Rules, where a listed issuer has acquired and/or agreed to acquire equity capital in a company and the transaction constitutes a major transaction or a very substantial acquisition, and the listed issuer does not have access or only has limited access to the non-public information on the target company that would be required for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under Rule 14.69, then the listed issuer may defer complying with certain of the disclosure requirements provided that certain conditions are demonstrated to the satisfaction of the Exchange. In the case of the Acquisition, (a) the unavailability of non-public information is caused by legal or regulatory restrictions in providing non-public information to the Company (given the Company's non-controlling stake in BCFC and that the Company has no board representation on BCFC prior to completion of the Acquisition) and the inability of the Company to access non public financial information of BCFC for public disclosure in Hong Kong; (b) BCFC is listed on the Alternative Investment Market of the London Stock Exchange; and (c) BCFC will become a subsidiary of the Company following completion of the Acquisition. The Company had approached the relevant directors of BCFC prior to completion of the Acquisition and had been informed by the management of BCFC that no contact and/or access to BCFC or its staff is permitted until the completion thereof. In light of this, the Company is required to despatch a supplemental circular which will contain all the prescribed information under Rule 14.69 of the Listing Rules which has not previously been disclosed in the Circular.

In accordance with Rule 14.67(A)(3) of the Listing Rules, the supplemental circular is required to be despatched to Shareholders within 45 days of the earlier of: the Company being able to gain access to BCFC's books and records for the purpose of complying with the disclosure requirements in respect of BCFC and the Enlarged Group under Rule 14.69 of the Listing Rules; and the Company being able to exercise control over BCFC. The Company obtained control over BCFC on 12 October 2009. Accordingly, the supplemental circular was originally required to be despatch on or before 26 December 2009.

On 26 November 2009, the Company issued an announcement stating that a waiver had been submitted by the Company to the Stock Exchange for the supplemental circular to be despatched not later than 31 January 2010. The Stock Exchange had granted a waiver to the Company for extending the date of despatch of the supplemental circular to no later than 31 January 2010.

As disclosed in the announcement of the Company dated 28 January 2010, an application has been made by the Company to further extend the despatch date of the supplemental circular to no later than 28 February 2010. The Stock Exchange had granted a waiver to the Company for extending the date of despatch of the supplemental circular to no later than 28 February 2010.

LETTER FROM THE BOARD

This circular is the supplemental circular and it is to provide you with the information required pursuant to Rule 14.69 of the Listing Rules and which had not been included in the Circular. These information will include financial information on BCFC, financial information on the Enlarged Group, indebtedness statement, working capital statement and cash flow forecast of the Enlarged Group as at 31 December 2009.

This circular has contained information on all material changes to the information previously disclosed in the Circular.

Following the completion of the Acquisition, the Company holds approximately 94% of the issued share capital of BCFC.

FINANCIAL AND TRADING PROSPECT

The Group

For the year ended 31 March 2009, the Group recorded a consolidated turnover of approximately HK\$10.7 million, representing a decrease of 48.1% compared to the turnover of approximately HK\$20.6 million in the last financial year. Such decrease was mainly due to the decrease of the sales of apparel trading business. However, the Group has entered into new business segment which is entertainment business during the year.

During the financial year ended 31 March 2009, the gross profit margin of the Group was 38.9% while it was 14.7% in the last financial year. The significant increase in the gross profit margin was mainly due to high gross profit margin in entertainment business in Hong Kong.

The loss of the Group for the year ended 31 March 2009 was decreased by 39.7% to approximately HK\$91.7 million from the loss for the year of approximately HK\$152.1 million in the last financial year. Such loss of the Group was mainly due to a very significant impairment loss on the investment in Birmingham City Plc.

Business Review and Prospects

The Company engages in investment holding. The principal activities of the subsidiaries are businesses of entertainment, apparel sourcing, sportswear & apparel trading and investment holding. During the year under review, the Group entered into entertainment business because of diversification of business and high profit margin in this business.

LETTER FROM THE BOARD

Although the Group is facing the global financial turmoil and poor market conditions, the Group will continue to explore and identify investment opportunities to add into the Group's investments in order to enhance the shareholders' value by its organic growth.

The Enlarged Group

Upon Completion, BCFC will become a subsidiary of the Group and the financial information of BCFC will be consolidated into the consolidated financial statements of the Group. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the revenue and gross profit of the Group for the year ended 31 March 2009 was approximately HK\$10.7 million and approximately HK\$4.1 million respectively, and the unaudited pro forma revenue and gross profit of the Enlarged Group will increase to approximately HK\$379 million and approximately HK\$278 million respectively, after Completion.

The Group is principally engaged in the businesses of providing apparel sourcing services, sportswear and apparel trading, and entertainment-related services. The principal activity of the BCFC Group is of a Football League Club. The businesses of the existing Group have been competitive and demanding and the Board believes that the Acquisition is a good opportunity to extend and diversify the Group's businesses and to look for additional income sources.

The Directors are of the view that the Acquisition will enhance the income and assets base of the Group. The consolidation of the business of Football League Club of BCFC Group and the businesses of providing apparel sourcing services, sportswear and apparel trading and entertainment-related services will create meaningful synergies and strengthen the overall competitiveness of the Group. The Directors also believe that the Acquisition will provide significant growth potential for the Group.

While the Acquisition will enlarge the Group's income and asset base, in view of the borrowings of BCFC Group, the gearing of the Enlarged Group will increase.

In view of the synergistic benefits of the Acquisition, the Directors believe that the risks associated with the higher borrowings of the Enlarged Group are outweighed by the potential benefits of the Acquisition. Therefore, the Directors believe that the proposed Acquisition is in the interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE ACQUISITION

Based on the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular, the non-current assets and current assets of the Group as at 31 March 2009, were approximately HK\$64,471,000 and approximately HK\$4,158,000 respectively and the unaudited pro forma non-current assets and current assets of the Enlarged Group will amount to approximately HK\$1,503,628,000 and approximately HK\$(551,079,000) respectively. The non-current liabilities and current liabilities of the Group as at 31 March 2009 were approximately HK\$102,257,000 and approximately HK\$31,595,000 respectively and the unaudited pro forma non-current liabilities and current liabilities of Enlarged Group will amount to approximately HK\$144,513,000 and approximately HK\$618,666,000 respectively. The net liabilities and the total deficit of the Group as at 31 March 2009 were approximately HK\$65,223,000 and the unaudited pro forma net assets and the total equity of the Enlarged Group will amount to approximately HK\$189,370,000. The net loss attributable to the equity holders of the Company will increase from approximately HK\$91,677,000 (based on the net loss attributable to the equity holders of the Company for the year ended 31 March 2009) to approximately HK\$349,730,000 (based on the unaudited pro forma consolidated income statement of the Enlarged Group).

On Completion, the fair value of the net identifiable assets, liabilities and contingent liabilities of the Group will have to be reassessed. As a result of such reassessment, the assets and liabilities of the Group upon Completion may be different from the estimations based on the basis stated for the purpose of preparation of the unaudited pro forma financial information.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

By Order of the Board
Birmingham International Holdings Limited
Hui Ho Luek, Vico
Executive Director and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS ON BCFC GROUP

Set out below is the management discussion and analysis (modified as appropriate) extracted from the annual reports of BCFC for each of the three financial years ended 31 August 2007, 2008 and 2009:

REPORT OF THE DIRECTORS

(i) For the year ended 31 August 2009

Business Review

Turnover for the year to 31 August 2009 was £27.5m, down 44.8% on the 2008 figure (£49.8m) with the loss before taxation at £20.1m (2008: profit £4.3m). The significant decrease in turnover and profitability reflects the club's relegation from the Premier League at the end of the 2007/8 season.

The principal reason for the loss before taxation during 2009 of £20.1m was the decision taken by the previous members of the Board to retain most of their playing staff from the previous Premier League season. As a result, staff costs for 2009 were £27.1m compared to £26.6m in 2008 and £20.9m in 2007.

Despite the club's balance sheet position showing net liabilities of £7.5m at 31 August 2009, the BCFC Board are pushing hard to retain their position in the Premier League and can assure Shareholders that the BCFC Board and all members of staff are totally committed to the long term future of the club.

Turnover Analysis

	2009	2008
	<i>£m</i>	<i>£m</i>
Match receipts	5.3	7.3
Broadcasting	15.8	32.5
Commercial income	6.4	10.0
	<u>27.5</u>	<u>49.8</u>

Match receipts contain two main revenue resources, gate receipts and season ticket sales. As expected, there has been a decrease in match receipts of £2m between the two years under review, 2009 in the Championship and 2008 in the Premier League.

Broadcasting income reduced by £16.7m and the commercial income reduced by £3.6m, again, as a direct result of relegation from the Premier League.

Results and Dividends

The BCFC Group's loss before taxation amounted to £20,100,000 (2008: profit of £4,296,000). The BCFC is unable to pay a dividend as it does not have available distributable reserves.

Key performance indicators (KPIs)

Key performance indicators are used to measure and evaluate BCFC Group performance against targets and monitor various activities throughout the BCFC Group. The main key performance indicators employed in the BCFC are:

		2009	2008
Revenue levels (football related and other)	<i>£'000</i>	27,509	49,836
Operating (loss)/profit	<i>£'000</i>	(19,076)	4,384
Staff costs (player related and other)	<i>£'000</i>	27,099	26,624
Average attendance levels	<i>Number</i>	19,053	25,737
Net cash inflow from operations	<i>£'000</i>	4,129	1,878

The BCFC Board monitor these on a quarterly basis. The BCFC Group's primary internal performance measure is against budgets or target. The source information is taken from audited financial statements or from the BCFC Group's budgets.

Principal Risks and Uncertainties

The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the Manager in improving the playing squad, the BCFC Board is mindful of the pitfalls that are inherent in this area of the business. The aim is therefore to manage these costs whilst being as competitive as possible within the club's financial constraints.

Risks are also reported on by the FA Premier League and Football League at meetings of their representatives with League clubs. club management regularly attend meetings which cover club secretarial, financial, commercial and health and safety issues.

The world is currently experiencing unprecedented events in the financial sector, this will affect us all to a varying degree and football clubs are not immune. Sensible financial governance and management of the business will help stand the BCFC Group in good stead during these turbulent times.

Events After the Balance Sheet Date

On 6 October 2009, the BCFC was substantially acquired by Birmingham International Holdings Limited (formerly Grandtop International Holdings Limited).

On 11 November 2009, shares in the BCFC were de-listed from the Alternative Investment Market.

Financial Instruments

The BCFC Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The BCFC Group does not have material exposures in any of the areas identified above and, consequently do not normally use derivative instruments to manage these exposures. The BCFC Group took out an interest rate swap on one of its variable rate loans on 17 August 2006. The BCFC Group does not hedge account for this derivative financial instrument.

The BCFC Group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts together with trade receivables and trade payables that arise directly from its operations.

The main risks arising from the BCFC group's financial instruments can be analysed as follows:

Price risk

The BCFC Group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The BCFC Group has no significant exposure in its trading operations to the risk of changes in foreign currency exchange rates.

Credit risk

The BCFC Group's principal financial assets are bank balances, cash, and trade receivables. The BCFC Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the BCFC Group's management based on prior experience and their assessment of the current economic environment.

The BCFC Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The BCFC Group's policy has been to ensure continuity of funding through operating within its overdraft facility and to match borrowing against the useful life of assets purchased.

Interest rate risk

The interest on bank loans and overdrafts is at market rate. The BCFC Group's policy is to keep the overdraft and loans within defined limits, such that the risk that could arise from a change in interest rates would not have a significant impact on cash flows. The directors took out an interest rate swap on the variable interest rate bank loan in 2006 and have capped the interest rate on the £2m bank loan taken out during the year to reduce the exposure of this risk.

Environment

The BCFC Group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the BCFC Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Payment of Suppliers

The BCFC Group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with each supplier when details of each transaction are settled. The BCFC Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

Transfer fees and similar transactions are such that any calculation of the number of creditor days inclusive of these balances would prove meaningless. However, creditor days excluding transfer fees for the BCFC Group at 31 August 2009 were 70 days (2008 – 67 days).

Employees

The BCFC Group places considerable value on the involvement of its employees and recognises the importance of good communication within the workplace. It is the BCFC Group's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable. The quality and commitment of our people plays a major role in our business success. This has been demonstrated in many ways with them showing flexibility in adapting to changing business requirements and new ways of working. Employees' performance is aligned to BCFC Group goals through an annual performance review process that is carried out with all employees.

Staff Costs

	BCFC Group	
	2009	2008
	<i>£'000</i>	<i>£'000</i>
Wages, salaries and signing on fees	23,311	23,956
Social security costs	3,788	2,668
	27,099	26,624
	27,099	26,624

The average monthly number of persons employed by the BCFC Group, including directors:

	BCFC Group	
	2009	2008
	<i>Number</i>	<i>Number</i>
Playing staff	51	48
Training staff	23	22
Training ground staff	19	18
Commercial and fund raising	25	24
Shop	7	8
Administration and other	27	26
	<u>152</u>	<u>146</u>

In addition, the BCFC Group also employs approximately 361 temporary staff on match days (2008: 398), the cost of which is included in the staff costs above. BCFC has no employees or staff costs.

Directors' remuneration and key management compensation

	BCFC Group	
	2009	2008
	<i>£'000</i>	<i>£'000</i>
Aggregate directors' emoluments	<u>1,046</u>	<u>973</u>
Highest paid director	<u>466</u>	<u>346</u>

The BCFC Group has not made any contributions to directors' personal pension arrangements in the year (2008: None).

Aggregate directors' emoluments include £Nil (2008: £22,000) paid to Sport Newspapers Limited for the services of Roger Bannister, £280,000 (2008: £265,000) paid to Roldvale Limited for David Sullivan, and £280,000 (2008: £265,000) paid to Gold Group International Limited in respect of David and Ralph Gold.

Charge of Assets

Land and Buildings of the BCFC Group were pledged as security for banking facilities of £7,000,000 as at 31 August 2009.

Revaluation of Assets

The table below sets forth (i) the reconciliation of freehold land and buildings of BCFC Group from its audited consolidated financial statements as at 31 August 2009 to the unaudited carrying value of BCFC Group's freehold land and buildings as at 31 December 2009; and (ii) the reconciliation of the unaudited carrying value of BCFC Group's freehold land and buildings and the valuation of such freehold land and buildings as at 31 December 2009:

	<i>HK\$'000</i>
Carrying value of freehold land and buildings of BCFC Group as at 31 August 2009	122,330
Freehold land	631
Buildings	121,699
Movements for the four months ended 31 December 2009	1,091
Depreciation	1,091
Carrying value as at 31 December 2009	121,239
Valuation surplus as at 31 December 2009	172,573
Valuation as at 31 December 2009 per Appendix V	293,812

Future Plan

There was no material investment in the coming year.

Gearing Ratio

As at 31 August 2009, the BCFC Group's gearing ratio (total non current liabilities to total equity) was not applicable.

Going Concern

After making enquiries, the directors reasonably expect that the BCFC and the BCFC Group have adequate resources to continue in operational existence for the foreseeable future.

BCFC Group management have prepared cash flow forecasts to August 2011 based on the club retaining its Premier League status. The forecasts include certain assumptions that there are no significant net player signing costs, other than those known at the time the forecasts were prepared. In common with the majority of other football clubs, the current economic conditions create uncertainty, particularly over the attendance levels with potential implications on actual levels of revenues and cash generation. Mr. Ka Sing Carson Yeung has indicated that he will make funds available to enable the BCFC Group to trade within its existing facilities. The BCFC Group have held discussions with its bankers and other financiers about its future requirements and no matters have been drawn to its attention to suggest renewal may not be forthcoming on acceptable terms.

For this reason, they continue to prepare the financial statements on a going concern basis.

(ii) For the year ended 31 August 2008

Financial and Operating Review

Turnover for the year to 31 August 2008 was £49.8m, up 99% on the 2007 figure (£25m) with the profit before taxation at £4.3m (2007: loss £6.6m). The significant increase in turnover and profitability reflects the club's promotion to the Premier League for the season 2007/2008 allied to profits earned on the disposal of players.

Turnover Analysis

	2008	2007
	<i>£m</i>	<i>£m</i>
Matchday	20.9	11.3
Media	18.9	6.7
Commercial	10.0	7.0
	<u>49.8</u>	<u>25.0</u>

Match Receipts contain two main revenue sources, gate receipts and League Distributions. Somewhat disappointingly gate receipts between the two years under review, 2007 in the Championship and 2008 in the Premier League remained almost identical at £7.4m.

Television Revenues increased dramatically with facility fees guaranteed for ten matches from BSkyB. Income from Commercial Activities showed a material increase with box and executive package sales, advertising revenues and conference and events income up. Total Commercial Revenues also include a one-off net compensation fee of £2.5m received in relation to Steve Bruce joining Wigan and the appointment of Alex McLeish as Manager of the club in November 2007.

Operating Expenses Analysis

	2008	2007
	<i>£m</i>	<i>£m</i>
Match and ground expenses	5.6	6.2
Administration expenses	3.0	2.9
Staff costs	26.6	20.9
Depreciation of property, plant and equipment	0.5	0.5
Refurbishment of main stand	1.3	—
	<u>37.0</u>	<u>30.5</u>

The increase in overheads of £6.5m was as a result of two main factors, an increase in staff costs, up 27% on the previous year and a provision for the refurbishment of the main stand. The increase in staff costs reflects higher player remuneration.

Player amortisation rose from £8.2m in 2007 to £14m in the year to 31 August 2008 reflecting the write off of additional costs incurred in signing players in the 2007/2008 pre-season and the January 2008 transfer window. In total during the period under review 14 senior players were sold or left the club including Mikael Forssell, Fabrice Muamba and Olivier Kapo. Significant profits were made on the sale of Muamba to Bolton, Kapo to Wigan and Matthew Sadler to Watford while additional gains were made on performance targets achieved by players sold in previous years.

Senior players joining the club during this time include James McFadden, David Murphy, Lee Carsley and Marcus Bent. In addition Kemy Agustien and Quincy Owusu-Abeyie had loan spells with the club costing in excess of £1.5m.

Results and Dividends

The BCFC group profit on ordinary activities before taxation amounted to £4,296,000 (2007: loss of £6,634,000).

The BCFC is unable to pay a dividend as it does not have available distributable reserves.

Key performance indicators (KPI's)

Key performance indicators are used to measure and evaluate BCFC group performance against targets and monitor various activities throughout the group. The main key performance indicators employed in the BCFC are:

		2008	2007
Revenue levels (football related and other)	<i>£'000</i>	49,836	25,039
Operating profit/(loss)	<i>£'000</i>	4,384	(5,896)
Staff costs (player related and other)	<i>£'000</i>	26,624	20,922
Average attendance levels	<i>No's</i>	25,737	22,449
Average ticket prices	<i>£</i>	20.00	16.42
Net cash inflow from operations	<i>£'000</i>	1,218	8,167

The BCFC Board monitor these on a quarterly basis.

The BCFC group's primary internal performance measure is against budgets or target. The source information is taken from audited accounts or from the BCFC group's budgets.

Principal Risks and Uncertainties

Relegation to the Football League Championship is a risk all Premiership Clubs face. The BCFC Board have taken measures which prepared for the reduction in revenue following the relegation to the Championship league for 2008/2009 season. The Chairman's Statement and the Managing Director's Review comment on this and what the BCFC Board are trying to achieve.

The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the Manager in improving the playing squad, the BCFC Board is mindful of the pitfalls that are inherent in this area of the business. The aim is therefore to manage these costs whilst being as competitive as possible within the club's financial constraints.

Risks are also reported on by the FA Premier League and Football League at meetings of their representatives with League clubs. Club management regularly attend meetings which cover club secretarial, financial, commercial and health and safety issues.

The world is currently experiencing unprecedented events in the financial sector, this will affect us all to a varying degree and football clubs will not be immune. Sensible financial governance and management of the business will help stand the BCFC group in good stead during these turbulent times.

Financial Instruments

The BCFC group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The BCFC group does not have material exposures in any of the areas identified above and, consequently does not normally use derivative instruments to manage these exposures. The BCFC group took out an interest rate swap on one of its variable rate loans on 17 August 2006. The BCFC group does not hedge account for this derivative financial instrument.

The BCFC group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts together with trade receivables and trade payables that arise directly from its operations.

The main risks arising from the BCFC group's financial instruments can be analysed as follows:

Price risk

The BCFC group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The BCFC group has no significant exposure in its trading operations to the risk of changes in foreign currency exchange rates.

Credit risk

The BCFC group's principal financial assets are bank balances, cash, and trade receivables. The BCFC group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the BCFC group's management based on prior experience and their assessment of the current economic environment.

The BCFC group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The BCFC group's policy has been to ensure continuity of funding through operating within its overdraft facility and to match borrowing against the useful life of assets purchased.

Interest rate risk

The interest on bank loans and overdrafts is at market rate. The BCFC group's policy is to keep the overdraft and loans within defined limits, such that the risk that could arise from a change in interest rates would not have a significant impact on cash flows. The BCFC directors' took out an interest rate swap on the variable interest rate bank loan in 2006 to reduce the exposure of this risk.

Environment

The BCFC group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the BCFC group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Substantial shareholders' interests

Apart from the shareholdings listed below, the BCFC directors are not aware of any party interested in 3% or more of the issued ordinary share capital of the BCFC at 5 January 2009.

Name	Number of Shares	Percentage
Grandtop International Holdings Limited	24,375,975	29.91%
Gold Group International Limited	18,924,827	23.22%
Roldvale Pension Scheme	10,924,137	13.40%
Conegate Limited	9,000,690	11.04%

Payment of Suppliers

The BCFC group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with each supplier when details of each transaction are settled. The BCFC group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

Transfer fees and similar transactions are such that any calculation of the number of creditor days inclusive of these balances would prove meaningless. However, creditor days excluding transfer fees for the BCFC group at 31 August 2008 were 67 days (2007: 60 days).

Employees

The BCFC group places considerable value on the involvement of its employees and recognises the importance of good communication within the workplace. It is the BCFC group's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable. The quality and commitment of our people plays a major role in our business success. This has been demonstrated in many ways with them showing flexibility in adapting to changing business requirements and new ways of working. Employees' performance is aligned to BCFC group goals through an annual performance review process that is carried out with all employees.

Staff costs

	BCFC Group	
	Restated	
	2008	2007
	<i>£'000</i>	<i>£'000</i>
Wages, salaries and signing on fees	23,956	18,831
Social security costs	2,668	2,091
	<u>26,624</u>	<u>20,922</u>

The average monthly number of persons employed by the BCFC Group, including directors:

	BCFC Group	
	Restated	
	2008	2007
	<i>No.</i>	<i>No.</i>
Playing staff	48	47
Training staff	22	20
Training ground staff	18	18
Commercial and fund raising	24	21
Shop	8	9
Administration and other	26	24
	<u>146</u>	<u>139</u>

In addition, the BCFC Group also employs approximately 398 temporary staff on match days (2007: 363), the cost of which is included in the staff costs above. BCFC has no employees or staff costs.

Directors' remuneration

	BCFC Group	
	2008	Restated 2007
	<i>£'000</i>	<i>£'000</i>
Aggregate directors' emoluments	973	1,361
Highest paid director	346	485

The BCFC Group has not made any contributions to directors' personal pension arrangements in the year (2007: £Nil).

Aggregate directors' emoluments include £22,000 (2007: £52,000) paid to Sport Newspapers Limited for Roger Bannister, £265,000 (2007: £485,000) paid to Roldvale Limited for David Sullivan, and £265,000 (2007: £485,000) paid to Gold Group International Limited in respect of David and Ralph Gold.

In addition to the emoluments, during the previous year, 750,000 11 pence share options were exercised. The gain recognised on the exercise of these share options was £nil at 31st August 2008 (2007: £217,500). No options have been exercised in the current year.

Charge of Assets

Land and Buildings of the BCFC Group were pledged as security for banking facilities of £7,000,000 as at 31 August 2008.

Future Plan

The Club is undertaking scheduled major work on the Main Stand during 2008/2009 costing in the region of £1.3m; this will involve a complete restructuring of the Stand and refurbishment of the Wiseman, Captains Club and Trevor Francis areas. In continuing with its strategy of improving facilities within the Stadium, the Board has sanctioned the installation of under-soil heating to the pitch at the end of the current season.

Gearing Ratio

As at 31 August 2008, the BCFC Group's gearing ratio (total non current liabilities to total equity) was approximately 55.82%.

Going Concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the BCFC and the BCFC group have adequate resources to continue in operational existence for the foreseeable future.

BCFC Group management have prepared cash flow forecasts to 31 December 2009 based on a worst case scenario of the club not obtaining promotion to the premier league. The forecasts include certain assumptions that there are no significant net player signing costs. In common with the majority of other football clubs, the current economic conditions create uncertainty, particularly over the attendance levels with potential implications on actual levels of revenues and cash generation. The BCFC group's trading and forecasts take into account a range of possible changes in trading performance and show that the BCFC group should be able to operate within the existing facilities. The BCFC group have held discussions with its bankers about its future requirements and no matters have been drawn to its attention to suggest renewal may not be forthcoming on acceptable terms.

For this reason, they continue to prepare the financial statements on a going concern basis.

(iii) For the year ended 31 August 2007***Financial and Operating Review***

Turnover for the year to 31 August 2007 was £25m, down 38% on the 2006 figure (£40m) with the loss on ordinary activities before taxation at £6.5m (2006: profit £2.6m). This largely reflects relegation to the Championship and the consequent material impact on turnover and profits which we forecasted at the half year.

During this year Grandtop International Holdings ("GIH") purchased 29.9% (24,375,975 shares) of the BCFC's share capital from the club's directors: David Sullivan, David Gold, Ralph Gold, Roger Bannister and Karren Brady. As shareholders are aware, discussions are continuing with GIH which may or may not lead to a cash offer for the BCFC; however, at the time of writing this report

it seems unlikely that this will happen before the end of 2007. In the event that no general offer is made for the BCFC, the board of the club wish to assure all shareholders that they are fully committed to running the business and taking it forward, as they have done since 1993.

Plans to redevelop St Andrews continue with enthusiasm and with the commitment of Birmingham City Council, with whom the club has an excellent relationship. The redevelopment works at the Training Ground are now complete providing upgraded facilities for all age groups at the club ranging from the Under 9's to the First Team. We experienced a number of problems with the St Andrews pitch during the year which resulted in the complete relaying of the surface. Thanks to the groundsman and his team's effort and hard work this has successfully eradicated the surface and drainage problems. For the last twelve months the combined expenditure on the Ground and Training facilities stands in excess of £2m.

Results and Dividends

The BCFC group loss on ordinary activities before taxation amounted to £6,518,000 (2006: profit £2,633,000).

The BCFC is unable to pay a dividend as it does not have available distributable reserves.

Key performance indicators (KPI's)

Key performance indicators are used to measure and evaluate BCFC Group performance against targets and monitor various activities throughout the BCFC. The main key performance indicators employed in the BCFC are:

- Revenue levels (football related and other)
- Profit/(loss) levels (gross and net)
- Staff costs (player related and other)
- Attendance levels
- Average ticket prices
- Levels of net debt.

The BCFC Board monitor these on a quarterly basis.

Principal Risks and Uncertainties

Relegation to the Football League Championship is a risk all Premiership Clubs face. The Board have taken measures to prepare for the reduction in revenue following relegation. The Chairman's Statement and the Managing Director's Review comment on this and what the Board are trying to achieve.

The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the Manager in improving the playing squad, the BCFC Board is mindful of the pitfalls that are inherent in this area of the business. The aim is therefore to manage these costs whilst being as competitive as possible within the club's financial constraints.

Risks are also reported on by the FA Premier League and Football League at meetings of their representatives with League clubs. Club management regularly attend meetings which cover club secretarial, financial, commercial and health and safety issues.

Financial Instruments

The BCFC group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The BCFC group does not have material exposures in any of the areas identified above and, consequently does not use derivative instruments to manage these exposures.

The BCFC group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the BCFC group's financial instruments can be analysed as follows:

Price risk

The BCFC group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The BCFC group has no significant exposure in its trading operations to the risk of changes in foreign currency exchange rates.

Credit risk

The BCFC group's principal financial assets are bank balances, cash, and trade debtors.

The BCFC group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the BCFC group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The BCFC has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The BCFC group's policy has been to ensure continuity of funding through operating within its overdraft facility and to match borrowing against the useful life of assets purchased.

Environment

The BCFC group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the BCFC group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Directors and their Interest in the Share Capital

The current executive and non-executive directors are set out on page 2.

The interests of the directors who served during the year, in the ordinary share capital of the BCFC at 31 August 2007 were as follows:

	31 August 2007			31 August 2006		
	Number	% of Issued Share Capital	Options	Number	% of Issued Share Capital	Options
David Sullivan*	18,924,827	23.22	—	31,000,690	38.39	—
Karren Brady	438,125	0.54	—	16,000	0.02	685,000
Roger Bannister	87,626	0.11	—	16,000	0.02	185,000
David and Ralph Gold**	18,924,827	23.22	—	31,000,690	38.39	—
Michael Wiseman	20,000	0.02	—	20,000	0.02	—

* Shares are held by Roldvale and Associated Pension Scheme, of which David Sullivan is a beneficiary; and Conegate Limited, a company in which David Sullivan is a director and shareholder.

** Shares are held by Gold Group International Limited, a company in which David Gold and Ralph Gold are directors and shareholders.

Share Options

Directors' interests in the approved and unapproved share option schemes are as follows:

	Exercise Price	Options held 31 August 2006	Options (Lapsed) Granted in year	Exercised	Options held 31 August 2007	Expiry Date
Approved Scheme						
K Brady	20.5p	60,000	(60,000)	—	—	06.05.2007
R Bannister	20.5p	60,000	(60,000)	—	—	06.05.2007
Unapproved Scheme						
K Brady	11.0p	500,000	—	(500,000)	—	06.04.2010
	20.5p	125,000	(125,000)	—	—	06.03.2007
	11.0p	—	125,000*	(125,000)	—	06.04.2011
R Bannister	20.5p	125,000	(125,000)	—	—	06.03.2007
	11.0p	—	125,000*	(125,000)	—	06.04.2011

* Granted 7 March 2007.

At 31 August 2007 the market price of the shares was 42.0 pence per share. During the year the shares traded between a low of 16.0 pence and a high of 50.0 pence. The share options lapsed and granted during the year are listed in the above table. As at 19 December 2007 no further share options have been granted to or exercised by the BCFC directors.

Substantial Shareholders' Interests

Apart from the shareholding listed below, the BCFC directors are not aware of any party interested in 3% or more of the issued ordinary share capital of the BCFC at 19 December 2007.

Name	Number of Shares	Percentage
Gold Group International Limited	18,924,827	23.22
Roldvale Pension Scheme	10,924,137	13.41
Conegate Limited	8,000,690	9.81
Grandtop International Holdings Limited	24,375,975	29.91

Payment of Suppliers

The BCFC group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with each supplier when details of each transaction are settled. The BCFC group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

Transfer fees and similar transactions are such that any calculation of the number of creditor days inclusive of these balances would prove meaningless. However, creditor days excluding transfer fees for the BCFC group at 31 August 2007 were 60 days (2006: 69 days).

Employees

The BCFC group places considerable value on the involvement of its employees and recognises the importance of good communication within the workplace.

It is the BCFC group's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable.

The quality and commitment of our people plays a major role in our business success. This has been demonstrated in many ways with them showing flexibility in adapting to changing business requirements and new ways of working. Employees' performance is aligned to BCFC group goals through an annual performance review process that is carried out with all employees.

Staff costs

	BCFC Group	
	2007	2006
	<i>£'000</i>	<i>£'000</i>
Staff costs, including directors, during the year were made up as follows:		
Wages, salaries, signing on fees	19,118	24,478
Social security costs	2,091	2,319
	21,209	26,797
	21,209	26,797

The average monthly number of persons, including directors, employed by the BCFC Group during the year was as follows:

	BCFC Group	
	2007	2006
	<i>No.</i>	<i>No.</i>
Playing staff	47	59
Training staff	20	18
Training ground staff	18	17
Commercial and fund raising	21	21
Shop	9	10
Administration and other	24	25
	<u>139</u>	<u>150</u>

The BCFC Group also employs approximately 363 temporary staff on match days (2006: 376).

BCFC has no employees.

Directors' remuneration:

	BCFC Group	
	2007	2006
	<i>£'000</i>	<i>£'000</i>
Aggregate directors' emoluments	<u>1,361</u>	<u>536</u>
Highest paid director	<u>485</u>	<u>184</u>

The BCFC Group has not made any contributions to directors' personal pension arrangements in the year. (2006: None).

Aggregate directors' emoluments include £52,000 paid to Sport Newspapers Limited for Roger Bannister, £485,000 paid to Roldvale Limited for David Sullivan, and £485,000 paid to Gold Group International Limited in respect of David and Ralph Gold.

In addition to the emoluments, during the year 750,000 11p share options were exercised (2006: £Nil). The gain recognised on the exercise of share options was £217,500 at 31st August 2007 (2006: £Nil).

Charge of Assets

Land and Buildings of the BCFC Group were pledged as security for banking facilities of £5,000,000 as at 31 August 2007.

Future Plan

Plans to redevelop St Andrews continue with enthusiasm and with the commitment of Birmingham City Council, with whom the Club has an excellent relationship. The redevelopment works at the Training Ground are now complete providing upgraded facilities for all age groups at the Club ranging from the Under 9's to the First Team. We experienced a number of problems with the St Andrews pitch during the year which resulted in the complete relaying of the surface.

Gearing Ratio

As at 31 August 2007, the BCFC Group's gearing ratio (total non current liabilities to total equity) was approximately 48.73%

Going Concern

After making enquiries, the BCFC directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the BCFC and the BCFC group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to prepare the financial statements on a going concern basis.

A. ACCOUNTANTS' REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited.



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The Board of Directors
Birmingham International Holdings Limited
Unit 3008
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Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

26 February 2010

Dear Sirs,

We set out below our report on the consolidated financial information of Birmingham City Plc (“BCFC”) and its subsidiary (collectively referred to as the “BCFC Group”) for each of the three years ended 31 August 2007, 2008 and 2009 (the “Relevant Years”), prepared on the basis set out in Note 2 of Section C below, for inclusion in the supplemental circular of the Company dated 26 February 2010 (the “Circular”) in relation to the circular issued by Birmingham International Holdings Limited (formerly known as Grandtop International Holdings Limited) (the “Company”) on 14 September 2009 relating to, inter alia, the Company’s offer to acquire all the issued share capital of BCFC.

BCFC was incorporated in the United Kingdom on 14 January 1997 with the registered office at St. Andrew’s Stadium, Birmingham, B9 4NH. During the Relevant Years, BCFC’s shares are quoted on the Alternative Investment Market (“AIM”) of London Stock Exchange and it owns a Premier League football club, Birmingham City Football Club Plc which was incorporated in the United Kingdom on 22 August 1888. Up to the date of this report, BCFC becomes a subsidiary of the Company, a company 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 directors of BCFC consider the Company as its ultimate holding company at the date of this report.

The consolidated financial statements of the BCFC Group for the Relevant Years, which were prepared in accordance with the International Financial Reporting Standards (“IFRSs”), were jointly audited by Edwards, and Grant Thornton UK LLP for the years ended 31 August 2007 and 2008 and were jointly audited by Edwards, and Horwath Clark Whitehill LLP for the year ended 31 August 2009. These consolidated financial statements of the BCFC Group prepared under IFRSs are referred as the Underlying Financial Statements.

We have, for the purpose of this report, carried out the appropriate audit procedures in respect of the Underlying Financial Statements for the Relevant Years, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The financial information and the notes thereto for the Relevant Years (the “Financial Information”) as set out on pages 35 to 59 have been prepared based on the Underlying Financial Statements of the BCFC Group and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. For the purpose of this report, we have examined the Financial Information of the BCFC Group and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 “Prospectus and the reporting accountant” issued by the HKICPA.

The directors of BCFC are responsible for the preparation of the Underlying Financial Statements which give a true and fair view in accordance with IFRSs and the Financial information which gives a true and fair view in accordance with HKFRSs. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Financial Information and the Underlying Financial Statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the BCFC Group as at 31 August 2007, 2008 and 2009 and the consolidated results and cash flows of the BCFC Group for each of the Relevant Years.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 of Section C which indicates that the BCFC Group reported consolidated net current liabilities as at 31 August 2007, 2008 and 2009 and consolidated net liabilities as at 31 August 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the BCFC Group's ability to continue as a going concern. The Financial Information has been prepared on a going concern basis, the validity of which depends upon the measures undertaken by the BCFC Group to improve its working capital.

B. FINANCIAL INFORMATION

The Financial Information of the BCFC Group has been prepared on the basis set out in Note 2 of Section C, after making such adjustments as are appropriate.

Consolidated Income Statements

	<i>Notes</i>	For the years ended 31 August		
		2009	2008	2007
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	6	27,509	49,836	25,039
Operating expenses		<u>(7,066)</u>	<u>(7,727)</u>	<u>(6,196)</u>
Profit from operations before player amortisation and profit on sale of players		20,443	42,109	18,843
Player amortisation	12	(11,427)	(13,975)	(8,170)
Profit on sale of players' registrations		1,685	5,530	7,769
Administrative expenses		(29,777)	(29,280)	(24,338)
Bank interest income		23	30	62
Finance costs	7	<u>(1,047)</u>	<u>(118)</u>	<u>(800)</u>
(Loss)/profit before taxation	8	(20,100)	4,296	(6,634)
Taxation	10	<u>911</u>	<u>(1,700)</u>	<u>1,889</u>
(Loss)/profit attributable to equity shareholders		<u><u>(19,189)</u></u>	<u><u>2,596</u></u>	<u><u>(4,745)</u></u>
(Loss)/earnings per share				
— Basic and diluted (pence per share)	11	<u><u>(23.54p)</u></u>	<u><u>3.19p</u></u>	<u><u>(5.87p)</u></u>

Consolidated Balance Sheets

	<i>Notes</i>	As at 31 August		
		2009	2008	2007
		<i>£000</i>	<i>£000</i>	<i>£000</i>
ASSETS AND LIABILITIES				
Non-current assets				
Intangible assets	12	20,207	17,470	25,206
Property, plant and equipment	13	13,101	12,891	13,138
Deferred tax asset	21	—	203	789
		<u>33,308</u>	<u>30,564</u>	<u>39,133</u>
Current assets				
Inventories	14	328	612	555
Trade and other receivables	15	7,425	12,187	13,825
Cash and cash equivalents		<u>1,297</u>	<u>4,895</u>	<u>3,905</u>
		9,050	17,694	18,285
Current liabilities				
Trade and other payables	16	20,985	17,073	22,737
Interest bearing loans and borrowings	18	1,466	942	113
Income tax payable		—	1,114	—
Deferred income		21,607	11,836	21,156
Deferred capital grants	19	60	57	57
Provisions	20	<u>2,438</u>	<u>2,154</u>	<u>—</u>
		46,556	33,176	44,063
Net current liabilities		(37,506)	(15,482)	(25,778)
Total assets less current liabilities		(4,198)	15,082	13,355
Non-current liabilities				
Preference shares	17	18	18	18
Interest bearing loans and borrowings	18	1,368	861	981
Deferred income		—	541	1,233
Deferred capital grants	19	<u>1,965</u>	<u>2,022</u>	<u>2,079</u>
		<u>3,351</u>	<u>3,442</u>	<u>4,311</u>
Net (liabilities)/assets		<u>(7,549)</u>	<u>11,640</u>	<u>9,044</u>
Capital and reserves				
Issued share capital	23	8,150	8,150	8,150
Reserves		<u>(15,699)</u>	<u>3,490</u>	<u>894</u>
Total (deficit)/equity		<u>(7,549)</u>	<u>11,640</u>	<u>9,044</u>

Consolidated Cash Flow Statements

	For the years ended 31 August		
	2009 £000	2008 £000	2007 £000
Cash flows from operating			
(Loss)/profit before taxation	(20,100)	4,296	(6,634)
Adjustments for:			
Amortisation of intangible assets	11,427	13,975	8,170
Amortisation of deferred capital grant	(54)	(57)	(57)
Depreciation on property, plant and equipment	584	568	543
Profit on sale of players' registrations	(1,685)	(5,530)	(7,769)
Profit on disposal of property, plant and equipment	(2)	—	(2)
Interest income	(23)	(30)	(62)
Interest expenses	1,047	118	800
Operating cashflow before working capital changes	(8,806)	13,340	(5,011)
Decrease/(increase) in inventories	284	(57)	(195)
Decrease/(increase) in receivables	4,762	1,645	(2,362)
(Decrease)/increase in trade and other payables, deferred income and provisions	13,426	(13,522)	18,975
Net cash inflow from operations	9,666	1,406	11,407
Interest received	23	30	62
Interest paid	(1,047)	(118)	(800)
Tax (paid)/refund	—	(7)	911
Net cash inflow from operations	8,642	1,311	11,580
Cashflow from investing activities			
Acquisition of property, plant and equipment	(794)	(341)	(1,162)
Proceeds from sale of property, plant and equipment	2	20	12
Acquisition of players' registrations	(14,164)	(12,145)	(20,533)
Proceeds from sale of players' registrations	1,685	11,436	8,903
Net cash outflow from investing activities	(13,271)	(1,030)	(12,780)
Cashflows from financing activities			
Proceeds from issue of share capital	—	—	83
Capital repayments of borrowings	(150)	(110)	(122)
New loans	2,000	—	836
Net cash inflow/(outflow) from financing activities	1,850	(110)	797
Net (decrease)/increase in cash and cash equivalents	(2,779)	171	(403)
Cash and cash equivalents at beginning of year	4,076	3,905	4,308
Cash and cash equivalents at end of year	1,297	4,076	3,905
Represented by:			
Cash in hand and at bank	1,297	4,895	3,905
Bank overdraft	—	(819)	—
	1,297	4,076	3,905

Consolidated Statements of Changes in Equity

	Share capital £000	Share premium £000	Revaluation reserve £000	Merger reserve £000	Accumulated losses £000	Total equity £000
1 September 2006	8,067	10,081	313	(2,539)	(2,216)	13,706
Loss for the year	—	—	—	—	(4,745)	(4,745)
Issue of shares	83	—	—	—	—	83
At 31 August 2007	8,150	10,081	313	(2,539)	(6,961)	9,044
Profit for the year	—	—	—	—	2,596	2,596
At 31 August 2008	8,150	10,081	313	(2,539)	(4,365)	11,640
Loss for the year	—	—	—	—	(19,189)	(19,189)
At 31 August 2009	<u>8,150</u>	<u>10,081</u>	<u>313</u>	<u>(2,539)</u>	<u>(23,554)</u>	<u>(7,549)</u>

C. NOTES TO THE FINANCIAL INFORMATION**1. Organisation and operations**

Birmingham City plc ("BCFC") is a company domiciled in the United Kingdom. The address of BCFC's registered office is located at St Andrew's Stadium, Birmingham B9 4NH. The ultimate holding company of the BCFC as at the date of this report is Birmingham International Holdings Limited (formerly known as Grandtop International Holdings Limited) (the "Company"), a company incorporated in the Cayman Islands as an exempted company with limited liability and has its registered office at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business at Unit 3008, 30/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2. Basis of preparation and presentation

The Financial Information set out in this report has been prepared in accordance with the accounting principles generally accepted in Hong Kong and complied with all applicable HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations). Certain new or revised HKFRSs published but are effective for financial years beginning on or after 1 September 2009 have not been early adopted (Note 3). The principal accounting policies applied in the preparation of the Financial Information are set out in Note 4 below. These policies have been consistently applied to all the years presented. HKFRS 1 "First-time adoption of Hong Kong Financial Reporting Standards" has been applied in preparing the Financial Information.

These are the BCFC Group's first financial statements prepared in accordance with HKFRSs. There are no adjustments for the financial statements between the International Financial Reporting Standards ("IFRSs") and HKFRSs.

The Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

The Financial Information is presented in Pound sterling ("£"), which is the same as the functional currency of the BCFC and its subsidiary (collectively referred to as the "BCFC Group").

Group management have prepared cash flow forecasts to August 2011 based on the club retaining its Premier League status. The forecasts include certain assumptions that there are no significant net player signing costs. In common with the majority of other football clubs, the current economic conditions create uncertainty, particularly over the attendance levels with potential implications on actual levels of revenues and cash generation. The parent undertaking has indicated that funds will be made available to enable the Group to trade within its existing facilities. The Group have held discussions with its bankers and other financiers about its future requirements and no matters have been drawn to its attention to suggest renewal may not be forthcoming on acceptable terms.

In addition, Mr. Yeung Ka Sing, Carson, the substantial shareholder of the Company and the Group, will provide sufficient financial resources to the Company and the Group so as to enable the Company and the Group to meet its liabilities as they fall due and carry out on the business without a significant curtailment of operations. The directors reasonably expect that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to prepare the financial statements on a going concern basis.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

The BCFC Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of BCFC anticipate that the application of these Standards or Interpretations relevant to the BCFC Group will have no material impact on the Financial Information of the BCFC Group.

- HKAS 1 (Revised) — Presentation of financial statements
- HKAS 16 (Amendment) — Property, plant and equipment
- HKAS 23 (Revised) — Borrowing costs
- HKAS 28 (Amendment) — Investments in associates
- HKAS 32 (Amendment) — Financial instruments: presentation
- HKAS 36 (Amendment) — Impairment of assets
- HKAS 39 (Amendment) — Financial instruments: Recognition and measurement
- HKAS 40 (Amendment) — Investment property
- HKFRS 7 (Amendment) — Financial instruments: disclosures
- HKFRS 8 — Operating segments

4. Summary of significant accounting policies

(a) *Basis of preparation and presentation*

The Financial Information has been prepared on the historical cost basis.

(b) *Consolidation*

The financial statements of the subsidiary are included in the Financial Information from the date that control commences until the date that control ceases. Intra group balances and intra group transactions are eliminated on consolidation.

(c) *Subsidiary*

A subsidiary is an entity in which BCFC is able to exercise control. Control is achieved where BCFC, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits for its activities. In assessing control, potent voting rights that presently are exercisable are taken into account.

(d) *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement, to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis, over their estimated useful lives as follows:

Freehold land	—	Not depreciated
Freehold buildings	—	50 years
Long leasehold improvements	—	Shorter of lease or 50 years
Fixtures and equipment	—	Between 3 and 5 years
Motor vehicles	—	5 years

(e) *Intangible assets*

(i) *Acquired players' registrations*

The costs associated with the acquisition of players' registrations are initially recorded at their fair value at the date of acquisition. These costs are fully amortised over the period of the respective players' contracts, being between 1 and 5 years. A provision is made in accruals, where in management's opinion, the club is likely to achieve promotion to the premiership league or retain premiership status or where a player is likely to achieve a contractually agreed number of first team appearances. Where the outcome of this is uncertain, the maximum amount payable is disclosed as a contingent liability.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player no longer remains an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the balance sheet if, at any time it is considered that the carrying amount of a registration will be recovered principally through a sale. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges still need to be made if applicable.

(ii) *Amortisation*

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date.

(f) *Taxation*

Tax on the results for each period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(g) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is based on the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

(h) *Financial instruments*

Financial assets and liabilities are recognised on the BCFC Group's balance sheet when the BCFC Group becomes party to the contractual provisions of the instrument.

Financial assets

The BCFC Group's financial assets relate to trade and other receivables and cash and cash equivalents. Trade and other receivables are classified as loans and receivables and are measured initially at fair value plus transaction costs and are carried subsequently at amortised cost under the effective interest method, less provision for any impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement. There are no financial assets classified as fair value through profit and loss or as held to maturity or available for sale.

All financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is evidence that a loss event has occurred and that estimated future cash flows of the financial asset have been impacted. Objective evidence of impairment for a portfolio of receivables could include the BCFC Group's past experience of collecting payments, an increase in the delayed number of payments in the portfolio and the average credit period, as well as observed changes in the national or local economic conditions that correlate with default on receivables.

Financial liabilities

Financial liabilities which includes interest bearing loans and borrowings and trade and other payables are measured initially at fair value net of transaction costs under the effective interest method and thereafter at amortised cost. Finance charges are accounted for on an accruals basis in the consolidated income statement using the effective interest method.

Derivative financial instruments

The BCFC Group uses derivative financial instruments to hedge its exposure to interest rates by using an interest rate swap on its variable rate bank loan advanced since 2006.

The BCFC Group does not apply hedge accounting and has recognised the fair value attributable to the derivative financial instrument for the Relevant Years. Further disclosure is made in Note 22. The BCFC Group does not use any other derivative financial instruments.

(i) *Grants*

Grants and donations received in respect of safety work and ground developments are credited to deferred capital grants and are released to the profit or loss over the anticipated useful life of the assets to which they relate. Football Trust grants received are released to the profit or loss as the related expenditure is incurred.

(j) Revenue recognition

Revenue represents income arising from sales to third parties, and excludes transfer fees receivable and value added tax.

- (i) Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played.
- (ii) Fixed elements of FA Premier League central broadcasting contracts are recognised on a time basis over the duration of the football season. Appearance fees are accounted for as earned. The merit based payment in respect of the position achieved in the league table is recognised at the end of the league season, when the final league position is known. The FA Premier League 20th place award is recognised over the duration of the football season, as this is guaranteed.
- (iii) Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate, based on the terms of the contract.
- (iv) Catering revenues are recognised on an earned basis.
- (v) Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

(k) Expenses***Operating lease payments***

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense on the same basis.

(l) Leased assets

The BCFC Group does not have any obligations under finance leases.

Rentals payable under operating leases are charged to the profit or loss as incurred.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(n) Signing on fees and image rights

Signing on fees and image rights are charged, on a straight-line basis, to the income statement over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

(o) *Deferred income*

Deferred income comprises amounts received from capital grants, sponsorship and season ticket income. Capital grants are released to the income statement on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the income statement on a straight-line basis over the period to which it relates.

(p) *Employee benefits — Pensions*

Eligible employees of the BCFC Group are members of the Football League Limited Pensions and Life Assurance Scheme. The BCFC Group does not make contributions to the scheme. The assets and liabilities of the scheme are managed independently of the BCFC Group and therefore do not form part of this Financial Information.

(q) *Impairment of non-current assets*

All non-current assets are assessed annually for indications of impairment. Where such indicators exist, the recoverable amount is measured and any impairment loss is charged to the income statement. The impairment is considered based on future cash flow generation and the players marketable values.

(r) *Segment reporting*

A segment is a distinguishable component of the BCFC Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of the other segments.

5. Critical accounting judgements and key sources of estimates of uncertainty

The preparation of the Financial Information in accordance with HKFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense, which may differ from actual results.

There are no critical accounting judgements. The key sources of estimates of uncertainty that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are identified below:

Player transfer costs

Management have to make certain judgements as to whether a liability should be recognised under the terms of the contracts with other football clubs in respect of player transfers. These judgements include whether in management's opinion, at the balance sheet date, the BCFC Group is likely to achieve promotion to the premiership, or once promoted retain premier league status in the next season. It also requires certain judgements as to whether a player will continue to make the contractually agreed number of first team appearances. Based on these judgements, management decide on an individual player by player basis as to whether the liability is disclosed as a contingent liability in Note 25 or whether it becomes recognised as a liability in trade payables on the balance sheet.

Intangible assets — acquired player registrations

Management consider the recoverability of the acquired player registrations held on the balance sheet based on current estimated fair values. Management considers the economic life of the intangible assets to be between 1 to 5 years, based on the respective players' contracts. These are reviewed annually on a player by player basis to determine whether there are indicators of an impairment. Determining whether the intangible asset should be impaired at the balance sheet date, is based on management's judgement of whether the player will no longer remain an active member of the playing squad and an assessment of the league that the club will be playing in.

Deferred tax asset

Deferred tax is accounted for on temporary timing differences using the liability method. Management considers it reasonable to recognise deferred tax assets attributable to unused tax losses based on future profit projections.

Value added tax ("VAT") tribunal over agents fees

During the year ended 31 August 2009, HM Revenue & Customs issued assessments for repayment of £967,000 (2008 and 2007: £576,000) of input VAT previously recovered, which relates to payments made under the contractual arrangements between the BCFC Group and certain football agents. An estimate of the potential maximum liability to 31 August 2009 is £2,438,000 (Note 20) (2008: £827,000; 2007: unprovided and disclosed as a contingent liability of £820,000 (Note 25)). A VAT tribunal decision published in May 2007 found some individual cases in favour of the BCFC Group and some against. The BCFC Group considers the VAT concerned has been properly recovered and, accordingly, an appeal has been lodged against the tribunal decision. The BCFC Group still firmly believes that they have a strong case following the recent outcome of the Redrow case, but has decided to make a provision within these Financial Information. The BCFC Group awaits the outcome of the appeal. Further amounts totalling £1,611,000 (2008: £827,000) (Note 20) have been provided during the year ended 31 August 2009 in relation to tax in respect of this issue, as well as interest on the tax and VAT.

6. Revenue and segment information

The BCFC Group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, in the United Kingdom, and accordingly no additional geographical segmental information is required to be provided. A voluntary analysis of the revenue streams is given below to assist with an understanding of the business.

	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Matchday	5,314	7,385	7,429
Media			
— F.A. and F.L. distributions	6,557	13,536	3,950
— Television and radio coverage	9,250	18,956	6,701
Commercial	6,388	9,959	6,959
	<u>27,509</u>	<u>49,836</u>	<u>25,039</u>

Revenue streams comprise:

- Matchday — season and matchday tickets.
- Media — television and broadcasting income, including FA and League distributions, distributions from the FA Premier League broadcasting agreements, cup competitions and local radio.
- Commercial — sponsorship income, merchandising, conference and banqueting and other sundry revenue.

7. Finance costs

	2009 £000	2008 £000	2007 £000
Interest on borrowings:			
— repayable within five years	141	206	165
— repayable after five years	—	60	31
	<u>141</u>	<u>266</u>	<u>196</u>
Notional interest on player registrations	397	(148)	604
Interest on agents' fees tax liability (Note 20)	509	—	—
	<u>1,047</u>	<u>118</u>	<u>800</u>

8. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after (crediting) and charging the following:

	2009 £000	2008 £000	2007 £000
Other operating income — release of capital grants	(54)	(57)	(57)
Finance income — bank interest income	(23)	(30)	(62)
Staff costs (Note 9)	27,099	26,624	20,922
Depreciation of property, plant and equipment	584	568	543
Profit on disposal of property, plant and equipment	(2)	—	(2)
Operating leases — property	84	84	84
— other	142	138	140
	<u>142</u>	<u>138</u>	<u>140</u>

Auditors' remuneration:

	2009 £000	2008 £000	2007 £000
Audit of consolidated financial statements	13	13	9
Fees receivable by the auditors and their associates in respect of other services:			
— Audit of subsidiaries pursuant to legislation	14	14	16
— Other fees relating to taxation	5	31	5
	<u>32</u>	<u>58</u>	<u>30</u>

9. Staff costs

	2009 £000	2008 £000	2007 £000
Wages, salaries and signing on fees	23,311	23,956	18,831
Social security costs	3,788	2,668	2,091
	<u>27,099</u>	<u>26,624</u>	<u>20,922</u>

Directors' remuneration

	2009 £000	2008 £000	2007 £000
Aggregate directors' emoluments	1,046	973	1,361
Highest paid director	466	346	485

The BCFC Group has not made any contributions to directors' personal pension arrangements in the year ended 31 August 2009 (2008 and 2007: £nil).

During the year ended 31 August 2009, the aggregate directors' emoluments include £nil (2008: £22,000 and 2007: £52,000) paid to Sport Newspapers Limited for Roger Bannister, £280,000 (2008: £265,000 and 2007: £485,000) paid to Roldvale Limited for David Sullivan, and £280,000 (2008: £265,000 and 2007: £485,000) paid to Gold Group International Limited in respect of David and Ralph Gold.

In addition to the emoluments, no options were exercised during the Respective Years.

Five highest paid individuals

All five individuals whose emoluments were the highest in the BCFC Group for the Relevant Years are employees other than directors. The emoluments payable to the five individuals during the Relevant Years are as follows:

	2009 £'000	2008 £'000	2007 £'000
Salaries and other benefits	5,205	5,712	5,530

During the Relevant Years, no emoluments were paid by the BCFC Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the BCFC Group or as compensation for loss of office.

None of the directors waived any emoluments during the Relevant Years.

10. Taxation

	2009 £000	2008 £000	2007 £000
Continuing operations			
Corporation tax (credit)/charge at 28% (2008 and 2007: 30%)	(1,114)	1,114	(911)
Deferred tax charge/(credit) (<i>Note 21</i>)	203	586	(978)
Total tax (credit)/charge	(911)	1,700	(1,889)

Factors affecting the tax (credit)/charge for the Relevant Years:

	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Tax reconciliation:</i>			
(Loss)/profit before taxation	<u>(20,100)</u>	<u>4,296</u>	<u>(6,634)</u>
(Loss)/profit multiplied by standard rate of 28% (2008 and 2007: 30%)	(5,628)	1,289	(1,990)
Expenses not deductible for tax purposes	281	398	20
Accelerated depreciation allowances	147	7	—
Excess of depreciation charge over capital allowances	203	50	89
Creation/(use) of tax losses brought forward	5,127	(52)	53
Tax losses carried back	(1,041)	—	—
Clawback/(roll-over) of tax relief for amortisations of players with rollover relief	<u>—</u>	<u>8</u>	<u>(61)</u>
Total tax (credit)/charge	<u>(911)</u>	<u>1,700</u>	<u>(1,889)</u>

Factors that may affect future tax charges

The BCFC Group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

As at 31 August 2009, the BCFC Group has trading losses of £14,741,000 (2008: £nil and 2007: £2,661,000) to carry forward and use against future trading profits for three years since the respective incurrence.

11. (Loss)/earnings per share

	For the year ended 31 August		
	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
The (loss)/earnings per ordinary share have been calculated as follows:			
(Loss)/profit on ordinary activities after taxation	<u>(19,189)</u>	<u>2,596</u>	<u>(4,745)</u>
Basic and diluted	<i>No.</i>	<i>No.</i>	<i>No.</i>
Weighted average number of ordinary shares in issue during the year	<u>81,505,000</u>	<u>81,505,000</u>	<u>80,849,520</u>

The weighted average numbers of shares in issue is the same for both the basic and diluted (loss)/earnings per share as no dilutive event exists during the Relevant Years.

12. Intangible assets

	Players' registrations <i>£000</i>
Cost:	
At 1 September 2006	28,418
Additions	20,533
Disposals	(10,796)
	<hr/>
At 31 August 2007	38,155
Additions	12,145
Disposals	(16,837)
	<hr/>
At 31 August 2008	33,463
Additions	14,164
Disposals	(5,564)
	<hr/>
At 31 August 2009	42,063
	<hr/> <hr/>
Amortisation:	
At 1 September 2006	14,441
Charge for the year	8,170
Eliminated on disposals	(9,662)
	<hr/>
At 31 August 2007	12,949
Charge for the year	13,975
Eliminated on disposals	(10,931)
	<hr/>
At 31 August 2008	15,993
Charge for the year	11,427
Eliminated on disposal	(5,564)
	<hr/>
At 31 August 2009	21,856
	<hr/> <hr/>
Net book value:	
At 31 August 2009	20,207
	<hr/> <hr/>
At 31 August 2008	17,470
	<hr/> <hr/>
At 31 August 2007	25,206
	<hr/> <hr/>

13. Property, plant and equipment

	Freehold land and buildings £000	Long leasehold improvements £000	Fixtures and equipment £000	Motor vehicles £000	Total £000
Cost:					
At 1 September 2006	12,933	1,799	3,198	109	18,039
Additions	47	828	177	110	1,162
Disposals	—	—	(19)	—	(19)
At 31 August 2007	12,980	2,627	3,356	219	19,182
Additions	—	42	192	107	341
Disposals	—	—	—	(48)	(48)
At 31 August 2008	12,980	2,669	3,548	278	19,475
Additions	134	51	609	—	794
Disposals	—	—	(9)	—	(9)
At 31 August 2009	<u>13,114</u>	<u>2,720</u>	<u>4,148</u>	<u>278</u>	<u>20,260</u>
Depreciation:					
At 1 September 2006	2,634	139	2,682	55	5,510
Disposals	—	—	(9)	—	(9)
Charge for the year	260	49	213	21	543
At 31 August 2007	2,894	188	2,886	76	6,044
Disposals	—	—	—	(28)	(28)
Charge for the year	259	53	208	48	568
At 31 August 2008	3,153	241	3,094	96	6,584
Disposals	—	—	(9)	—	(9)
Charge for the year	260	54	223	47	584
At 31 August 2009	<u>3,413</u>	<u>295</u>	<u>3,308</u>	<u>143</u>	<u>7,159</u>
Net book value:					
At 31 August 2009	<u>9,701</u>	<u>2,425</u>	<u>840</u>	<u>135</u>	<u>13,101</u>
At 31 August 2008	<u>9,827</u>	<u>2,428</u>	<u>454</u>	<u>182</u>	<u>12,891</u>
At 31 August 2007	<u>10,086</u>	<u>2,439</u>	<u>470</u>	<u>143</u>	<u>13,138</u>

The BCFC Group has pledged freehold land and buildings with a carrying amount as at 31 August 2009 of £9,701,000 (2008: £9,827,000 and 2007: £10,086,000) to secure banking facilities granted to the BCFC Group (Note 18).

14. Inventories

	2009 £000	2008 £000	2007 £000
Goods for resale	<u>328</u>	<u>612</u>	<u>555</u>

15. Trade and other receivables

	2009 £000	2008 £000	2007 £000
Trade receivables	5,467	10,030	10,329
Other debtors	—	36	79
Corporation tax recoverable	29	29	22
Prepayments	1,929	2,092	3,395
	<u>7,425</u>	<u>12,187</u>	<u>13,825</u>

Trade receivables are individually assessed based on estimated recoverable amounts.

As at 31 August 2009, the trade receivable in the amount of £2,819,000 (2008: £1,323,000 and 2007: £1,438,000) is within 30 days.

Ageing of the remaining past due but not impaired receivables, based on normal 30 day credit terms

	2009 £000	2008 £000	2007 £000
30 — 90 days	1,194	4,656	1,706
90 — 120 days	573	295	203
120 — 180 days	855	210	563
180 days — 1 year	26	3,046	4,669
over 1 year	—	500	1,750
Total	<u>2,648</u>	<u>8,707</u>	<u>8,891</u>

Movement in bad and doubtful debt provisions

	2009 £000	2008 £000	2007 £000
Balance brought forward	449	229	170
Amounts written off	—	(38)	—
Amounts recovered	(325)	(67)	(2)
Amounts provided in year	128	325	61
Balance carried forward	<u>252</u>	<u>449</u>	<u>229</u>

The directors believe that there is no further provision required in excess of the allowance for doubtful debts. Included in the allowance for doubtful debts are individually impaired receivables. The ageing of impaired trade receivables:

	2009 £000	2008 £000	2007 £000
0 — 90 days	4	14	45
90 — 120 days	32	5	24
120 — 180 days	2	24	40
Over 180 days	214	406	120
	<u>252</u>	<u>449</u>	<u>229</u>

The directors consider the carrying amount of trade and other receivables approximates to their fair value.

16. Trade and other payables

	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade and other payables	15,497	12,530	17,011
Taxation and social security	3,311	3,479	3,567
Accruals	2,177	1,064	2,159
	<u>20,985</u>	<u>17,073</u>	<u>22,737</u>

Included in trade and other payables are trade creditors with the following ageing as of the balance sheet dates:

	2009	2008	2007
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
30 – 90 days	14,310	7,981	10,995
90 – 120 days	30	218	256
120 – 180 days	19	47	56
180 days — 1 year	23	135	162
Over 1 year	1,067	—	—
	<u>15,449</u>	<u>8,381</u>	<u>11,469</u>

17. Preference shares

The BCFC Group due after five years:

	2009		2008		2007	
	<i>No. '000</i>	<i>£000</i>	<i>No. '000</i>	<i>£000</i>	<i>No. '000</i>	<i>£000</i>
Authorised						
4.2% redeemable cumulative preference shares of 50p each	<u>40</u>	<u>20</u>	<u>40</u>	<u>20</u>	<u>40</u>	<u>20</u>
Allotted, called up and fully paid						
4.2% redeemable cumulative preference shares of 50p each	<u>37</u>	<u>18</u>	<u>37</u>	<u>18</u>	<u>37</u>	<u>18</u>

The preference shares are shown as debt rather than equity. The BCFC Group may redeem cumulative preference shares at par at any time upon giving not less than three months previous notice in writing to the holders of the cumulative preference shares. On an earlier winding up, the cumulative preference shares carry priority over the ordinary shares to the extent of their par value plus any arrears of dividends (which are cumulative for a period of three years). The preference shares carry no votes except on a winding up or on variations of their rights.

18. Interest bearing loans and borrowings

	2009 <i>£000</i>	2008 <i>£000</i>	2007 <i>£000</i>
Bank overdraft	—	819	—
Bank loans	2,826	976	1,086
Others	8	8	8
	<u>2,834</u>	<u>1,803</u>	<u>1,094</u>
Borrowings maturity:			
Current liabilities — on demand and within one year	1,466	942	113
More than one year but not exceeding two years	800	125	115
More than two years but not exceeding five years	568	334	395
After five years	—	402	471
Non-current liabilities	<u>1,368</u>	<u>861</u>	<u>981</u>
Total borrowings	<u>2,834</u>	<u>1,803</u>	<u>1,094</u>

The BCFC Group has the following undrawn committed borrowing facilities:

	2009 <i>£000</i>	2008 <i>£000</i>	2007 <i>£000</i>
Undrawn committed borrowings	<u>7,000</u>	<u>6,181</u>	<u>5,000</u>

The bank overdraft and loans are secured on all land and buildings of the BCFC Group (Note 13). The BCFC Group has an overdraft facility of £7,000,000 for the year ended 31 August 2009 (2008: £7,000,000 and 2007: £5,000,000) which is due for renewal on 31 August 2010.

19. Deferred capital grants

The grant is in respect of the substantial redevelopment of the stadium. The grant has been treated as a deferred capital grant and is being amortised in line with the depreciable assets to which it relates.

20. Provisions

	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Refurbishment of main stand	—	1,327	—
VAT liability on agents fees (<i>Note 5</i>)	2,438	827	—
	<u>2,438</u>	<u>2,154</u>	<u>—</u>

HM Revenue & Customs issued assessments for repayment of £967,000 (2008 and 2007: £576,000) of input VAT previously recovered, which relates to payments made under the contractual arrangements between the BCFC Group and certain football agents. An estimate of the potential maximum liability to 31 August 2009 is £827,000 (Note 25) (2008: £827,000 and 2007: unprovided and disclosed as a contingent liability of £820,000). A VAT tribunal decision published in May 2007 found some individual cases in favour of the BCFC Group and some against. The BCFC Group considers the VAT concerned has been properly recovered and, accordingly, an appeal has been lodged against the tribunal decision. The BCFC Group still firmly believes that they have a strong case following the recent outcome of the appeal. Further amounts totalling £1,611,000 (2008: £827,000 and 2007: £nil) have been provided during the year ended 31 August 2009 in relation to tax in respect of this issue, as well as interest charged on the tax for the amount of £509,000 (2008 and 2007: £nil) (Note 7) and VAT.

21. Deferred taxation

	2009	2008	2007
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At beginning of year	203	789	(189)
Amount (charged)/credited to income statement (<i>Note 10</i>)	(203)	(586)	978
At end of year	<u>—</u>	<u>203</u>	<u>789</u>
Provided	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred taxation comprises:			
Excess of depreciation over capital allowances	332	203	253
Roll-over relief for intangible assets	—	—	(187)
Tax losses	4,127	—	723
Asset not recognised	(4,459)	—	—
Deferred tax asset	<u>—</u>	<u>203</u>	<u>789</u>

22. Financial instruments*Capital risk management*

The BCFC Group manages its capital to ensure that the BCFC Group will be able to continue as a going concern through the optimisation of the debt and equity balance. The capital structure of the BCFC Group consists of debt, which includes the borrowings disclosed in Note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital and reserves.

The BCFC Group's audit committee reviews the capital structure as part of its risk analysis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2009 £000	2008 £000	2007 £000
Financial assets			
Loans and receivables:			
— Cash and cash equivalents	1,297	4,895	3,905
— Trade and other receivables	5,467	10,066	10,408
	<u>6,764</u>	<u>14,961</u>	<u>14,313</u>
Financial liabilities			
Trade and other payables-held at amortised cost	18,808	16,009	20,578
Borrowings at amortised cost			
— see Note 18	2,834	1,803	1,094
	<u>21,642</u>	<u>17,812</u>	<u>21,672</u>

Except for derivative instruments, the fair value of the financial instruments set out above is not materially different to the book value. The above financial assets and financial liabilities do not include prepayments or accruals respectively.

The BCFC Group's exposure to derivative financial instruments is limited to an interest rate swap for a fixed term that matches the duration of one of the BCFC Group's term debt facilities. The derivative financial instrument expires on 14 March 2012 and the related cost has been included in the bank loans of the balance sheet for the Relevant Years.

Financial risk management objectives

Management monitor and manage the financial risks relating to the operations of the BCFC Group through internal risk reports. These risks include currency risk, interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

Where the BCFC Group considers the impact arising from one or more of these risks to be potentially material to the BCFC Group's financial position, derivative financial instruments are used to reduce risk exposure. The use of financial derivatives requires the prior approval of the Board of BCFC. The BCFC Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Whilst the BCFC Group entered into an interest rate hedging arrangement in 2006 to mitigate the risk of significant movements in interest rates, it does not apply hedge accounting.

Price risk

The BCFC Group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The BCFC Group has no significant exposure in its trading subsidiary to the risk of changes in foreign currency exchange rates.

Credit risk

The BCFC Group's principal financial assets are bank balances, cash, and trade receivables. The Group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the BCFC Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The BCFC Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The BCFC Group's policy has been to ensure continuity of funding through operating within its overdraft facility and to match borrowing against the useful life of assets purchased.

The BCFC Group's financial liabilities have contractual maturities summarised below:

	Total Contractual undiscounted cash flow £000	Within 1 year £000	More than 1 years but less than 5 years £000	More than 5 years £000
Preference shares	18	—	—	18
Bank overdraft and loans	3,181	1,599	1,582	—
Trade and other payables	18,808	18,808	—	—
At 31 August 2009	<u>22,007</u>	<u>20,407</u>	<u>1,582</u>	<u>18</u>
Preference shares	18	—	—	18
Bank overdraft and loans	2,335	1,003	621	711
Trade and other payables	16,009	16,009	—	—
At 31 August 2008	<u>18,362</u>	<u>17,012</u>	<u>621</u>	<u>729</u>
Preference shares	18	—	—	18
Bank overdraft and loans	1,758	120	725	913
Trade and other payables	20,578	20,578	—	—
At 31 August 2007	<u>22,354</u>	<u>20,698</u>	<u>725</u>	<u>931</u>

The bank overdraft bears interest at the bank base rate of HSBC plc plus 1.5% as at 31 August 2007, 2008 and 2009.

The bank loans bear interest at the bank base rate of HSBC plc plus 1.5%. The two term loans are repayable by way of equal monthly amounts until July 2012 and April 2017. The new bank loan of £2,000,000 raised during the year ended 31 August 2009 bears interest at a capped rate of 3% above LIBOR.

The BCFC Group's exposure to derivative financial instruments is limited to an interest rate swap for a fixed term that matches the duration of one of the BCFC Group's term debt facilities. This derivative financial instrument expires on 14 March 2012. £8,000 has been recognised in the income statement in respect of the interest rate swap and is included in bank loans in the balance sheet.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at each of the balance sheet dates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the BCFC Group's loss for the year ended 31 August 2009 would increase/decrease by £2,000 (2008: profit decrease/increase by £4,000 and 2007: loss increase/decrease by £3,000). This is mainly attributable to the BCFC Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contract

Under interest rate swap contracts, the BCFC Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the BCFC Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of each financial year.

23. Share capital

	2009	2008	2007
Authorised			
Ordinary shares of 10p each			
No. in thousands	120,000	120,000	120,000
£000	12,000	12,000	12,000
	<u> </u>	<u> </u>	<u> </u>
Allotted, called up and fully paid			
Ordinary shares of 10p each			
No. in thousands	81,505	81,505	81,505
£000	8,150	8,150	8,150
	<u> </u>	<u> </u>	<u> </u>

24. Related party transactions

During the year ended 31 August 2009, goods and services to the value of £nil (2008: £nil and 2007: £556) have been supplied by the BCFC Group to Gold Group International Limited ("Gold Group") which is owned by David Gold and Ralph Gold. During the year ended 31 August 2009, the BCFC Group was advanced £2,500,000 (2008 and 2007: £nil) in the form of a short term loan from Gold Group. Interest was charged on this loan at 0.5% per annum and amounted to £21,000. The loan and interest were repaid in full by 31 August 2009.

Henri Brandman & Co (Henri Brandman — Director of Birmingham City Football Club plc) acted as solicitors on behalf of the BCFC Group during the year ended 31 August 2008 with fees amounting to £219,000 (2008: £63,000 and 2007: £46,750). As at 31 August 2009, £12,000 (2008 and 2007: £nil) was due from the BCFC Group to Henri Brandman & Co.

During the year ended 31 August 2009, goods and services of £nil (2008: £43,000 and 2007: £nil) have been supplied by the BCFC Group to the Company of which C Yeung (a shareholder) is a director. During the year ended 31 August 2009, an advance of £50,000 (2008 and 2007: £nil) was made by the Company to the BCFC Group for legal and professional fees incurred by the BCFC Group in respect of the takeover by the Company. As at 31 August 2009, £nil (2008: £29,000 and 2007: £nil) was due from the Company to the BCFC.

During the year ended 31 August 2009, the BCFC Group was advanced £2,500,000 (2008 and 2007: £nil) in the form of a short term loan from Roldvale Limited, a company of which David Sullivan is a director. Interest was charged on this loan at 0.5% per annum and amounted to £19,000. The loan and interest were repaid in full by 31 August 2009.

25. Contingent liabilities**(a) Player transfer costs**

Under the terms of certain contracts with other football clubs in respect of 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 transfers to 31 August 2009 is £1,083,000 (2008: £2,475,000 and 2007: £5,454,000). Since the respective year end and to the approval of these Financial Information, £nil of these balances has been crystallised.

(b) Image rights payable

The maximum possible commitments in respect of image rights contracts at the year ends, contingent on whether the players remain contracted with the BCFC Group, amounted to £480,000 (2008: £786,000 and 2007: £1,429,000). The amounts are payable on future dates specified in their contracts and are not provided for in the Financial Information.

(c) HM Revenue & Customs

HM Revenue & Customs has issued an assessment for repayment of £967,000 (2008: and 2007: £576,000) of input VAT previously recovered which relates to payments made under the contractual arrangements between the BCFC Group and certain football agents. A VAT tribunal decision published in May 2007 found some individual cases in favour of the BCFC Group and some against. The BCFC Group considers the VAT concerned has been properly recovered and, accordingly, an appeal has been lodged against the tribunal decision, consequently no provision with estimated liability of £820,000 has been made at 31 August 2007 within these Financial Information. During the years ended 31 August 2008 and 2009, provisions of £1,611,000 and £820,000 have been made respectively (Note 20 without contingent liability as at the respective year ends). The BCFC Group is awaiting for the outcome of the appeal up to the reporting period date.

26. Capital and other financial commitments

(a) Capital commitments

	2009 £000	2008 £000	2007 £000
Contracted but not provided for:			
Leasehold land and buildings	—	—	70
Fixtures and equipment	—	27	—
	<u> </u>	<u> </u>	<u> </u>

(b) Lease commitments

The BCFC Group had commitments under operating leases for plant and equipment and leasehold land at the training ground. The total future minimum lease payments are as follows:

	Land & buildings			Other		
	2009 £000	2008 £000	2007 £000	2009 £000	2008 £000	
Expiring:						
— Within one year	84	84	84	122	118	130
— Between two and five years	336	336	336	66	48	129
— Over five years	<u>6,980</u>	<u>7,056</u>	<u>7,140</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>7,400</u>	<u>7,476</u>	<u>7,560</u>	<u>188</u>	<u>166</u>	<u>259</u>

27. Events after the balance sheet date

On 12 October 2009, 64.1% of equity interest in BCFC was acquired by the Company, a company incorporated in the Cayman Islands.

On 11 November 2009, shares of the BCFC were de-listed from the Alternative Investment Market.

D. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the BCFC Group in respect of any period subsequent to 31 August 2009 and up to the date of this report. No dividend or other distribution has been declared, made or paid by the BCFC Group in respect of any period subsequent to 31 August 2009.

Yours faithfully
BDO Limited
 Certified Public Accountants
 Hong Kong

Choi Man On
 Practising Certificate no. P02410

**REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE
ENLARGED GROUP**

The following is the text of a letter from BDO Limited, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.



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The Board of Directors
Birmingham International Holdings Limited
Unit 3008
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Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

26 February 2010

Dear Sirs,

We report on the unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) of Birmingham International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) and Birmingham City Plc. (“BCFC”) and its subsidiary (the “BCFC Group”), (together with the Group hereinafter referred to as the “Enlarged Group”) as set out on pages 63 to 73 under the heading of “Unaudited Pro Forma Financial Information of the Enlarged Group” in Appendix III to the Company’s supplemental circular (the “Supplemental Circular”) dated 26 February 2010, which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the Company’s offer to acquire all the issued share capital of BCFC not already owned by the Company (the “Acquisition”), might have affected the financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 70 to 73 to the Supplemental Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information as set out in Appendices I and II of the Supplemental Circular with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group had the Acquisition actually occurred as at 31 March 2009 or any future date; or
- the financial results and cash flows of the Enlarged Group for the year ended 31 March 2009 or any further period.

Opinion

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

BDO Limited

Certified Public Accountants

Hong Kong

Choi Man On

Practising Certificate no. P02410

(A) INTRODUCTION

The following is the illustrative and unaudited pro forma financial information of the Enlarged Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition of the BCFC Group by the Group as if the Acquisition had been taken place on 31 March 2009 for the unaudited pro forma consolidated balance sheet; and at the beginning of the year ended 31 March 2009 for the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement.

The unaudited pro forma consolidated balance sheet of the Enlarged Group is prepared based on the audited consolidated balance sheet of the Group as at 31 March 2009 as extracted from the consolidated balance sheet as included in the published annual report of the Group as at 31 March 2009; and audited consolidated balance sheet of the BCFC Group as at 31 August 2009 in Appendix II with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1:HK\$12.61, after making pro forma adjustments as set out in notes thereto.

The unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Enlarged Group are prepared based on the audited consolidated income statement and cash flow statement of the Group for the year ended 31 March 2009 as extracted from the consolidated income statement and cash flow statement as included in the published annual report of the Group for the year ended 31 March 2009; and audited consolidated income statement and cash flow statement of the BCFC Group for the year ended 31 August 2009 in Appendix II with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1:HK\$13.41, after making pro forma adjustments as set out in notes thereto.

As the unaudited pro forma consolidated financial information of the Enlarged Group was prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position, results of the operations or cash flows of the Enlarged Group had the Acquisition been completed as at the respective dates to which it is made up to or at any future date.

(B) UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

	Audited consolidated balance sheet of the Group as at 31 March 2009 <i>HK\$'000</i>	Audited consolidated balance sheet of the BCFC Group as at 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma consolidated balance sheet of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Non-current assets					
Intangible assets	—	254,810	796,851	3(v)	1,051,661
Goodwill	—	—	105,137	3(v)	105,137
Property, plant and equipment	2,992	165,204	177,574	3(v)	345,770
Investment property	1,060	—			1,060
Available-for-sale financial assets	60,419	—	(60,419)	3(iii)	—
	<u>64,471</u>	<u>420,014</u>			<u>1,503,628</u>
Current assets					
Inventories	—	4,136			4,136
Trade receivables, deposits, prepayments and other receivables	1,190	93,629	(632)	5	94,187
Cash and cash equivalents/ (overdraft)	2,968	16,355	(668,725)	3(i)	(649,402)
	<u>4,158</u>	<u>114,120</u>			<u>(551,079)</u>

	Audited consolidated balance sheet of the Group as at 31 March 2009 <i>HK\$'000</i>	Audited consolidated balance sheet of the BCFC Group as at 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	Unaudited pro forma consolidated balance sheet of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Current liabilities				
Trade, accruals and other payables	5,880	264,621		270,501
Interest bearing loans and borrowings	—	18,486		18,486
Income tax payable	20,337	—		20,337
Deferred income	—	272,464		272,464
Deferred capital grant	—	757		757
Amounts due to directors	5,378	—		5,378
Provisions	—	30,743		30,743
	<u>31,595</u>	<u>587,071</u>		<u>618,666</u>
Net current liabilities	<u>(27,437)</u>	<u>(472,951)</u>		<u>(1,169,745)</u>
Total assets less current liabilities	<u>37,034</u>	<u>(52,937)</u>		<u>333,883</u>
Non-current liabilities				
Preference shares	—	227		227
Interest bearing loans and borrowings	—	17,250		17,250
Deferred capital grant	—	24,779		24,779
Amounts due to directors	97,982	—		97,982
Deferred tax liabilities	167	—		167
Convertible notes	4,108	—		4,108
	<u>102,257</u>	<u>42,256</u>		<u>144,513</u>
Net (liabilities)/assets	<u><u>(65,223)</u></u>	<u><u>(95,193)</u></u>		<u><u>189,370</u></u>

	Audited consolidated balance sheet of the Group as at 31 March 2009 <i>HK\$'000</i>	Audited consolidated balance sheet of the BCFC Group as at 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma consolidated balance sheet of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Capital and reserves					
Share capital	9,852	102,772	(102,772)	3(ii)	9,852
Reserves	<u>(75,075)</u>	<u>(197,965)</u>	452,558	3&5	<u>179,518</u>
Equity attributable to equity holders of the Company	(65,223)	(95,193)			189,370
Minority interests	<u>—</u>	<u>—</u>	—	3(iv)	<u>—</u>
Total (deficit)/equity	<u>(65,223)</u>	<u>(95,193)</u>			<u>189,370</u>

(C) UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF
THE ENLARGED GROUP

	Audited consolidated income statement of the Group for the year ended 31 March 2009 <i>HK\$'000</i>	Audited consolidated income statement of the BCFC Group for the year ended 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma consolidated income statement of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Turnover	10,660	369,033	(632)	5	379,061
Cost of sales	<u>(6,513)</u>	<u>(94,790)</u>			<u>(101,303)</u>
Gross profit	4,147	274,243			277,758
Other revenue and net gains	986	309			1,295
Players' amortisation		(153,294)			(153,294)
Profit on sale of players' registrations		22,604			22,604
Impairment loss on available- for-sale financial assets	(73,945)	—			(73,945)
Impairment loss on trade receivables	(1,333)	—			(1,333)
Selling expenses	(2,000)	—			(2,000)
Administrative expenses	(19,072)	(399,458)			(418,530)
Finance costs	<u>(538)</u>	<u>(14,046)</u>			<u>(14,584)</u>
Loss before taxation	(91,755)	(269,642)			(362,029)
Income tax credit	<u>78</u>	<u>12,221</u>			<u>12,299</u>
Loss for the year	<u><u>(91,677)</u></u>	<u><u>(257,421)</u></u>			<u><u>(349,730)</u></u>
Attributable to:					
Equity holders of the Company	(91,677)	(257,421)	(632)		(349,730)
Minority interests	<u>—</u>	<u>—</u>	—	3(iv)	<u>—</u>
	<u><u>(91,677)</u></u>	<u><u>(257,421)</u></u>			<u><u>(349,730)</u></u>

(D) UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Audited consolidated cash flow statement of the Group for the year ended 31 March 2009 <i>HK\$'000</i>	Audited consolidated statement of cash flow of the BCFC Group for the year ended 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	Notes	Unaudited pro forma consolidated statement of cash flow of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Operating activities					
Loss before taxation	(91,755)	(269,642)	(632)	5	(362,029)
Adjustments for:					
Amortisation of intangible assets	—	153,294			153,294
Amortisation of deferred capital grant	—	(725)			(725)
Depreciation of property, plant and equipment	436	7,835			8,271
Release of prepaid land lease expenses	289	—			289
Profit on sale of players' registrations	—	(22,605)			(22,605)
Profit on disposal of property, plant and equipment	—	(27)			(27)
Interest income	(3)	(309)			(312)
Interest expenses	538	14,046			14,584
Impairment loss on available- for-sale financial assets	73,945	—			73,945
Impairment loss on trade receivables	1,333	—			1,333
Fair value loss on investment property	190	—			190
Fair value gain on convertible notes	(872)	—			(872)
Operating cash outflow before changes in working capital	(15,899)	(118,133)			(134,664)
Decrease in inventories	—	3,810			3,810
(Increase)/decrease in trade receivables, deposits, prepayments and other receivables	(880)	63,883	632	5	63,635
Increase in trade payable, accruals and other payables	292	180,110			180,402
Net cash (outflow)/inflow from operations	(16,487)	129,670			113,183

	Audited consolidated cash flow statement of the Group for the year ended 31 March 2009 <i>HK\$'000</i>	Audited consolidated statement of cash flow of the BCFC Group for the year ended 31 August 2009 <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma consolidated statement of cash flow of the Enlarged Group after the Acquisition <i>HK\$'000</i>
Interest received	3	309			312
Interest paid	—	(14,046)			(14,046)
Net cash (outflow)/inflow from operation	<u>(16,484)</u>	<u>115,933</u>			<u>99,449</u>
Cashflow from investing activities					
Acquisition of property, plant and equipment	(648)	(10,652)			(11,300)
Proceeds from sale of property plant and equipment	—	27			27
Acquisition of players' registration	—	(190,010)			(190,010)
Acquisition of subsidiaries	—	—	(668,725)	3(i)	(668,725)
Proceeds from sale of players' registration	—	22,604			22,604
Net cash outflow from investing activities	<u>(648)</u>	<u>(178,031)</u>			<u>(847,404)</u>
Cashflow from financing activities					
Capital repayments of borrowings	—	(2,012)			(2,012)
New other borrowing	—	26,830			26,830
Issue of convertible notes, net of transaction cost	18,250	—			18,250
Advances to directors	(5,205)	—			(5,205)
Net cash inflow from financing activities	<u>13,045</u>	<u>24,818</u>			<u>37,863</u>
Net decrease in cash and cash equivalents	(4,087)	(37,280)			(710,092)
Effect on exchange rate	—	(1,045)			(1,045)
Cash and cash equivalents at beginning of year	<u>7,055</u>	<u>54,680</u>			<u>61,735</u>
Cash and cash equivalents/ (overdraft) at end of year	<u><u>2,968</u></u>	<u><u>16,355</u></u>			<u><u>(649,402)</u></u>

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Under Hong Kong Financial Reporting Standard 3 “Business Combinations” and Hong Kong Accounting Standard 27 “Consolidated and Separate Financial Statements” (“HKAS 27”), the Group will apply the purchase method to account for the Acquisition of the BCFC Group as its subsidiaries if the Group has the power, directly or indirectly, to govern the financial and operating policies of the BCFC Group. As of the date of this report, the Group had the above control over the BCFC Group pursuant to the completion of the Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of the BCFC Group will be recorded on the consolidated balance sheet of the Group at their fair value at the date of completion of the Acquisition. Any goodwill or discount arising on the Acquisition will be determined as excess or deficit of the purchase price to be incurred by the Group over the Group’s interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the BCFC Group over the consideration and should be recognised immediately in the consolidated income statement of the Enlarged Group.

Since the fair value of the identifiable assets, liabilities and contingent liabilities of the BCFC Group as at the date of actual completion may be different from the fair values used in the preparation of the unaudited pro forma consolidated balance sheet above, any goodwill arising from the Acquisition, will be reassessed at time of actual completion. Details of adjustments are mentioned in note 2 to note 5 below.

2. Pursuant to the loan facility agreement signed between the Company and Best China Limited (“Best China”) on 13 August 2009, Best China has agreed to make available to the Company a loan facility with the amount of HK\$690 million (the “Loan”). The Loan was drawn down under the facility in order for the Company to pay the required amount to accept the general offer from BCFC’s shareholders regarding to the Acquisition (further details of the general offer is explained in note 4 below). On the same date, the Company entered into an escrow agreement with Robertsons, BDO Stoy Hayward LLP and Best China in relation to the Acquisition (the “Escrow”). The Loan amount was deposited into the Escrow account until BCFC’s shareholders received cash subject to the general offer.

3. The Company made a conditional offer on 15 September 2009 to acquire the entire issued share capital of BCFC not already owned by the Company on the terms and subject to the conditions set out in the offer document (the “General Offer”) dated 14 September 2009. Under the General Offer, BCFC’s shareholders will be entitled to receive 100 pence in cash (approximately HK\$12.80) for each BCFC share. On 12 October 2009, the date of the Acquisition, the Company had received valid acceptance of the General Offer in respect of 52,244,161 BCFC shares. Pursuant to the conditions set out in the General Offer document, the Company needs to pay an amount of HK\$668,725,261 (approximately HK\$668,725,000) to the BCFC shareholders.

The adjustments reflect the following:

- (i) The adjustment of approximately HK\$668,725,000 represents the cost of additional investment of 64.1% equity interest in BCFC Group.
- (ii) The adjustment represents the elimination of the paid-up capital and the pre-acquisition reserves of the BCFC Group in relation to the additional 64.1% equity share-holdings acquired from BCFC shareholders, of approximately HK\$102,772,000 and HK\$197,965,000 on consolidation respectively.
- (iii) Pursuant to the Completion of Acquisition, the 29.9% shareholding of BCFC already owned by the Company amounted to approximately to HK\$235,749,000 which has derecognised as such available-for-sale financial assets will become a subsidiary to the Group, the carrying value of HK\$60,419,000 which is eliminated upon the Acquisition.
- (iv) After the Acquisition, the Company holds approximately 94% equity interest in the BCFC Group. The BCFC Group has a deficit balance of approximately HK\$95,193,000 as at 31 August 2009, and no excess losses are allocated to the BCFC minority equity holder’s 6% equity interest in accordance with HKAS 27. Under HKAS 27, the excess losses applicable to the minority interest, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

- (v) The fair value of net (liabilities)/assets of the BCFC Group upon completion of Acquisition are noted as follow:

	The BCFC Group's carrying amount as at 31 August 2009 HK\$'000	Fair value adjustments HK\$'000	Fair value HK\$'000
Intangible assets	254,810	796,851	1,051,661
Property, plant and equipment	165,204	177,574	342,778
Inventories	4,136	—	4,136
Trade receivables	68,939	—	68,939
Deposits, prepayments and other receivable	24,690	—	24,690
Cash and bank balances	16,355	—	16,355
Bank borrowings	(35,736)	—	(35,736)
Trade and other payables and accruals	(264,621)	—	(264,621)
Deferred income	(272,464)	—	(272,464)
Deferred capital grant	(25,536)	—	(25,536)
Provision	(30,743)	—	(30,743)
Preference shares	(227)	—	(227)
	<u>(95,193)</u>	<u>974,425</u>	879,232
Fair value shared by the Company with the interest of 64.1% arising from the Acquisition			563,588
Goodwill			<u>105,137</u>
Consideration			<u><u>668,725</u></u>

Taking into account (i) the revaluation surplus of the BCFC Group's properties of approximately HK\$177,574,000 which solely represents the revaluation upwards of the BCFC Group's freehold land and buildings of approximately £23,430,000 (equivalent to approximately HK\$299,904,000) shown in Appendix V of this circular over the aggregate carrying value of the freehold land and buildings for the amount of approximately £9,701,000 (equivalent to approximately HK\$122,330,000) as at 31 August 2009 as shown in Appendix II of this circular and (ii) the revaluation on the BCFC Group's intangible assets of approximately £62,254,000 (equivalent to approximately HK\$796,851,000) mainly on trademark and backlog contracts of approximately £46,068,000 and £16,186,000 respectively (equivalent to approximately HK\$589,670,000 and HK\$207,181,000), the BCFC Group's net liabilities of approximately HK\$95,193,000 as at 31 August 2009 become net assets of approximately HK\$879,232,000 upon the date of completion of Acquisition and the amount of approximately HK\$563,588,000 represents the Group's 64.1% equity interest on the fair value of net assets of the BCFC Group, the remaining investment amount of HK\$105,137,000 represents goodwill included within the carrying amount of the interest in subsidiaries of the Group.

4. On the same date as the Company made the General Offer to BCFC's shareholders, the Company also made an open offer of its shares on the basis of 8 offer shares for every 5 existing shares at subscription price of HK\$0.40 per each open offer share (the "Open Offer"). The net proceeds from the Company's Open offer are calculated based on 1,961,694,400 offer shares to be issued at the subscription price of HK\$0.40. The Company has issued a prospectus regarding the Open offer on 30 September 2009.
5. The adjustment represents the elimination of the intergroup transaction of approximately HK\$632,000, which relates to goods and services supplied by BCFC Group to the Company on consolidation.

A. INDEBTEDNESS

As at the close of business on 31 December 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had aggregate bank and other borrowings of approximately HK\$213.8 million, comprising unsecured and interest-free amounts due to directors of the Company of approximately HK\$4.3 million and HK\$94.8 million which are repayable on demand and repayable after 12 months respectively; and secured bank loans of approximately HK\$114.7 million repayable after 12 months.

A writ was filed against the Company in respect of a claim for reimbursement of expenses paid on behalf of the Group amounting to approximately HK\$3 million on 26 July 2006. The Company was not aware of such alleged payments and had instructed lawyers to deal with the matter. Based on the written legal opinion from the legal counsel, it is considered that the claim is not justifiable and without merit.

A writ was filed in the United Kingdom on 24 September 2009 by Seymour Pierce Limited against the Company for alleged fees due in connection with the Company's acquisition of an interest in Birmingham City Plc. in 2007 (the "Dispute") in the amounts of £2.2 million (equivalent to approximately HK\$28.1 million). In relation to the Dispute, the Company had sought the legal advice from counsel Camilla Bingham and solicitors Denton Wilde Sapte, London in relation thereto both believing that the Company has a valid defense. A defense has been filed by the Company on 26 November 2009 and the directors of the Company have reviewed the facts of the Dispute and have been in constant discussions with Denton Wilde Sapte, London regarding to the Dispute and believed the Company has good merits to defend the Dispute.

As the close of business on 31 December 2009, the Enlarged Group had the total future minimum lease commitment under non-cancelable operating lease in respect of rented plant and equipment and leasehold land amounting to approximately HK\$94.9 million.

Pledge of assets and guarantees

At the close of business of 31 December 2009, being the latest practicable date for this statement of indebtedness prior to the printing of this circular, the Enlarged Group has the freehold land and buildings with the carrying value of approximately £9.7 million (equivalent to approximately HK\$121 million) pledged to HSBC for the bank borrowings and the general banking facilities granted to the Enlarged Group. The secured bank borrowings of the Enlarged Group of approximately HK\$114.7 million are also secured by unlimited multilateral guarantees given by certain of its subsidiaries in the Enlarged Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, at the close of business on 31 December 2009, being the latest practical date for this statement of indebtedness prior to printing of this circular, the Enlarged Group did not have any outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptance or other similar indebtedness, debenture, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitment, guarantees or contingent liabilities.

No additional bank loan facility has been obtained by the Enlarged Group subsequent to 31 December 2009.

The Directors confirm that, save as disclosed herein, there has not been any material change in the indebtedness or contingent liabilities of the Enlarged Group since 31 December 2009 except the Enlarged Group has received the loan of approximately £2,869,000 (equivalent to approximately HK\$35,806,000) from director, Mr. Yeung Ka Sing, Carson. The loan is unsecured, interest free and are repayable after 12 months.

B. WORKING CAPITAL

After due and careful enquiry and taking into consideration the financial resources available to the Enlarged Group, including their initially generated funds and written financial support from one of the beneficial and substantial shareholders of the Company, by not demanding for repayment on amount due until the Company and the Enlarged Group are financially capable to do so for a period of at least twelve months from the date of this circular, the Directors are of the opinion that, in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for a period of at least twelve months from the date of this circular.

C. POST BALANCE SHEET EVENTS OF THE COMPANY

Major Transaction

On 4 November 2009, Far Grow Investments Limited (“Purchaser”), a wholly-owned subsidiary of the Company entered into the agreement with independent third parties, Winning Top International Overseas Limited and Genuine Ocean International Trading Limited (“Vendors”), Mr. Meng Fai (“Guarantor”) and Peace International Creation Limited (“Target Company”), pursuant to which the Vendors

agreed to sell and the Purchaser agreed to purchase the entire issued share capital of the Target Company at a consideration of RMB800,000,000 (equivalent to approximately HK\$909,090,909), which will be satisfied by a combination of the allotment and issue of the consideration shares and issue of the convertible bonds to the Vendors (or their respective nominee(s)). Upon completion of the acquisition of the Target Company, the Target Company has completed the acquisition of the entire interest of the registered capital of the PRC company pursuant to the PRC acquisition agreement. The PRC company entered into the aviation cooperation agreement with Tianjin Airlines. Further details were set out in the Company's announcement dated 13 November 2009.

Discloseable Transaction

On 18 November 2009, the Company entered into the Cooperation Agreement with China Foundation for Disabled Persons (中國殘疾人福利基金會) whereby the Company has agreed to establish the Birmingham Charity Fund (伯明翰集善基金) under China Foundation for Disabled Persons and will, through a subsidiary to be established by the Company in the name of Birmingham (China) Company Limited (伯明翰(中國)有限責任公司) in Mainland China, donate up to an aggregate amount of RMB50,000,000 (equivalent to approximately HK\$56,818,182) to the Birmingham Charity Fund during the 5-year period from the date of the Cooperation Agreement of RMB10,000,000 (equivalent to approximately HK\$11,363,636) each year.

On 4 December 2009, the Company entered into the Cooperation Agreement with the Joint Venture Partner in relation to the establishment of Birmingham China. Birmingham China will be owned as to 80% by the Company and as to 20% by the JV Partner and will be principally engaged in advertising, marketing and sponsorship businesses in the PRC. Following its establishment, Birmingham China will become a non-wholly owned subsidiary of the Company. The initial registered capital of Birmingham China shall be US\$1 million (equivalent to approximately HK\$7,800,000). Under the Cooperation Agreement, the Company and the JV Partner shall contribute in aggregate RMB50,000,000 (equivalent to approximately HK\$56,818,182) and RMB12,500,000 (equivalent to approximately HK\$14,204,545) respectively by way of loan to Birmingham China, within 3 years from the date of issue of the business licence of Birmingham China.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Grant Sherman Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2009 of the property interests to be acquired by Birmingham International Holdings Limited and its subsidiaries.

**GRANT SHERMAN APPRAISAL LIMITED**

Room 1701 on 17/F,
Jubilee Centre,
18 Fenwick Street,
Wanchai,
Hong Kong

26 February 2010

The Directors
Birmingham International Holdings Limited
Unit 3008, 30th Floor,
West Tower, Shun Tak Centre,
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sir,

In accordance with your instructions for us to value two properties located in the United Kingdom to be acquired by Birmingham International Holdings Limited (the “Company”) or its subsidiaries (together referred as “Group”). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 December 2009.

Our valuation is our opinion of market value which we would define as intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Since there are no market sales comparables, the properties have been valued on the basis of depreciated replacement cost (“DRC”). DRC is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors.

Our valuations have been made on the assumption that the owner sells the property interests on the market in their existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the property values.

No allowance has been made in our valuations for any charge, mortgage or amount owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

We have assumed that the Group has uninterrupted rights to use the properties for the whole of the unexpired term of the leases and is entitled to transfer the property interests with the residual term of the lease without payment of any further premium to the government authorities or any third parties.

We have assumed that all consents, approvals and licenses from relevant government authorities for the properties have been granted without any onerous conditions or undue time delay which might affect their values. Also, we have assumed that the lessee has been permitted to build and to use all buildings and structures erected on the sites, and the construction costs have been fully settled.

It is assumed that all applicable zoning, building and land use regulations and restrictions have been complied with unless non-conformity has been stated, defined, and considered in the appraisal report. Moreover, it is assumed that the utilisation of the land and improvements is within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

For the properties located in the United Kingdom, we have been provided with copies of title documents/tenancy agreements provided by the Group. Due to the nature of the land registration system in the United Kingdom, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us.

In the course of our valuation, we have relied on a considerable extent on information provided by the Group on such matters as statutory notices, easements, tenure, occupation, floor areas, identification of the property and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interiors of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuations. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible.

Unless Otherwise stated, all monetary amounts stated are in Great Britain Pound (GBP£).

We enclose herewith the summary of valuations and valuation certificates.

Respectfully submitted,

For and on behalf of

GRANT SHERMAN APPRAISAL LIMITED

Peggy Y.Y. Lai

MRICS MHKIS RPS(GP)

Associate Director

Real Estate Group

Note: Ms. Peggy Y.Y. Lai is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 5 years experience in the valuation of properties in Hong Kong, the PRC and various regions including United Kingdom.

SUMMARY OF VALUATION

Property interests to be acquired by the Group for owner-occupation in the United Kingdom

Property	Market Value as at 31 December 2009 (GBP)
1. St. Andrews Stadium located in between Garrison Street, Cattell Road and Tilton Road known as Small Heath Birmingham B9 4NH Bordesley Green, England the United Kingdom	£20,360,000
2. A club's training pitch located at West Hills Playing Fields, West Hill Lane, Birmingham, England, the United Kingdom	£3,070,000
	<hr/>
Grand Total:	£23,430,000

VALUATION CERTIFICATE

Property interests to be acquired by the Group for owner-occupation in the United Kingdom

			Market Value as at 31 December 2009
Property	Description and Tenure	Particulars of Occupancy	
1.	<p>St. Andrews Stadium located in between Garrison Street, Cattell Road and Tilton Road known as Small Heath, Birmingham B9 4NH, Bordesley Green, England, the United Kingdom</p> <p>The property comprises nine land parcels with a total site area of approximately 14.97 acres upon which a football stadium ("Stadium") and various buildings and structures were erected.</p> <p>The Stadium was built in 1905 and opened in 1906. Portions of the Stadium (i.e. the Main Stand and the Railway End) were substantially redeveloped and renovated in 1994, 1999 and 2009 respectively. The extent of the turfed area is about 7,500 sq. ft.</p> <p>The capacity of the Stadium is about 30,009. The total gross internal floor area of the buildings and structures of the Stadium including a main stand, a railway stand, a spion Kop, a tilton road and a club shop but excluding car parking spaces is approximately 14,680.06 sq.m.</p> <p>The land status of the property is freehold.</p>	<p>The property is occupied as football stadium and ancillary uses.</p>	£20,360,000

Notes:

- (i) According to land registry records (Title numbers WM681449, WM681450, WM205611, WM679958, WM683306 and WM718999), the registered owner of the property is Birmingham City Football Club PLC (Company Registration No. 27318), a wholly-owned subsidiary of the Birmingham City PLC.
- (ii) According to Title Number WM679958, a portion of the land parcel is subject to a nil consideration lease for a term of 99 years commencing from 29 September 1956 for usage as electricity sub-station. Another land parcel is leased for nil consideration to the local government for public utility.

- (iii) Pursuant to six official copies of Register Entries issued by Land Registry, Coventry Office, the salient details of the nine parcels are as follows:

Title Number	Number of Parcels	Date of Registration	Proprietorship	Date of Charge Registration	Bank Charge
WM681449	1	5 July 1972	Birmingham City Football Club Plc	9 July 1998	HSBC Bank PLC
WM681450	1	5 July 1972	Birmingham City Football Club Plc	9 July 1998	HSBC Bank PLC
WM205611	3	1 December 1980	Birmingham City Football Club Plc	30 March 1983	HSBC Bank PLC
WM679958	1	9 July 1998	Birmingham City Football Club Plc	9 July 1998	HSBC Bank PLC
WM683306	2	8 September 1998	Birmingham City Football Club Plc	15 June 1999	HSBC Bank PLC
WM718999	1	10 April 2000	Birmingham City Football Club Plc	—	—

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 December 2009
2. A club's training pitch located at Wast Hills Playing Fields, Wast Hill Lane, Birmingham, England, the United Kingdom	The property comprises a land parcel with a site area of approximately 45 acres upon which a training pitch and ancillary buildings and structures including offices, gymnasium, adjoining link corridor and training rooms were erected in between 2001 and 2007 respectively. The total gross floor area of the buildings and structures of the property is approximately 5,548 sq.m. The land use rights of the property have been leased from University of Birmingham to Birmingham City Football Club PLC for a term of 99 years commencing from 1 September 1998. The annual rent payable for the property is £84,000 which is subject to review.	The property is occupied by Birmingham City Football Club PLC for training purpose.	£3,070,000

Notes:

- (i) According to land registry record (Title number WR56688), the registered owner of the property is Birmingham City Football Club PLC (Company Registration No. 27318), a wholly-owned subsidiary of the Birmingham City PLC.
- (ii) Pursuant to an official copy of Register Entries issued by the Land Registry, Coventry Office of Title Number WR56688, Birmingham City Football Club PLC leased the property from the University of Birmingham for a term of 99 years commencing from 1 September 1998 at an annual rent of £84,000 which is subject to review and additional rent.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. LITIGATION

A writ was filed against the Company in respect of a claim for reimbursement of expenses paid on behalf of the Group amounting to approximately HK\$3,000,000 on 26 July 2006. The Company was not aware of such alleged payments and had instructed lawyers to deal with the matter. The Directors are in the opinion that the claim is not justifiable and without merit.

A writ was filed in the United Kingdom in 24 September 2009 by Seymour Pierce Limited against the Company for alleged fees due in the amount of £2.2m. The Company has instructed lawyers in the United Kingdom to defend this claim and counsel's opinion has been sought indicating that the Company has a valid defence to this action.

Save as disclosed above, as at the Latest Practicable Date, no member of the Enlarged Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

3. MATERIAL CONTRACTS

There have been no contracts (being contracts not in the ordinary course of business) that have been entered into by the member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and which have not been already disclosed in the Circular.

4. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
BDO Limited (“BDO”)	Certified Public Accountants
Grant Sherman Appraisal Limited (“Grant Sherman”)	Independent Property Valuer

BDO and Grant Sherman are not beneficially interested in the share capital of any member of the Enlarged Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

BDO and Grant Sherman have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they appear.

BDO and Grant Sherman did not have any direct or indirect interest in any assets which have been since 31 March 2009 (the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3008, 30/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the accountant's report on BCFC;
- (c) a letter from BDO in respect of the unaudited pro-forma financial information on the Enlarged Group referred to in Appendix III to this circular;
- (d) the letter, summary of valuations and valuation certificates relating to the properties to be acquired by the Company prepared by Grant Sherman Appraisal Limited, the text of which is set out in Appendix V to this circular; and
- (e) the written consent of the experts referred to in the section headed "Expert and Consent" in this Appendix.