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## BIRMINGHAM SPORTS HOLDINGS LIMITED

### 伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

The Board of Directors (the “**Board**”) of Birmingham Sports Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the “**Group**”) for the year ended 30 June 2017 together with comparative figures as follows:

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

For the year ended 30 June 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>	4	<b>172,950</b>	169,333
Operating expenses		<b>(320,593)</b>	(279,514)
<b>Loss from operations before amortisation</b>		<b>(147,643)</b>	(110,181)
Other income*	5	<b>33,062</b>	22,514
Profit on sales of players' registration		<b>1,988</b>	50,193
Amortisation of intangible assets		<b>(29,216)</b>	(8,783)
Administrative and other expenses		<b>(30,172)</b>	(32,899)
(Impairment loss)/reversal of impairment loss on intangible assets*		<b>(26,088)</b>	27,780
Finance costs	6	<b>(9,037)</b>	(8,653)
<b>Loss before taxation</b>		<b>(207,106)</b>	(60,029)
Income tax credit	7	<b>24,528</b>	255
<b>Loss for the year</b>	8	<b>(182,578)</b>	(59,774)

\* Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of overseas subsidiaries		<u>(6,653)</u>	<u>(40,529)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(189,231)</b></u>	<u><b>(100,303)</b></u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<u>(177,712)</u>	<u>(58,574)</u>
Non-controlling interests		<u>(4,866)</u>	<u>(1,200)</u>
		<u><b>(182,578)</b></u>	<u><b>(59,774)</b></u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		<u>(184,203)</u>	<u>(97,740)</u>
Non-controlling interests		<u>(5,028)</u>	<u>(2,563)</u>
		<u><b>(189,231)</b></u>	<u><b>(100,303)</b></u>
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted ( <i>HK cents</i> )	10	<u><b>(4.02)</b></u>	<u><b>(12.10)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		<b>30 June 2017</b>	30 June 2016	1 July 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>Non-current assets</b>				
Property, plant and equipment		<b>199,007</b>	203,008	246,912
Intangible assets		<b>141,589</b>	82,259	41,756
Deposits, prepayments and other receivables		<b>2,570</b>	594	623
		<hr/>	<hr/>	<hr/>
Total non-current assets		<b>343,166</b>	285,861	289,291
		<hr/>	<hr/>	<hr/>
<b>Current assets</b>				
Inventories		<b>5,307</b>	2,672	1,603
Trade receivables	11	<b>5,203</b>	3,229	12,274
Deposits, prepayments and other receivables		<b>40,835</b>	55,793	42,101
Cash held at non-bank financial institutions		–	–	1
Bank balances and cash		<b>131,188</b>	26,982	58,815
		<hr/>	<hr/>	<hr/>
Total current assets		<b>182,533</b>	88,676	114,794
		<hr/>	<hr/>	<hr/>
<b>Current liabilities</b>				
Transfer fee payables		<b>34,476</b>	8,572	1,097
Trade payables	12	<b>14,347</b>	6,878	14,910
Accruals and other payables		<b>48,645</b>	41,268	47,634
Deferred capital grants		<b>579</b>	592	695
Amounts due to former directors		–	10,769	10,769
Deferred income		<b>27,016</b>	22,790	23,142
Borrowings		<b>39,135</b>	259	19,974
Income tax payable		–	18,703	22,212
		<hr/>	<hr/>	<hr/>
Total current liabilities		<b>164,198</b>	109,831	140,433
		<hr/>	<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		<b>18,335</b>	(21,155)	(25,639)
		<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>361,501</b>	264,706	263,652
		<hr/>	<hr/>	<hr/>

		<b>30 June</b>	30 June	1 July
		<b>2017</b>	2016	2015
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>Non-current liabilities</b>				
Transfer fee payables		<b>18,895</b>	2,598	296
Accruals and other payables		<b>9,871</b>	890	–
Deferred capital grants		<b>15,421</b>	16,371	19,907
Borrowings		<b>188</b>	150,527	43,869
Deferred tax liabilities		<b>21,020</b>	28,426	33,383
		<u><b>65,395</b></u>	<u>198,812</u>	<u>97,455</u>
Total non-current liabilities				
		<u><b>65,395</b></u>	<u>198,812</u>	<u>97,455</u>
<b>NET ASSETS</b>				
		<u><b>296,106</b></u>	<u>65,894</u>	<u>166,197</u>
<b>Capital and reserves</b>				
Share capital	14	<b>62,932</b>	96,811	96,811
Reserves		<b>237,842</b>	(31,277)	66,463
		<u><b>237,842</b></u>	<u>(31,277)</u>	<u>66,463</u>
Equity attributable to owners of the Company		<b>300,774</b>	65,534	163,274
Non-controlling interests		<b>(4,668)</b>	360	2,923
		<u><b>(4,668)</b></u>	<u>360</u>	<u>2,923</u>
<b>TOTAL EQUITY</b>		<u><b>296,106</b></u>	<u>65,894</u>	<u>166,197</u>

## NOTES:

### 1. CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 5 April 2017, the English name of the Company has been changed from “Birmingham International Holdings Limited” to “Birmingham Sports Holdings Limited” and the Chinese name “伯明翰體育控股有限公司” has been adopted and registered as the dual foreign name of the Company in place of its existing Chinese name “伯明翰環球控股有限公司”, both with effect from 6 April 2017.

### 2. BASIS OF PREPARATION

#### (i) Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance (Cap. 622).

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

#### (ii) Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

### 3. RESTATEMENT OF PRIOR YEARS’ FIGURES

- (a) As detailed in note 13(ii), the amount of HK\$120,000,000 has been reclassified from borrowings to convertible notes reserve as from 1 July 2015.

The following table discloses the restatement that has been made in order to reflect the above reclassification to each of the line items in the consolidated statement of financial position as at 30 June 2016 and 1 July 2015 as previously reported.

(b) Consolidated statement of financial position as at 30 June 2016

	<b>As at 30 June 2016 (As previously reported) HK\$'000</b>	<b>Effect of prior year's restatement HK\$'000</b>	<b>As at 30 June 2016 (As restated) HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	203,008	–	203,008
Intangible assets	82,259	–	82,259
Deposits, prepayments and other receivables	594	–	594
	<hr/>	<hr/>	<hr/>
Total non-current assets	285,861	–	285,861
<b>Current assets</b>			
Inventories	2,672	–	2,672
Trade receivables	3,229	–	3,229
Deposits, prepayments and other receivables	55,793	–	55,793
Bank balances and cash	26,982	–	26,982
	<hr/>	<hr/>	<hr/>
Total current assets	88,676	–	88,676
<b>Current liabilities</b>			
Transfer fee payables	8,572	–	8,572
Trade payables	6,878	–	6,878
Accruals and other payables	41,268	–	41,268
Deferred capital grants	592	–	592
Amounts due to former directors	10,769	–	10,769
Deferred income	22,790	–	22,790
Borrowings	120,259	(120,000)	259
Income tax payable	18,703	–	18,703
	<hr/>	<hr/>	<hr/>
Total current liabilities	229,831	(120,000)	109,831
<b>Net current liabilities</b>	<hr/> <b>(141,155)</b>	<hr/> <b>120,000</b>	<hr/> <b>(21,155)</b>
<b>Total assets less current liabilities</b>	<hr/> <b>144,706</b>	<hr/> <b>120,000</b>	<hr/> <b>264,706</b>

	As at 30 June 2016 (As previously reported) <i>HK\$'000</i>	Effect of prior year's restatement <i>HK\$'000</i>	As at 30 June 2016 (As restated) <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Transfer fee payables	2,598	–	2,598
Accruals and other payables	890	–	890
Deferred capital grants	16,371	–	16,371
Borrowings	150,527	–	150,527
Deferred tax liabilities	28,426	–	28,426
	<hr/>		<hr/>
Total non-current liabilities	198,812	–	198,812
	<hr/>		<hr/>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(54,106)</b>	<b>120,000</b>	<b>65,894</b>
	<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>			
Share capital	96,811	–	96,811
Reserves	(151,277)	120,000	(31,277)
	<hr/>		<hr/>
(Capital deficiency)/equity attributable to owners of the Company	(54,466)	120,000	65,534
Non-controlling interests	360	–	360
	<hr/>		<hr/>
<b>(CAPITAL DEFICIENCY)/TOTAL EQUITY</b>	<b>(54,106)</b>	<b>120,000</b>	<b>65,894</b>
	<hr/> <hr/>		<hr/> <hr/>

(c) Consolidated statement of financial position as at 1 July 2015

	<b>As at 1 July 2015 (As previously reported) HK\$'000</b>	<b>Effect of prior year's restatement HK\$'000</b>	<b>As at 1 July 2015 (As restated) HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	246,912	–	246,912
Intangible assets	41,756	–	41,756
Deposits, prepayments and other receivables	623	–	623
	<hr/>	<hr/>	<hr/>
Total non-current assets	289,291	–	289,291
<b>Current assets</b>			
Inventories	1,603	–	1,603
Trade receivables	12,274	–	12,274
Deposits, prepayments and other receivables	42,101	–	42,101
Cash held at non-bank financial institutions	1	–	1
Bank balances and cash	58,815	–	58,815
	<hr/>	<hr/>	<hr/>
Total current assets	114,794	–	114,794
<b>Current liabilities</b>			
Transfer fee payables	1,097	–	1,097
Trade payables	14,910	–	14,910
Accruals and other payables	47,634	–	47,634
Deferred capital grants	695	–	695
Amounts due to former directors	10,769	–	10,769
Deferred income	23,142	–	23,142
Borrowings	139,974	(120,000)	19,974
Income tax payable	22,212	–	22,212
	<hr/>	<hr/>	<hr/>
Total current liabilities	260,433	(120,000)	140,433
	<hr/>	<hr/>	<hr/>
<b>Net current liabilities</b>	(145,639)	120,000	(25,639)
	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	143,652	120,000	263,652
	<hr/>	<hr/>	<hr/>



	As at 1 July 2015 (As previously reported) <i>HK\$'000</i>	Effect of prior year's restatement <i>HK\$'000</i>	As at 1 July 2015 (As restated) <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Transfer fee payables	296	–	296
Deferred capital grants	19,907	–	19,907
Borrowings	43,869	–	43,869
Deferred tax liabilities	33,383	–	33,383
	<u>97,455</u>	<u>–</u>	<u>97,455</u>
Total non-current liabilities	97,455	–	97,455
<b>NET ASSETS</b>	<u>46,197</u>	<u>120,000</u>	<u>166,197</u>
<b>Capital and reserves</b>			
Share capital	96,811	–	96,811
Reserves	(53,537)	120,000	66,463
	<u>43,274</u>	<u>120,000</u>	<u>163,274</u>
Equity attributable to owners of the Company	43,274	120,000	163,274
Non-controlling interests	2,923	–	2,923
	<u>46,197</u>	<u>120,000</u>	<u>166,197</u>
<b>TOTAL EQUITY</b>	<u>46,197</u>	<u>120,000</u>	<u>166,197</u>

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowance and exclude value added tax or other sales related taxes.

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

## Entity-wide disclosures

### Information about the nature of revenue

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Broadcasting	68,366	59,278
Commercial income	60,387	62,141
Match day receipts	44,197	47,914
	<u>172,950</u>	<u>169,333</u>

### Geographic information

Information about the Group's revenue from external customers and non-current assets are presented based on the location of operations and geographical location of the assets respectively.

	Revenue from external customers		Non-current assets	
	For the year ended 30 June		At 30 June	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	–	–	43	2,071
The People's Republic of China (the "PRC")	–	–	715	–
The UK	172,950	169,333	342,408	283,790
	<u>172,950</u>	<u>169,333</u>	<u>343,166</u>	<u>285,861</u>

## 5. OTHER INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Compensation from player transfer	4,985	–
Compensation from the controlling shareholder on settlement with a former director ( <i>note (i)</i> )	9,028	–
Gain on disposal of property, plant and equipment	102	107
Gain on settlement with a former director ( <i>note (ii)</i> )	2,198	–
Interest income	411	1,685
Reversal of provision for directors' fee	1,134	–
Reversal of excess provision for donation	5,620	11,420
Subsidies received from the Premier League ( <i>note (iii)</i> )	6,108	5,872
Foreign exchange gain (net)	–	488
Sundry income	3,476	2,942
	<u>33,062</u>	<u>22,514</u>

*Notes:*

- (i) As at 30 June 2016, the Group recorded amounts due to a former director, Mr. Yeung Ka Sing, Carson (“**Mr. Yeung**”) of approximately HK\$9,028,000 (the “**Yeung Debt**”), comprising accrued director’s fee of approximately HK\$3,457,000 and other amounts due to Mr. Yeung of approximately HK\$5,571,000. As the obligation of settlement of the Yeung Debt has been undertaken to be irrevocably assumed by the controlling shareholder of the Company, Trillion Trophy Asia Limited (“**Trillion Trophy**”), and that the Yeung Debt has been settled subsequent to the year end, the amount of the Yeung Debt has been reversed and recorded as other income for the year ended 30 June 2017.
- (ii) During the year ended 30 June 2017, a former director had accepted an offer of HK\$3,000,000 from the Group for full and final settlement of the claims totaling approximately HK\$5,198,000 claimed by this former director, resulting in a gain of approximately HK\$2,198,000 from the settlement with this former director.
- (iii) During the year ended 30 June 2017, the Group’s professional football operation received funding of approximately HK\$6,108,000 (2016: approximately HK\$5,872,000) from the Premier League in the UK under the Elite Player Performance Plan upon fulfillment of certain terms and conditions.

**6. FINANCE COSTS**

	<b>2017</b>	2016
	<b>HK\$’000</b>	HK\$’000
Interest expenses on:		
– Other borrowings ( <i>note</i> )	<b>5,340</b>	7,660
– Finance leases	<b>28</b>	33
– Notional interest on transfer fee payable over one year	<b>2,687</b>	960
– Effective interest on convertible notes ( <i>note 13(iii)</i> )	<b>982</b>	–
	<b>9,037</b>	8,653

*Note:* Reference is made to the announcement of the Company dated 18 May 2017, the Company and Trillion Trophy entered into an amendment letter, pursuant to which the parties agreed to lower the interest rate under the loan facility agreement dated 26 June 2015 from 8.0% per annum to 3.0% per annum with effect from 1 January 2017.

## 7. INCOME TAX CREDIT

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Corporation Tax – the UK		
Over provisions in prior years ( <i>note</i> )	17,734	–
Deferred taxation – the UK		
Current year	5,372	(1,335)
Attributable to a change in tax rate	1,422	1,590
	<u>24,528</u>	<u>255</u>

*Note:* During the year ended 30 June 2014, a subsidiary of the Group recorded a tax liability of approximately GBP1,800,000 (equivalent to approximately HK\$17,734,000). The tax liability arisen from a deed of novation to transfer to the Company the debt of approximately HK\$193,500,000 (equivalent to approximately GBP15,385,000) owed by this subsidiary to an ex-director of the Company (the “**Debt**”). The subsidiary recorded a tax liability on release of the Debt. During the current year, the local tax authorities agreed that the release of the Debt is capital in nature and is non-taxable. Accordingly, the corresponding tax liability is reversed in current year.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising from Hong Kong for the years ended 30 June 2017 and 2016.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group’s subsidiaries in the UK are subject to Corporation Tax in the UK (“**Corporation Tax**”). Corporation Tax is calculated at 19% of the estimate assessable profit for the year ended 30 June 2017 (2016: 20%).

## 8. LOSS FOR THE YEAR

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and wages	210,314	165,026
– Retirement benefits scheme contributions	21,263	17,299
	<u>231,577</u>	<u>182,325</u>
Total staff costs		
	<u>231,577</u>	<u>182,325</u>
Auditors' remuneration		
– Current year	989	1,061
Amortisation of intangible assets	29,216	8,783
Depreciation of property, plant and equipment	8,507	10,682
Minimum lease payments under operating lease in respect of:		
– Properties	1,733	2,374
– Others	2,286	2,729
Cost of inventories recognised as expense	14,628	12,836
Impairment loss/(reversal of impairment loss) on intangible assets	26,088	(27,780)
Foreign exchange loss/(gain) (net)	176	(488)
	<u>176</u>	<u>(488)</u>

## 9. DIVIDEND

No dividend was paid or proposed for the years ended 30 June 2017 and 2016, nor has any dividend been proposed since the end of the reporting periods.

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$177,712,000 (2016: HK\$58,574,000) and the weighted average number of 4,425,452,861 (2016: 484,054,336) ordinary shares in issue during the year.

The weighted average number of shares adopted in the calculation of the basic loss per share for the year of 2016 has been adjusted to reflect the impact of the share consolidation effected on 7 September 2016 and of the open offer which was completed on 11 October 2016.

The computations of diluted loss per share for the years ended 30 June 2017 and 2016 are the same as the basic loss per share as the impact of the convertible notes outstanding had an anti-dilutive effect.

## 11. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	5,824	4,754
Less: Impairment loss recognised	<u>(621)</u>	<u>(1,525)</u>
	<u><u>5,203</u></u>	<u><u>3,229</u></u>

- (i) The average credit period to the Group's trade receivables is 90 days (2016: 90 days) and represents solely from the professional football operation.
- (ii) The aging analysis of trade receivables, based on invoice date, net of impairment loss is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	1,913	728
31 days to 90 days	1,281	958
91 days to 180 days	1,418	575
181 days to 365 days	<u>591</u>	<u>968</u>
	<u><u>5,203</u></u>	<u><u>3,229</u></u>

- (iii) At 30 June 2017 and 2016, the analysis of trade receivables that were past due but not impaired are as follows:

	Total <i>HK\$'000</i>	Neither past due nor impaired <i>HK\$'000</i>	Past due but not impaired	
			Less than 90 days <i>HK\$'000</i>	91 days and over <i>HK\$'000</i>
At 30 June 2017	<u><u>5,203</u></u>	<u><u>3,194</u></u>	<u><u>1,418</u></u>	<u><u>591</u></u>
At 30 June 2016	<u><u>3,229</u></u>	<u><u>1,686</u></u>	<u><u>575</u></u>	<u><u>968</u></u>

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

## 12. TRADE PAYABLES

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	6,786	6,005
31 days to 90 days	6,968	455
91 days to 180 days	436	101
181 days to 365 days	157	317
	<u>14,347</u>	<u>6,878</u>

The Group normally receives credit periods from suppliers averaging at 90 days (2016: 90 days).

## 13. CONVERTIBLE NOTES

	<i>HK\$'000</i>
<b>Convertible notes reserve</b>	
At 1 July 2015 (restated) and 1 July 2016 (restated)	232,500
Equity component of convertible notes issued	26,440
Conversion into ordinary shares	<u>(258,940)</u>
At 30 June 2017	<u>–</u>

The principal terms of the convertible notes are as follows:

<i>Notes</i>	Debt CN/ CY Unconverted Note <i>(i)</i>	U-Continent CN/ UC Unconverted Note <i>(ii)</i>	New CN <i>(iii)</i>
Maturity date	31 December 2016	31 December 2016	10 October 2019
Principal amount when issued	HK\$193,500,000	HK\$175,000,000	HK\$150,000,000
Interest rate	zero	zero	2% per annum
Conversion price	HK\$0.41	HK\$0.41	HK\$0.08
Conversion period	5 February 2014 to 31 December 2016	5 February 2014 to 31 December 2016	11 October 2016 to 10 October 2019

*Notes:*

- (i) On 20 December 2013, the Company and Mr. Yeung agreed to capitalise the debt owed by the Company of HK\$193,500,000 to Mr. Yeung (which had been novated from a subsidiary of the Company) by issuing a zero coupon convertible note (the “**Debt CN**”). The Debt CN is non-redeemable and could be converted to a total of 6,450,000,000 ordinary shares of the Company at a conversion price of HK\$0.03 per conversion share. On 14 November 2014, the Debt CN of the principal amount of HK\$81,000,000 was converted into 2,700,000,000 ordinary shares of the Company at the conversion price of HK\$0.03 per conversion share. As at 30 June 2015, the Debt CN in the principal amount of HK\$112,500,000 was outstanding and remaining unconverted (the “**CY Unconverted Note**”).

By a writ of summons dated 13 July 2015, the Company and Birmingham City Football Club PLC (“**BCFC**”) commenced legal proceedings against Mr. Yeung under High Court Action No.1590 of 2015 claiming a total of more than HK\$100,000,000 from Mr. Yeung for various breaches of duties whilst he was a director of the Company and BCFC.

References are made to the announcements of the Company dated 14 March 2016, 6 June 2016 and the circular of the Company dated 5 August 2016 (the “**Circular**”). On 8 March 2016, the Company, together with BCFC, entered into a settlement agreement with Mr. Yeung and Mr. Ryan Yeung (son of Mr. Yeung) (the “**CY Settlement Agreement**”) pursuant to which, among others, subject to and conditional upon the fulfilment of the conditions precedent thereto (details of which are set out in the section headed “Conditions precedent to the CY Settlement Agreement” of the Circular), the Company agreed to extend the maturity date of the CY Unconverted Note from 4 February 2016 to 31 December 2016 or to such other date as the parties to the settlement agreement may agree in writing (with all the other terms and conditions of the Debt CN remaining unchanged).

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

On 17 October 2016, the abovementioned conditions precedent were fulfilled upon the resumption of trading of the shares of the Company on the Stock Exchange.

In December 2016, CY Unconverted Note in the principal amount of HK\$112,500,000 was converted into 274,390,243 ordinary shares of the Company at a conversion price of HK\$0.41 per conversion share (note 14(iv)).



- (ii) On 5 February 2014, the Company issued a zero coupon convertible note (the “**First CN**”) of principal amount of HK\$50,000,000 to U-Continent Holdings Limited (“**U-Continent**”). On 21 February 2014, the First CN of the principal amount of HK\$10,000,000 was converted into 333,333,333 ordinary shares of the Company at the conversion price of HK\$0.03 per conversion share. In February and April 2014, the Company issued a zero coupon convertible note (the “**Second CN**”) (the First CN and the Second CN, collectively the “**U-Continent CN**”) in two tranches of aggregate principal amount of HK\$125,000,000 to U-Continent. The first tranche of the Second CN of principal amount of HK\$105,000,000 was issued on 5 February 2014 and the second tranche of the Second CN of principal amount of HK\$20,000,000 was issued on 14 April 2014. On 9 October 2014, the Second CN of the principal amount of HK\$45,000,000 was converted into 1,500,000,000 ordinary shares of the Company at the conversion price of HK\$0.03 per conversion share. As at 30 June 2015, the First CN and the Second CN of aggregate principal amount of HK\$120,000,000 was outstanding and remaining unconverted (the “**UC Unconverted Note**”).

Reference is made to the announcement of the Company dated 21 July 2015. On 21 July 2015, the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in relation to the agreements of the First CN and the Second CN entered into between the Company and U-Continent (collectively, the “**Agreements**”) under which U-Continent subscribed convertible notes of aggregate principal amount of HK\$175,000,000 issued by the Company. By a letter to U-Continent dated 20 July 2015, the Company rescinded the Agreements and on 21 July 2015 issued a writ of summons against U-Continent under High Court Action No. 1648 of 2015 claiming for loss and damages suffered by the Company as a result of the alleged misrepresentations.

As a result of the above legal action, the Company had classified the UC Unconverted Note of the principal amount of HK\$120,000,000 as an amount due to U-Continent and was included as borrowings in the Company’s financial statements of the prior financial years.

References are made to the announcements of the Company dated 26 April 2016, 6 June 2016 and the Circular. On 12 April 2016, the Company entered into a settlement agreement with U-Continent pursuant to which, among others, subject to and conditional upon the fulfilment of the conditions precedent thereto (details of which are set out in the section headed “Conditions precedent to the UC Settlement Agreement” of the Circular), the Company agreed to extend the maturity date of the UC Unconverted Note from 4 February 2016 to 31 December 2016 or to such other date as the parties to the settlement agreement may agree in writing (with all the other terms and conditions of the U-Continent CN remaining unchanged).

Pursuant to the terms and conditions of the U-Continent CN, the initial conversion price of the U-Continent CN, being HK\$0.03 per conversion share, would be adjusted to an adjusted conversion price of HK\$0.41 per conversion share after taking into account the effects of the share consolidation and the open offer (details of the adjustments are set out in the section headed “Adjustments to the Conversion Price of the Existing Convertible Notes” of the Circular). Based on the adjusted conversion price of HK\$0.41 per conversion share, a total of 292,682,925 shares would be issued upon (i) the fulfilment of the conditions precedent as stated in the section headed “Conditions precedent to the UC Settlement Agreement” of the Circular; and (ii) the full exercise of the conversion rights under the UC Unconverted Note.

On 17 October 2016, the abovementioned conditions precedent were fulfilled upon the resumption of trading of the shares of the Company on the Stock Exchange.

In October 2016, the UC Unconverted Note in the aggregate principal amount of HK\$120,000,000 was converted into 292,682,925 ordinary shares of the Company at a conversion price of HK\$0.41 per conversion share (note 14(iv)).

As a result of the above, the amount of HK\$120,000,000 has been reclassified from borrowings to convertible notes reserve as from 1 July 2015.

- (iii) On 11 October 2016, the Company issued convertible notes (the “New CN”) with a principal amount of HK\$150,000,000, convertible into 1,875,000,000 ordinary shares of the Company at a conversion price of HK\$0.08 per conversion share for setting off against the drawn down amount of the term loan facility provided by Trillion Trophy to the Company. The New CN would be matured on 10 October 2019 and were interest bearing at 2% per annum.

The effective interest rate used to estimate the liability component of the New CN is 8.7% per annum.

In October and December 2016, the New CN in principal amount of HK\$100,000,000 and HK\$50,000,000 were converted into 1,250,000,000 and 625,000,000 ordinary shares of the Company at a conversion price of HK\$0.08 per conversion share respectively (note 14(iv)).

The fair value of the New CN issued had been split between the liability component and equity component as follows:

	<i>HK\$'000</i>
Fair value of New CN issued	150,000
Equity component	<u>(26,440)</u>
Liability component at the date of issue	123,560
Interest charged for the year ended 30 June 2017 calculated at an effective interest rate of 8.7% per annum ( <i>note 6</i> )	982
Interest paid for the year ended 30 June 2017	(274)
Conversion of New CN	<u>(124,268)</u>
Liability component at 30 June 2017	<u><u>–</u></u>

## 14. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each			
<b>Authorised:</b>			
At 1 July 2015 and 1 July 2016		50,000,000,000	500,000
Share consolidation	<i>(i)</i>	(47,500,000,000)	–
Capital reduction	<i>(i)</i>	–	(475,000)
Authorised share capital cancellation	<i>(i)</i>	(2,015,945,664)	(20,159)
Authorised share capital increase	<i>(i)</i>	<u>49,515,945,664</u>	<u>495,159</u>
At 30 June 2017		<u>50,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>			
At 1 July 2015 and 1 July 2016		9,681,086,733	96,811
Capital reorganisation	<i>(i)</i>	<u>(9,197,032,397)</u>	<u>(91,970)</u>
		484,054,336	4,841
Issue of shares upon share subscription	<i>(ii)</i>	3,125,000,000	31,250
Issue of shares upon open offer	<i>(iii)</i>	242,027,168	2,420
Issue of shares upon conversion of convertible notes	<i>(iv)</i>	<u>2,442,073,168</u>	<u>24,421</u>
At 30 June 2017		<u>6,293,154,672</u>	<u>62,932</u>

*Notes:*

### (i) Capital reorganisation

The capital reorganisation of the Company which became effective on 7 September 2016 comprised the following:

#### *Share consolidation*

The share consolidation was implemented to consolidate every twenty issued and unissued shares of the Company of HK\$0.01 each into one share (the “**Consolidated Share(s)**”) of HK\$0.20 each. As a result, 9,681,086,733 issued shares of the Company were consolidated into 484,054,336 Consolidated Shares of HK\$0.20 each.

#### *Capital reduction*

The capital reduction involved a reduction in the nominal value of each of the issued Consolidated Shares from HK\$0.20 per Consolidated Share to HK\$0.01 per new share by cancelling HK\$0.19 of the capital paid up on each issued Consolidated Share, which gave rise to a credit of approximately HK\$91,970,000 on the basis of 484,054,336 Consolidated Shares then in issue. Such credit was approved by the Grand Court of the Cayman Islands (the “**Grand Court**”) to set off part of the accumulated losses of the Company.

#### *Share premium cancellation*

As approved by the Grand Court, the entire amount of approximately HK\$1,272,710,000 standing to the credit of the share premium account of the Company as at 30 June 2016 was cancelled and applied to set off part of the accumulated losses of the Company as at 30 June 2016.

#### *Authorised share capital cancellation*

Immediately following the capital reduction and share premium cancellation, all the existing authorised but unissued shares were cancelled in their entirety.

#### *Authorised share capital increase*

The authorised share capital of the Company was increased from HK\$4,840,543.36 divided into 484,054,336 shares of HK\$0.01 each to HK\$500,000,000.00 divided into 50,000,000,000 shares of HK\$0.01 each.

#### **(ii) Share subscription**

Completion of the share subscription took place on 11 October 2016 (the “**Share Subscription**”) pursuant to which 3,125,000,000 subscription shares with par value of HK\$0.01 each were issued to Trillion Trophy, the controlling shareholder of the Company, at the subscription price of HK\$0.08 per subscription share. Accordingly, the Company’s issued share capital was increased by HK\$31,250,000 and its share premium account was increased by HK\$218,750,000. The transaction costs related to the Share Subscription were approximately HK\$112,000.

#### **(iii) Open offer**

Completion of the open offer on the basis of one offer share for every two shares held by the qualifying shareholders of the Company after the completion of the capital reorganisation at the subscription price of HK\$0.08 per offer share with par value of HK\$0.01 each took place on 11 October 2016 (the “**Open Offer**”) pursuant to which 242,027,168 offer shares were issued under the Open Offer. Accordingly, the Company’s issued share capital was increased by approximately HK\$2,420,000 and its share premium account was increased by approximately HK\$16,942,000. The transaction costs related to the Open Offer were approximately HK\$508,000.

#### **(iv) Conversion of convertible notes**

During the year under review, CY Unconverted Note, UC Unconverted Note and New CN in principal amount of HK\$112,500,000, HK\$120,000,000 and HK\$150,000,000 were converted into 274,390,243, 292,682,925 and 1,875,000,000 ordinary shares of the Company at a conversion price of HK\$0.41, HK\$0.41 and HK\$0.08 per conversion share respectively. The transaction costs related to the conversion of convertible notes were approximately HK\$7,000.

#### **(v) All shares issued during the year rank pari passu with the then existing shares of the Company in all respects.**

## 15. CONTINGENT LIABILITIES

As at 30 June 2017, the Group had the following contingent liabilities:

### (a) Player transfer costs

Under the terms of certain contracts with other football clubs in respect of player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 June 2017 was approximately HK\$98,818,000 (equivalent to approximately GBP9,731,000).

### (b) Litigation: High Court Action No. 1099 of 2013

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

At the case management conference on 27 September 2017, the High Court ordered that (i) Mr. Lee shall take out application to amend the statement of claim by 18 October 2017, if so advised, and (ii) any interlocutory application by the parties shall be taken out by 3 January 2018. The next case management conference is scheduled to be held on 8 March 2018.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***Performance and Results***

For the year ended 30 June 2017, the revenue of the Group was approximately HK\$173 million (2016: approximately HK\$169.3 million) which was about the same as that of the last year. The loss attributable to owners of the Company during the year under review was approximately HK\$177.7 million as compared with approximately HK\$58.6 million for the year ended 30 June 2016. The basic loss per share was approximately HK4.02 cents (2016: approximately HK12.10 cents).

### ***Business Review and Prospect***

The principal activity of the Group is the operation of Birmingham City Football Club (the “Club”) in the UK. The Club finished a disappointing 2016/17 season. Despite the Club recruited a number of new players as well as the new club manager during the season targeted to enhance the overall competitiveness of the team, the expected synergies did not materialise and the Club finished the season in the 19th position in the English Football League Championship (10th position in season 2015/16). In preparation for season 2017/18, the Club further signed more high-standard players to strengthen every key position of the team. The management is optimistic that the performance of the Club can be improved on and off the field in the new season.

The Birmingham City Football Academy has maintained its Category 2 status under the Elite Player Performance Plan and that a number of academy trained players continued to be involved in the first team squad.

For the year ended 30 June 2017, the Group incurred a loss attributable to owners of the Company of approximately HK\$177.7 million as compared to a loss of approximately HK\$58.6 million for last year. The increase in loss was mainly due to the increase in operating costs which largely attributable to the higher spending on players’ registration and staff costs as a result of the change of the new club manager and the signing of a number of new players during the season with an aim to strengthen the competitiveness of the football club, and the impairment loss incurred after the assessment on the fair value of the intangible assets of the Group during the year under review.

The management of the Company has been actively seeking business opportunities with an aim to enhance the long term growth potential of the Company and its shareholder value. On 30 June 2017, the Group entered into agreements to acquire the right of use of a parcel of land at Phnom Penh, the Kingdom of Cambodia (“**Cambodia**”) and to develop a building for commercial and educational use on the land, and to acquire certain properties comprise residential apartments and commercial podium nearby the land (collectively, the “**Properties**”). Cambodia is a member of the Association of Southeast Asia Nations and is one of the most promising developing countries in the region. The Properties are located at Phnom Penh City Center which is a newly strategic development area located at the centre of Phnom Penh conceptualised to be transformed into a modern, sustainable, commercial and leisure hub with world class facilities for both local and overseas businesses and investors. Phnom Penh City Center is expected to be the prime commercial and living area of Phnom Penh. The Company believes the investment in the Properties represents a good opportunity for the Group to secure a stable stream of income and thereby enhancing value to its shareholders. At the same time, the long term appreciation in value of the Properties can bring further values to the Company and its shareholders in future as a whole. The acquisition of the Properties is subject to the approval of the shareholders of the Company. As at the date of this announcement, the aforementioned acquisitions have not yet been completed. For details of the transactions, please refer to the announcement of the Company dated 30 June 2017.

Looking forward, the management will continue to develop its principal football business and will step up its effort to identify new business opportunities so as to strengthen and broaden the revenue stream of the Company, to pave the way for a better result and prospect for the Group and to enhance the returns to our shareholders as a whole.

## **FINANCIAL REVIEW**

### ***Revenue***

Revenue streams of the Group comprised (i) match day receipts which consisted of season and match day tickets, (ii) broadcasting revenue, including distributions from the Football Association Premier League and English Football League broadcasting agreements, cup competitions and revenue from the media, and (iii) commercial income which comprised sponsorship income, corporate hospitality, merchandising, conferences and events and other sundry income.

The Club recorded an increase in revenue, in term of Pound Sterling, by 19.4% over the corresponding period last year. The increase in the Club’s revenue, however, was mostly offset by the devaluation of Pound Sterling during the year which caused the revenue of the Group increased by only 2.1% to approximately HK\$173 million in term of Hong Kong dollars.

### ***Operating Expenses***

Operating expenses incurred during the year were approximately HK\$320.6 million, representing an increase of 14.7% over that of the previous year. The increase was mainly due to higher staff costs incurred by the Club, in particular the wages of players and coaching team as a result of the introduction of more players to strengthen the squad.

### ***Other Income***

The Group's other income during the year was approximately HK\$33.1 million which was approximately HK\$10.5 million or 46.9% higher than that of the previous year. The increase mainly represented the compensation received from the Club's player transfer and the compensation from Trillion Trophy in respect of the settlement with a former director of the Company. During the year under review, the undertaking by Trillion Trophy to assume the obligation of the above settlement took effect and the amount payable to the former director previously provided for was reversed and recorded in other income this year.

### ***Profit on Sales of Players' Registration***

The Group's profit on sales of players' registration during the year was approximately HK\$2 million and was 96% lower than that of the previous year. The decrease was mainly because less players were sold this year.

### ***Amortisation of Intangible Assets***

Amortisation of intangible assets during the year was approximately HK\$29.2 million, representing an increase of 2.3 times over that of last year. The increase was primarily due to the additional players' registration incurred during the year as more players were signed.

### ***Administrative and Other Expenses***

During the year, the Group incurred administrative and other expenses of approximately HK\$30.2 million which was 8.3% lower than that of the previous year. The decrease was mainly due to lower legal and professional expenses which partially offset by the increase in other corporate running costs this year.

### ***Impairment Loss on Intangible Assets***

The management performed an assessment on the carrying value of the trademark at 30 June 2017 in accordance with the accounting policy on impairment of assets. The carrying value of the trademark was determined after taking into consideration the performance of the Club and the estimated relevant future cash flows so generated as well as the latest market conditions. Based on the assessment and as confirmed by an independent professional valuer, the Group recognised an impairment loss on intangible assets of approximately HK\$26.1 million in respect of the reduction in fair value of the trademark. In last year, there was a reversal of impairment loss of approximately HK\$27.8 million.

### ***Finance Costs***

During the year, the Group incurred finance costs of approximately HK\$9 million, representing an increase of 4.4% over that of last year. The increase in finance costs was mainly attributable to the higher notional interest on transfer fee payables as compared with 2016.



### ***Income Tax Credit***

The income tax credit primarily represented the release of tax provision in respect of the transfer to the Company a debt owed by a subsidiary of the Group in the UK to an ex-director of the Company in 2014 and the deferred tax credit on the impairment loss on intangible assets incurred this year.

### ***Intangible Assets***

The Group had intangible assets amounted to approximately HK\$141.6 million at the year end which was 72.1% higher than that of the previous year. The increase was primarily due to the additional players' registration for the signing of new players amounting approximately HK\$114.7 million which partially offset by the impairment loss on the trademark and amortisation expense during the year.

### ***Inventories***

The Group's inventories at the end of the year increased by 98.6% to approximately HK\$5.3 million. The increase was mainly due to more merchandise with higher value was kept in stock. All the inventories were current in nature and no written down of its value was considered necessary.

### ***Trade Receivables***

The Group had net trade receivables at the end of the year amounted to approximately HK\$5.2 million, representing an increase of 61.1% over that of the previous year. The increase was in line with the increase in commercial income this year.

### ***Transfer Fee Payables***

The Group's transfer fee payables at the end of the year increased by 3.8 times to approximately HK\$53.4 million in total as more players were signed before end of June this year.

### ***Trade Payables***

The Group's trade payables increased by 1.1 times over that of the previous year to approximately HK\$14.3 million. The increase was largely attributable to the larger amount of merchandise payables as at end of this year.

### ***Deferred Income***

Being mainly the unrecognised income in relation to match receipt, the deferred income at the end of the year was approximately HK\$27 million, representing an increase of 18.5% over that of last year. The increase was primarily due to more season tickets for the new season were sold before year end as compared to last year.

### ***Contingent Liabilities***

Other than disclosed elsewhere in this results announcement, the Group did not have any material contingent liabilities as at 30 June 2017.

### *Capital Expenditure and Commitments*

During the year, the Group incurred capital expenditure of approximately HK\$10.5 million, majority of which were for the purchase of property, plant and equipment in the UK.

At 30 June 2017, the Group had no significant capital commitment (2016: nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### *Gearing Ratio*

As at 30 June 2017, the Group's current ratio (as defined by current assets divided by current liabilities) was 111% (2016: 81% (restated)) and the gearing ratio (as defined by total borrowings divided by equity plus total borrowings) was 12% (2016: 70% (restated)). The ratio of total liabilities to total assets of the Group was 44% (2016: 82% (restated)).

### *Financial Resources*

On 26 June 2015 and 31 May 2016, the Company entered into a loan facility agreement (the "**Loan Facility Agreement**") and an amendment letter to the Loan Facility Agreement, respectively, with Trillion Trophy to provide a term loan facility of up to HK\$212,813,600 to the Company. The loan facility bears interest at a rate of 8% per annum, maturing by 25 June 2018 and is secured by (i) a first fixed legal charge over the property owned by BCFC, the principal subsidiary of the Company, in favour of Trillion Trophy (the "**Mortgage**"); (ii) a first floating charge over all the assets, goodwill, undertaking and uncalled capital, both present and future granted or to be granted by BCFC in favour of Trillion Trophy (the "**Charge over Assets**"); and (iii) a first fixed charge over all books and other debts, both present and future granted or to be granted by BCFC, in favour of Trillion Trophy (the "**Charge over Book Debts**", together with the Mortgage and the Charge over Assets, the "**Security**").

On 18 May 2017, the Company and Trillion Trophy entered into another amendment letter, pursuant to which (i) the parties agreed to lower the interest rate under the Loan Facility Agreement from 8.0% per annum to 3.0% per annum with effect from 1 January 2017; (ii) Trillion Trophy agreed to execute a deed of release pursuant to which the Mortgage shall be released and discharged in full (the "**Release**"); (iii) the Charge over Assets and the Charge over Book Debts shall no longer be required to be given as the Security; and (iv) Trillion Trophy confirmed that notwithstanding the Release, the loan facility shall continue to be in force. On the same day, Trillion Trophy executed a deed of release in relation to the full discharge and release of the Security.

On 6 June 2016 and 8 June 2016, the Company and Trillion Trophy entered into a convertible notes subscription agreement and a supplemental deed respectively to subscribe for convertible notes in the aggregate principal amount of HK\$150,000,000 (the “Notes”). The Notes bear an interest of 2% per annum with a maturity date falling three years from the date of issue of the Notes, and can be converted to shares of the Company at a conversion price of HK\$0.08 per share. The Notes were utilised to offset against the outstanding balance of the loan drawn under the Loan Facility Agreement. The subscription of the Notes was completed on 11 October 2016. Upon the completion of subscription of the Notes, as at the date of this report, the outstanding amount of the loan drawn under the Loan Facility Agreement is HK\$39,113,600. On 28 October 2016 and 20 December 2016, HK\$100,000,000 and HK\$50,000,000 of the Notes were fully converted into 1,250,000,000 and 625,000,000 shares of the Company respectively.

On 6 June 2016, the Company proposed the Open Offer on the basis of one offer share for every two shares of the Company held by qualifying shareholders at the price of HK\$0.08 per offer share. The Open Offer was completed on 11 October 2016 under which a total of 242,027,168 offer shares of the Company had been issued and the gross proceeds from the Open Offer, before deducting the underwriting commission and other expenses, amounted to approximately HK\$19,362,000.

On 6 June 2016, the Company entered into a share subscription agreement with Trillion Trophy to subscribe for 3,125,000,000 shares of the Company at the price of HK\$0.08 per share. The Share Subscription was completed on 11 October 2016 and the gross proceeds from the Share Subscription before deducting relevant expenses amounted to HK\$250,000,000.

The aggregate gross proceeds from the Open Offer and the Share Subscription totaling approximately HK\$269,362,000. During the year, approximately HK\$166,024,000 out of the gross proceeds were used as follows: (i) approximately HK\$136,165,000 were used to satisfy the working capital requirement of BCFC; (ii) approximately HK\$5,427,000 were used to settle the expenses for the resumption purposes; and (iii) approximately HK\$24,432,000 were used to finance the expenses incurred by the operations in Hong Kong and the PRC.

For details of the Notes, the Open Offer and the Share Subscription, please refer to the Circular and the prospectus of the Company dated 15 September 2016 (the “Prospectus”).

On 21 December 2016, the Company entered into a facility agreement (the “**Revolving Facility Agreement**”) with Trillion Trophy in respect of the provision of a revolving loan facility up to HK\$250 million for the period commencing 21 December 2016 and ending on the earlier of 31 December 2018 and the date on which the facility is cancelled or terminated pursuant to the Revolving Facility Agreement (or other date as agreed between the Company and Trillion Trophy) (the “**Revolving Facility**”). As at the date of this announcement, a total of HK\$22 million has been drawn from the Revolving Facility. For details of the Revolving Facility, please refer to the announcement of the Company dated 21 December 2016.

As at 30 June 2017, the Group's bank balances and cash was approximately HK\$131.2 million (2016: approximately HK\$27 million). The Group's funds were denominated mainly in Hong Kong dollars, Renminbi and Pound Sterling, and were deposited in banks primarily in Hong Kong, the PRC and the UK.

The Group had outstanding borrowings as at 30 June 2017 of approximately HK\$39.3 million (2016: approximately HK\$150.8 million (restated)). These mainly comprised of non-bank borrowings originated in Hong Kong which included approximately HK\$39.1 million drawn from Trillion Trophy.

With the amount of liquid assets on hand as well as loan facilities from the controlling shareholder, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

### ***Capital Reorganisation***

Reference is made to the Circular in relation to, among others, the capital reorganisation of the Company. Immediately upon the completion of such capital reorganisation on 7 September 2016, the authorised share capital of the Company was HK\$500 million divided into 50,000,000,000 shares of HK\$0.01 each and the issued and paid up capital of the Company was approximately HK\$4.8 million divided into 484,054,336 shares of HK\$0.01 each.

### ***Foreign Exchange Exposure***

The Group's exposure to foreign currency risk mainly relates to the Group's operation in the UK and most of which transactions, assets and liabilities are denominated in Pound Sterling. The Group does not use derivative financial instruments to hedge its foreign currency risks. The management of the Company will continue to monitor its foreign exchange exposure and take appropriate measures if needed.

### ***Pledge of Assets***

During the year under review and up to 18 May 2017, the loan facility from Trillion Trophy was secured by (i) a first fixed legal charge over the property owned by BCFC; (ii) a first floating charge over all assets, goodwill, undertaking an uncalled capital, both present and future granted or to be granted by BCFC in favour of Trillion Trophy; and (iii) a first fixed charge over all books and other debts, both present and further granted or to be granted by BCFC in favour of Trillion Trophy. On 18 May 2017, the Company and Trillion Trophy agreed, among others, that the above security shall no longer be required for the loan facility and, on the same day, Trillion Trophy executed a deed of release in relation to the full discharge and release of the above security.

Certain bank credit facilities made available to BCFC were secured by a fixed charge over a specific bank deposit account of BCFC held with the bank. As at 30 June 2017, the balance on this bank deposit account was GBP800,000 (equivalent to approximately HK\$8,124,000) (2016: GBP800,000 which was equivalent to approximately HK\$8,312,000).

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

## **RESUMPTION OF TRADING OF SHARES OF THE COMPANY**

References are made to the Circular and the Prospectus and the announcements of the Company dated 7 October 2016, 11 October 2016 and 14 October 2016 in relation to, among others, the proposed restructuring, fulfillment of resumption conditions and resumption of trading of shares of the Company on the Stock Exchange.

Upon the fulfillment of all the conditions set out in the resumption proposal as approved by the Stock Exchange, trading of shares of the Company has been resumed on 17 October 2016. Moreover, the receivership order of the High Court dated 16 February 2015 was discharged and the receivers appointed under the receivership order were released on 17 October 2016.

## **CHANGE OF COMPANY NAME**

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 5 April 2017, the English name of the Company has been changed from “Birmingham International Holdings Limited” to “Birmingham Sports Holdings Limited” and the Chinese name “伯明翰體育控股有限公司” as the dual foreign name of the Company has been adopted and registered in place of its former Chinese name “伯明翰環球控股有限公司”, both with effect from 6 April 2017.

The stock short names of the Company for trading in the shares on the Stock Exchange has been changed from “BIRMINGHAM INTL” to “BIRMINGHAM SPTS” in English and from “伯明翰環球” to “伯明翰體育” in Chinese, and the website of the Company has been changed to www.bshl.com.hk with effect from 24 May 2017.

## **EVENT AFTER THE REPORTING PERIOD**

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

### ***Acquisition of Land Use Right, Construction of Building and Acquisition of Properties in Cambodia***

Reference is made to the announcement of the Company dated 30 June 2017. Orchard Gold Limited (“**Orchard Gold**”), a wholly-owned subsidiary of the Company, entered into an equity sale and purchase agreement on 30 June 2017 (the “**Equity SPA**”), pursuant to which Orchard Gold has conditionally agreed to purchase and Ever Depot Limited (“**Ever Depot**”), a wholly-owned subsidiary of Graticity Real Estate Development Co., Ltd. (“**GRED**”), has conditionally agreed to sell the entire issued share capital of Celestial Fame Investments Limited (the “**Target Company**”) at the consideration of approximately US\$9.7 million (the “**Equity Consideration**”) (equivalent to approximately HK\$75.5 million)(the “**Equity Acquisition**”).

As at the date of the Equity SPA, a wholly-owned subsidiary of the Target Company (“**Celestial Fame**”) and GRED entered into a long term lease agreement, pursuant to which GRED has agreed to lease a parcel of land with a net area of approximately 1,200 sq.m. at Phnom Penh, Cambodia (the “**Land**”) to Celestial Fame at the total rent of US\$3.0 million (equivalent to approximately HK\$23.3 million). Moreover, upon completion of the transaction contemplated under the Equity SPA, Celestial Fame shall enter into the construction contract with GRED (the “**Construction Contract**”) regarding the design and construction of a building for commercial and educational use on the land under the supervision of GRED at a total consideration of approximately US\$4.4 million (the “**Construction Consideration**”) (equivalent to approximately HK\$34.2 million).

On 30 June 2017, Deep Blue Trade (Cambodia) Co., Ltd. (“**Deep Blue**”), a wholly-owned subsidiary of the Company, and GRED entered into a properties sale and purchase agreement (the “**Properties SPA**”), pursuant to which Deep Blue has conditionally agreed to purchase and GRED has conditionally agreed to sell the properties which comprise (i) portion of a 2-storey commercial podium with saleable area of approximately 4,456 sq.m. and (ii) 48 residential apartments at One Park, a property development project developed and owned by GRED at Phnom Penh with total saleable area of approximately 4,680.64 sq.m. at the aggregate consideration of approximately US\$26.2 million (the “**Properties Consideration**”) (equivalent to approximately HK\$203.8 million).

The Equity Consideration, the Construction Consideration and the Properties Consideration in the aggregate amount of approximately US\$40.3 million (equivalent to approximately HK\$313.5 million) shall be satisfied by the issue of in aggregate 2,086,551,000 new shares of the Company at an issue price of HK\$0.15 per share.

The Equity SPA, the Construction Contract and the Properties SPA and the transactions contemplated thereunder are subject to the approval of the shareholders of the Company. As at the date of this announcement, the transactions contemplated thereunder have not yet been completed.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 June 2017, the Group employed approximately 230 full time employees and approximately 520 temporary staff members in Hong Kong, the PRC and the UK (2016: approximately 194 full time employees and approximately 493 temporary staff members). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees mainly based on industry practices and individual performance.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2017 as set out in the preliminary announcement of the Group's results for the year ended 30 June 2017 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") comprises three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine. Mr. To Yan Ming, Edmond is the Chairman of the Audit Committee. The audited consolidated financial statements of the Company for the year ended 30 June 2017 have been reviewed by the Audit Committee and have been duly approved by the Board under the recommendation of the Audit Committee.

## **CORPORATE GOVERNANCE**

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders of the Company. During the year under review, the Company had complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules except for the following deviation:

### **Chairman and chief executive**

#### ***Code Provision A.2.1***

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

#### **Deviation**

There had been a deviation from code provision A.2.1 since Mr. Zhao Wenqing, an Executive Director, served both roles of the chairman and the chief executive officer (the "**CEO**") of the Company during the period from 15 October 2016 to 26 January 2017. However, the aforesaid deviation was rectified and code provision A.2.1 has been complied with following the appointment of Mr. Huang Dongfeng, an Executive Director, as the CEO with effect from 27 January 2017.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to specified individuals including the Group’s senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry with the existing Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 30 June 2017.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities.

## **PUBLICATION OF FINAL RESULTS**

This results announcement is published on the website of the Company at [www.bshl.com.hk](http://www.bshl.com.hk) and the HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk).

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

Hong Kong, 29 September 2017

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Ms. Chan Yuk Yee, Mr. Yiu Chun Kong and Mr. Hsiao Charng Geng as Executive Directors; Mr. Sue Ka Lok as Non-executive Director and Mr. To Yan Ming, Edmond, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine as Independent Non-executive Directors.*