BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
伯明翰環球控股有限公司

(Receivers Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

(1) RESULTS OF SPECIAL AUDIT FOR THE YEAR ENDED 30 JUNE 2014 AND (2) CONTINUOUS SUSPENSION OF TRADING

Reference is made to the announcement (the "**Withdrawal Announcement**") of the Company dated 21 January 2015 in respect of the withdrawal of the auditor's report from JH CPA Alliance Limited, the former auditor of the Company in respect of the consolidated financial statements of the Company for the year ended 30 June 2014. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Withdrawal Announcement.

BACKGROUND OF THE SPECIAL AUDIT

Having considered the implication of the Withdrawal, the Company has appointed ZHONGHUI ANDA CPA Limited ("**ANDA**") to perform a special audit (the "**Special Audit**") in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and to express an opinion on whether the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2014, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

COMPLETION OF THE SPECIAL AUDIT

On 19 July 2016, ANDA completed the Special Audit. The report on the Special Audit is as follows:

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED (RECEIVERS APPOINTED)

We were engaged to audit the consolidated financial statements of Birmingham International Holdings Limited (Receivers Appointed) (the "Company") and its subsidiaries (together, the "Group") set out on pages 7 to 61, which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. However, because of the matters as described in the basis for disclaimer of opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

1. Corresponding figures

The consolidated financial statements of the Group for the year ended 30 June 2013 which form the basis for the corresponding figures presented in these consolidated financial statements for the year ended 30 June 2014 were not audited by us. The predecessor auditor's audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2013 was disclaimed because of the significance of the possible effect of the limitations on the scope of their audit and fundamental uncertainty relating to the going concern basis, details of which are set out in the predecessor's auditor's report dated 26 November 2013.

There were no other satisfactory audit procedures that we could perform to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in these consolidated financial statements for the year ended 30 June 2014.

2. ***Amounts due to directors and former directors***

At 30 June 2013, the Group recorded amounts due to directors of approximately HK$183,352,000, and at 30 June 2013 and 30 June 2014, the Group recorded amounts due to former directors of approximately HK$5,198,000 and HK$10,780,000, respectively. We were unable to obtain sufficient and satisfactory audit evidence to verify the amounts and the repayment terms of these amounts. There were no other satisfactory audit procedures including direct confirmation that we could perform to satisfy ourselves as to whether these amounts were fairly stated in the consolidated statements of financial position as at 30 June 2013 and 30 June 2014.

3. ***Accruals and other payables***

We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the existence and amounts of accruals and other payables of approximately HK$4,996,000 and HK$5,353,000 as at 30 June 2013 and 30 June 2014, respectively. There were no other satisfactory audit procedures including direct confirmation that we could perform to satisfy ourselves as to whether these amounts were fairly stated in the consolidated statements of financial position as at 30 June 2013 and 30 June 2014.

4. ***Suspected misappropriation of funds***

The Company announced on 19 January 2015 that a former employee of the Company might have misappropriated a sum of at least HK$30,000,000, and announced on 22 January 2015 that such former employee might have misappropriated a further sum of at least HK$8,000,000 belonging to the Group. The Company had reported the above suspected misappropriation to the Hong Kong Police Force for investigation. They arrested the former employee on 17 January 2015, but no charges have been laid against the former employee so far. The former employee has been released on bail subsequently.

The Company finally discovered that at least an aggregate sum of approximately HK$37,543,000 was suspected to have been misappropriated, of which the effect of an aggregate sum of HK$27,900,000 was included in the consolidated profit or loss for the year ended 30 June 2014.

We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the nature of the above amounts. Furthermore, there may be a cut-off effect on the consolidated loss for the years ended 30 June 2013 and 30 June 2014 or on the financial years prior to that. We have not been provided with sufficient and satisfactory audit evidence of whether the above amounts are fairly stated and should be recorded in the year ended 30 June 2014 or prior years.

5. *Convertible notes*

(a) *The U-Continent convertible notes*

On 5 February 2014, the Company issued a zero coupon convertible note of principal amount of HK$50,000,000 (the "First CN") to U-Continent Holdings Limited ("U-Continent"). On 21 February 2014, HK$10,000,000 of the First CN was converted into 333,333,333 ordinary shares of the Company.

In 2014, the Company issued a zero coupon convertible note in two tranches to the principal amount of HK$125,000,000 (as to HK$105,000,000 under the first tranche and HK$20,000,000 under the second tranche) (the "Second CN") to U-Continent. On 9 October 2014, HK$45,000,000 of the Second CN was converted into 1,500,000,000 ordinary shares of the Company.

Subsequently, the Company rescinded the First CN and Second CN agreements (the "Agreements") by way of a letter dated 20 July 2015 to U-Continent and filed a writ of summons against U-Continent in the High Court of Hong Kong (the "High Court") on 21 July 2015 claiming for loss and damages suffered by the Company as a result of the misrepresentations made by U-Continent, details of which are set out in the announcement of the Company dated 21 July 2015. On 12 April 2016, the Company entered into a settlement agreement with U-Continent to extend the maturity dates of the remaining unconverted First CN and Second CN to 31 December 2016 or such other date as the parties to the settlement agreement may agree in writing (with all the other terms and conditions of the remaining unconverted First CN and Second CN remain unchanged) subject to the terms and conditions of the settlement agreement.

As a result of the above legal action, the Company has classified the remaining balance of the First CN of HK$40,000,000 and the Second CN of HK$125,000,000, totaling HK$165,000,000 as at 30 June 2014, as an amount due to U-Continent, and included in borrowings.

Up to the date of these consolidated financial statements, the conditions of the settlement agreement entered into with U-Continent have not been fulfilled. We were unable to obtain sufficient appropriate audit evidence on the accounting treatment of the First CN and the Second CN, including whether the First CN and the Second CN constitute equity instruments which should be classified under convertible notes reserve, or whether the recognition of the remaining balances of the First CN of HK$40,000,000 and the Second CN of HK$125,000,000 as at 30 June 2014 to borrowings is appropriate. In addition, we were unable to determine whether the conversion of the First CN during the year ended 30 June 2014 constituted a transaction within the scope of HK(IFRIC) Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" which would require the determination of the fair value of the equity instruments issued. We were also unable to quantify the effect on the consolidated profit or loss for the year ended 30 June 2014.

(b) The debt convertible note

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

The Company recorded the initial value of the Debt CN of HK$193,500,000, which was the carrying value of the debt owed by the Company as at the completion date of the subscription agreement entered into between the Company and Mr. Yeung (i.e. 5 February 2014). However, in accordance with HK(IFRIC) Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments", when equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, an entity shall measure them at the fair value of the equity instruments issued. We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the fair value of the Debt CN. Any adjustment to the fair value of the Debt CN at the time of issuance will affect the consolidated profit or loss for the year ended 30 June 2014 and on the classification of the accumulated losses and convertible notes reserve as at 30 June 2014.

6. Administrative expenses

During the year ended 30 June 2014, the Group recorded certain administrative expenses amounted to approximately HK$19,936,000 which mainly consisted of consultancy fees, commission expenses, staff costs, motor vehicle and travelling expenses. We have not obtained sufficient and satisfactory audit evidence to satisfy ourselves as to the nature of these expenses.

7. Material uncertainty relating to the going concern basis

We draw attention to note 2(b) to the consolidated financial statements. The Group recorded a loss attributable to the owners of the Company of approximately HK$157,430,000 for the year ended 30 June 2014, and net current liabilities of approximately HK$239,726,000 as at 30 June 2014. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, the validity of which is dependent upon future funding available at a level sufficient to finance the working capital requirements of the Company. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support.

We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the availability of future funding, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Any significant consequential effect in connection with the above matters would affect the net liabilities/net assets of the Group as at 30 June 2013 and 30 June 2014, and the Group's loss for the years ended 30 June 2013 and 30 June 2014, and the related disclosures in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 19 July 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Revenue	8	**253,227**	294,497
Operating expenses		**(362,107)**	(390,915)
Loss from operations before amortisations		**(108,880)**	(96,418)
Other income	9	**15,169**	25,448
Gain on settlement of borrowings		**33,275**	—
Profit on sales of players' registration		**42,758**	77,125
Impairment loss on intangible assets		**—**	(3,602)
Impairment loss on amounts due from related companies		**—**	(1,089)
Amortisation of intangible assets		**(4,786)**	(24,669)
Administrative and other expenses		**(98,818)**	(58,461)
Finance costs	10	**(18,267)**	(25,421)
Loss before taxation		**(139,549)**	(107,087)
Income tax (expense)/credit	11	**(21,032)**	4,944
Loss for the year	12	**(160,581)**	(102,143)
Other comprehensive expenses after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas subsidiaries		**(1,836)**	(315)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(162,417)**	(102,458)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(157,430)**	(100,315)
Non-controlling interests		**(3,151)**	(1,828)
		(160,581)	(102,143)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(159,206)**	(100,619)
Non-controlling interests		**(3,211)**	(1,839)
		(162,417)	(102,458)
LOSS PER SHARE	16		
— Basic and diluted (HK cents)		**(3.49)**	(2.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	*17*	**281,425**	264,119
Intangible assets	*18*	**43,627**	37,896
Deposits, prepayments and other receivables	*22*	**1,334**	83
		326,386	302,098
Current assets			
Inventories	*20*	**1,667**	2,225
Trade receivables	*21*	**19,153**	93,687
Deposits, prepayments and other receivables	*22*	**35,185**	15,705
Amounts due from related companies	*23*	**993**	1,249
Cash held at non-bank financial institutions		**1**	1
Bank balances and cash		**143,007**	49,996
		200,006	162,863
Current liabilities			
Transfer fee payables	*24*	**3,802**	8,428
Trade payables	*25*	**26,284**	28,705
Accruals and other payables	*26*	**53,561**	56,879
Deferred capital grants	*27*	**752**	672
Amounts due to former directors	*28*	**10,780**	5,198
Deferred income	*29*	**22,500**	23,770
Borrowings	*30*	**298,296**	178,442
Amounts due to directors	*31*	**—**	544
Income tax payable		**23,757**	418
		439,732	303,056
Net current liabilities		**(239,726)**	(140,193)
Total assets less current liabilities		**86,660**	161,905

	Notes	2014	2013
		HK$'000	*HK$'000*
			(Restated)
Non-current liabilities			
Transfer fee payables	*24*	**704**	—
Accruals and other payables	*26*	**521**	—
Deferred capital grants	*27*	**22,298**	20,600
Borrowings	*30*	**834**	2,025
Amounts due to directors	*31*	**—**	182,808
Deferred tax liabilities	*32*	**39,994**	37,296
		64,351	242,729
NET ASSETS/(LIABILITIES)		**22,309**	(80,824)
Capital and reserves			
Share capital	*33*	**54,811**	38,878
Reserves		**(36,234)**	(119,962)
Equity/(capital deficiencies) attributable to owners of the Company		**18,577**	(81,084)
Non-controlling interests		**3,732**	260
TOTAL EQUITY/(CAPITAL DEFICIENCIES)		**22,309**	(80,824)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Share option reserve**	**Capital reserve**	**Foreign currency translation reserve**	**Convertible notes reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2012	38,878	1,132,593	1,497	6,510	(12,714)	–	(1,147,229)	19,535	2,099	21,634
Total comprehensive expenses for the year, as restated	–	–	–	–	(304)	–	(100,315)	(100,619)	(1,839)	(102,458)
Transfer to reserve for value of share options lapsed	–	–	(1,497)	–	–	–	1,497	–	–	–
At 30 June 2013, as restated	38,878	1,132,593	–	6,510	(13,018)	–	(1,246,047)	(81,084)	260	(80,824)
At 1 July 2013, as restated	38,878	1,132,593	–	6,510	(13,018)	–	(1,246,047)	(81,084)	260	(80,824)
Total comprehensive expenses for the year	–	–	–	–	(1,776)	–	(157,430)	(159,206)	(3,211)	(162,417)
Loss on deed novation	–	–	–	–	–	–	(6,683)	(6,683)	6,683	–
Issue of convertible notes	–	–	–	–	–	193,500	–	193,500	–	193,500
Issue of shares	15,933	56,117	–	–	–	–	–	72,050	–	72,050
At 30 June 2014	**54,811**	**1,188,710**	**–**	**6,510**	**(14,794)**	**193,500**	**(1,410,160)**	**18,577**	**3,732**	**22,309**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(139,549)**	(107,087)
Adjustments for:		
Finance costs	**18,267**	25,421
Interest income	**(142)**	(1,314)
Depreciation	**11,408**	13,748
Gain on disposals of property, plant and equipment	**(230)**	(236)
Gain on deregistration of subsidiaries	**(419)**	—
Amortisation of intangible assets	**4,786**	24,669
Profit on sale of players' registration	**(42,758)**	(77,125)
Reverse of excess provision for Donation *(note 4(a))*	**(6,584)**	(18,045)
Impairment of trade receivables	**28**	—
Impairment of amounts due from related companies	**—**	1,089
Impairment loss on intangible assets	**—**	3,602
Impairment loss on other receivables	**—**	624
Gain on settlement of borrowings	**(33,275)**	—
Property, plant and equipment written off	**—**	59
Operating cash flows before working capital changes	**(188,468)**	(134,595)
Change in inventories	**785**	90
Change in trade receivables	**79,833**	33,275
Change in deposits, prepayments and other receivables	**(24,088)**	8,319
Change in trade payables	**(4,438)**	910
Change in accruals and other payables	**1,324**	(11,712)
Change in transfer fee payables	**(4,703)**	(37,527)
Change in deferred capital grants	**1,778**	(688)
Change in deferred income	**(3,912)**	(3,962)
Net cash flows used in operating activities	**(141,889)**	(145,890)

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(13,227)**	(7,520)
Acquisition of intangible assets	**(6,400)**	(3,395)
Proceeds from disposals of property, plant and equipment	**2,213**	381
Proceeds from disposals of intangible assets	**43,200**	83,104
Interest received	**142**	225
Repayments from related companies	**256**	68
Net cash flows generated from investing activities	**26,184**	72,863
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new borrowings	**222,628**	62,096
Repayment of bank loans & other loans	**(82,848)**	(10,682)
Proceeds from issue of new shares	**62,050**	—
Repayment to directors	**(544)**	544
Interest paid	**(119)**	(415)
Net cash flows generated from financing activities	**201,167**	51,543
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**85,462**	(21,484)
Cash and cash equivalents at beginning of year	**49,996**	72,604
Effect on exchange rate changes, net	**7,549**	(1,124)
Cash and cash equivalents at end of year	**143,007**	49,996
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**143,007**	49,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is located at Room 1200, 12/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 4 December 2014.

The Company is principally engaged in investment holding and its subsidiaries are mainly engaged in the professional football club operation in the United Kingdom (the "UK").

The functional currency of the Group's entities in Hong Kong is Hong Kong dollars ("HK$") and for those subsidiaries established in the UK is Great Britain Pound ("GBP"). The consolidated financial statements are presented in HK$, which is the Group's presentation currency (the "presentation currency") for the convenience of the shareholders and users of these consolidated financial statements as the Company is listed in Hong Kong.

The figures and financial information relating to the year ended 30 June 2014 included in these financial statements are not the Group's statutory annual consolidated financial statements for that year.

The Group's statutory annual consolidated financial statements for the year ended 30 June 2014 were audited by JH CPA Alliance Limited (the "Predecessor Auditor") and approved by the shareholders of the Company at the adjourned annual general meeting of the Company held on 6 January 2015. On 20 January 2015, the Company received a letter from the Predecessor Auditor stating that they were withdrawing their auditor's report to the shareholders dated 30 September 2014 in respect of the consolidated financial statements of the Group for the year ended 30 June 2014.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Going concern basis

The Group incurred a loss attributable to the owners of the Company of approximately HK$157,430,000 for the year ended 30 June 2014 and had a net current liabilities of approximately HK$239,726,000 as at 30 June 2014. These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors of the Company (the "Directors") are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months given that the Company has entered into a loan facility agreement on 26 June 2015 and an amendment letter on 31 May 2016 with Trillion Trophy Asia Limited ("Trillion Trophy") under which a secured loan facility of up to a maximum amount of HK$212,813,600 has been granted to the Company. As at the date of these consolidated financial statements, the Company has drawn a total of HK$170,313,600, the Company could further utilise the remaining undrawn balance of HK$42,500,000 if and when necessary to fund the Group's operation.

References are made to the announcements of the Company dated 18 February 2015, 31 March 2015, 8 April 2015, 8 May 2015, 8 June 2015, 25 June 2015, 30 June 2015, 30 July 2015, 31 August 2015, 30 September 2015, 2 November 2015, 30 November 2015 and 31 December 2015, respectively in relation to the possible restructuring.

The Directors have finalised the negotiations with Trillion Trophy on the terms of the possible restructuring. On 8 January 2016, the Company submitted a resumption proposal (the "Resumption Proposal") which sets out, among others, potential steps to be taken by the Group under a proposed restructuring of the Company in order to satisfy the general obligations as required under the Listing Rules and seeking approval from the Stock Exchange on the resumption of the trading in the shares of the Company. As at the date of these consolidated financial statements, the Company is in the course of fulfilling the resumption conditions imposed by the Stock Exchange in respect of the Resumption Proposal as stated in the Company's announcement dated 6 June 2016. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the year ended 30 June 2014, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 July 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the year ended 30 June 2014 and prior years.

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

4. PRIOR YEAR ADJUSTMENTS

(a) Accruals

On 18 November 2009, the Company entered into a cooperation agreement with China Foundation of Disable Persons（中國殘疾人福利基金會）(the "Cooperation Agreement") whereby the Company agreed to establish the Birmingham Charity Fund and would donate up to an aggregate amount of RMB50,000,000 to the Birmingham Charity Fund in a 5-year period of RMB10,000,000 each year (the "Donation"). The Cooperation Agreement was expired on 18 November 2014. Up to 30 June 2014, the Group had accrued Donation of approximately HK$50,332,000. The Directors have sought legal advice on the validity of the Cooperation Agreement.

Based on the legal advice, the statutory limitation period would be two years in the People's Republic of China (the "PRC"). As such, management considers that the unpaid and accrued Donation for the years from 2010 to 2012 of approximately HK$24,629,000 was already beyond the retroactive period and therefore reversed such accruals in the respective years when they were expired. Accordingly, a prior year adjustment has been made to reverse the accrued Donation of HK$18,045,000 in the year ended 30 June 2013, and accrued Donation of HK$6,584,000 in the year ended 30 June 2014.

(b) Misappropriation of funds

As detailed in note 12, the Company had made two announcements on 19 January 2015 and 22 January 2015, respectively, concerning that a former employee might have misappropriated a total sum of approximately HK$38,000,000 belonging to the Group (the "Suspected Misappropriation") covering at least two accounting years ended 30 June 2014 and 30 June 2015.

Upon the current management's investigation, it was discovered that as at 30 June 2013, other payments of HK$400,000 formed part of the Suspected Misappropriation. Accordingly, a prior year adjustment has been made to reclassify HK$400,000 as provision for suspected misappropriated funds in the consolidated profit and loss for the year ended 30 June 2013.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013 as previously reported and consolidated statement of financial position as at 30 June 2013 as previously reported.

(c) Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	As previously reported *HK$'000*	Effect of prior year's adjustments *HK$'000*	As restated *HK$'000*
Revenue	294,497	—	294,497
Operating expenses	(390,915)	—	(390,915)
Loss from operations before amortisations	(96,418)	—	(96,418)
Other income	7,403	18,045	25,448
Profit on sales of players' registration	77,125	—	77,125
Impairment loss on intangible assets	(3,602)	—	(3,602)
Impairment loss on amounts due from related companies	(1,089)	—	(1,089)
Amortisation of intangible assets	(24,669)	—	(24,669)
Administrative and other expenses	(58,861)	400	(58,461)
Finance costs	(25,421)	—	(25,421)
Loss before taxation	(125,532)	18,445	(107,087)
Income tax credit	4,944	—	4,944
Loss for the year	(120,588)	18,445	(102,143)
Other comprehensive expenses after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas subsidiaries	(315)	—	(315)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	(120,903)	18,445	(102,458)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	(118,760)	18,445	(100,315)
Non-controlling interests	(1,828)	—	(1,828)
	(120,588)	18,445	(102,143)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	(119,064)	18,445	(100,619)
Non-controlling interests	(1,839)	—	(1,839)
	(120,903)	18,445	(102,458)
LOSS PER SHARE			
— Basic and diluted (HK cent(s))	(3.05)	0.47	(2.58)

(d) Consolidated statement of financial position as at 30 June 2013

	As previously reported *HK$'000*	Effect of prior year's adjustments *HK$'000*	As restated *HK$'000*
Non-current assets			
Property, plant and equipment	264,119	—	264,119
Intangible assets	37,896	—	37,896
Deposits, prepayments and other receivables	83	—	83
	302,098	—	302,098
Current assets			
Inventories	2,225	—	2,225
Trade receivables	93,687	—	93,687
Deposits, prepayments and other receivables	15,705	—	15,705
Amounts due from related companies	1,249	—	1,249
Cash held at non-bank financial institutions	1	—	1
Bank balances and cash	49,996	—	49,996
	162,863	—	162,863
Current liabilities			
Transfer fee payables	8,428	—	8,428
Trade payables	28,705	—	28,705
Accruals and other payables	75,324	(18,445)	56,879
Deferred capital grants	672	—	672
Amounts due to former directors	5,198	—	5,198
Deferred income	23,770	—	23,770
Borrowings	178,442	—	178,442
Amounts due to directors	544	—	544
Income tax payable	418	—	418
	321,501	(18,445)	303,056
Net current liabilities	(158,638)	18,445	(140,193)
Total assets less current liabilities	143,460	18,445	161,905
Non-current liabilities			
Deferred capital grants	20,600	—	20,600
Borrowings	2,025	—	2,025
Amounts due to directors	182,808	—	182,808
Deferred tax liabilities	37,296	—	37,296
	242,729	—	242,729
NET LIABILITIES	(99,269)	18,445	(80,824)
Capital and reserves			
Share capital	38,878	—	38,878
Reserves	(138,407)	18,445	(119,962)
Capital deficiencies attributable to owners of the Company	(99,529)	18,445	(81,084)
Non-controlling interests	260	—	260
CAPITAL DEFICIENCIES	(99,269)	18,445	(80,824)

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention. They are presented in HK$ and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 6 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group's entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Freehold land and buildings	2% — 10%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20% — 33%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Acquired players' registration

Costs of acquisition of players' registration are initially recognised at cost at the date of acquisition and amortised over the period of the respective player's contract, being between one to five years. A provision is made in accruals, where in management's opinion, the club 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 testing, acquired players' registration are classified as a single cash generating unit until the point at which:

— it is made clear that the player no longer remains as an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measureable net realisable value; or

— the carrying amount of a registration will be recovered through sale. The measurement of such registration is at the lower of (i) fair value (less costs of disposal) and (ii) carrying value. Amortisation of such registration is suspended at the time of reclassification although impairment charges still need to be made if applicable.

Leases

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Convertible notes

Convertible notes which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible notes and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Convertible notes that are not redeemable and the noteholders are required to convert the notes into share capital before its maturity date are classified as equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Deferred income

Deferred income relates to amounts received from sponsorships and sale of season tickets and is released to profit or loss on a straight-line basis over the period to which it relates.

Capital grants

Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Grants and donations received in respect of safety work and stadium developments are initially recognised as deferred capital grants in the consolidated statement of financial position and transferred to profit or loss over the expected useful life of the assets to which they relate. Football Trust grants received are released to profit or loss when the related expenditures are incurred.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Season tickets and corporate hospitality revenue are recognised over the period of the football season as home matches are played.

Gate receipts and other matchday revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when received. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are recognised only when known at the end of the football season.

Interest income is recognised on a time-proportion basis using the effective interest method.

Services income is recognised when services are rendered.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, except for inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

6. CRITICAL JUDGMENT AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of Trillion Trophy at a level sufficient to finance the working capital requirements of the Group. Details of which are explained in note 2(b).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Depreciation of property, plant and equipment

The Group determines the estimated useful lives and residual values for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete or strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

This requires an estimation of the recoverable amount which was determined by either based on fair value less cost of disposal or market approach. The fair value of the assets were determined by management based on recent market transactions. The market approach involves a direct comparison of the assets being appraised to similar assets that have sold in the same or in a similar market.

(c) Impairment of trade and other receivables

The Directors periodically review its receivables to assess whether impairment exists. In determining whether impairment should be provided, the Directors evaluated individually each account for impairment after taking into account the value of each client account's underlying collateral and the latest financial position of those clients in default of settlement.

(d) Player transfer costs

Management has to make certain judgments as to whether a liability should be recognised under the terms of the contracts with other football clubs in respect of player transfers. This includes whether in management's opinion, at the end of the reporting period, the football club is likely to retain the Football League Championship status in the next season. It also requires certain judgments as to whether a player will continue to make the contractually agreed number of first team appearances. Based on these judgments, management will decide on a player by player basis as to whether the liability should be disclosed as a contingent liability in note 37(i) or whether it becomes a liability and is recognised in trade payables in the consolidated statement of financial position.

(e) Intangible assets — acquired players' registration

At the end of each reporting period, management considers the recoverability of the acquired players' registration based on current estimated fair values. Management considers the economic life of the players' registration to be between one to five years, based on the respective players' contracts. These are reviewed annually on a player by player basis to determine whether there are indicators of impairment. Determining whether the players' registration should be impaired at the end of the reporting period is based on management's judgment of whether the player will no longer remain as an active member of the playing squad and an assessment of the football club's likeliness to retain the Football League Championship status in the next season.

(f) Intangible assets — trademark

In accordance with HKAS 36 "Impairment of Assets", the Group completed its annual impairment test for trademark by comparing the recoverable amount to its carrying amount as at 30 June 2014. The Group has conducted a valuation of the trademark based on its fair value less cost of disposal. The resulting value of the trademark as at 30 June 2014 was approximately equal to their carrying amount. This valuation uses the relief-from-loyalty method to determine the present worth of future after-tax royalties derived from ownership. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the aggregate carrying amount of trademark to exceed the aggregate recoverable amount.

7. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise interest-bearing loans, and cash and cash equivalents. The main purpose of these financial instruments is to raise funding for the Group's operations. The Group has various other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Directors review and agree on policies for managing each of these risks and they are summarised below:

Foreign currency risk

The Group's business are mainly located in the UK and are mainly transacted and settled in GBP, as such, the Group has minimal exposure to foreign currency risk.

Interest rate risk

The Group did not have any long-term loans with floating interest rate during the years ended 30 June 2014 and 2013, as such, the Group was not exposed to the risk of changes in market interest rates.

Credit risk

The carrying amount of (i) bank balances and cash and (ii) trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

At 30 June 2014

	Within one year or on demand *HK$'000*	In the second year *HK$'000*	In the third to fifth years, inclusive *HK$'000*	Total *HK$'000*
Transfer fee payables	**3,802**	**704**	**—**	**4,506**
Trade payables	**26,284**	**—**	**—**	**26,284**
Accruals and other payables	**53,561**	**521**	**—**	**54,082**
Amounts due to former directors	**10,780**	**—**	**—**	**10,780**
Borrowings	**298,296**	**589**	**245**	**299,130**
Interest portion of borrowings	**5,962**	**31**	**13**	**6,006**
	398,685	**1,845**	**258**	**400,788**

At 30 June 2013 (Restated)

	Within one year or on demand *HK$'000*	In the second year *HK$'000*	In the third to fifth years, inclusive *HK$'000*	Total *HK$'000*
Transfer fee payables	8,428	—	—	8,428
Trade payables	28,705	—	—	28,705
Accruals and other payables	36,213	—	—	36,213
Amounts due to former directors	5,198	—	—	5,198
Amounts due to directors	544	182,808		183,352
Borrowings	178,442	1,807	218	180,467
Interest portion of borrowings	122	—	—	122
	257,652	184,615	218	442,485

Categories of financial instruments

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Financial assets:		
Loans and receivables:		
Trade receivables	**19,153**	93,687
Financial assets included in deposits, prepayments and other receivables	**2,493**	716
Cash held at non-bank financial institutions	**1**	1
Bank balances and cash	**143,007**	49,996
	164,654	144,400
Financial liabilities:		
Financial liabilities at amortised cost:		
Transfer fee payables	**4,506**	8,428
Trade payables	**26,284**	28,705
Financial liabilities included in accruals and other payables	**54,082**	36,213
Amounts due to former directors	**10,780**	5,198
Amounts due to directors	**—**	183,352
Borrowings	**299,130**	180,467
	394,782	442,363

Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

8. REVENUE AND SEGMENT INFORMATION

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

The Group's revenue and contribution to profit were mainly derived from its professional football operation in the 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

	2014	2013
	HK$'000	*HK$'000*
Television broadcasting	**151,067**	179,828
Commercial income	**56,886**	63,529
Match receipts	**45,274**	51,140
	253,227	294,497

Geographical information

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

	Revenue from external customers for the year ended 30 June		**Non-current assets as at 30 June**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	—	**4,728**	722
UK (place of domicile)	**253,227**	294,497	**321,658**	301,376
	253,227	294,497	**326,386**	302,098

Information about major customers

No revenue was received from customers contributing more than 10% of the total revenue of Group for the two years ended 30 June 2014 and 2013.

9. OTHER INCOME

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Gain on disposal of property, plant and equipment		**230**	236
Interest income		**142**	1,314
Gain on deregistration of subsidiaries		**419**	—
Reverse of excess provision for Donation	*(i)*	**6,584**	18,045
Subsidies received from the Premier League	*(ii)*	**6,178**	5,843
Sundry income		**1,616**	10
		15,169	25,448

(i) As explained in note 4(a), prior year adjustments have been made to reverse accrued Donation of HK$18,045,000 for year ended 30 June 2013 and HK$6,584,000 for the year ended 30 June 2014.

(ii) During the year ended 30 June 2014, the Group's professional football operation received funding of approximately HK$6,178,000 (2013: HK$5,843,000) from the Premier League under the Elite Player Performance Plan upon fulfillment of certain term and conditions.

10. FINANCE COSTS

	2014 **HK$'000**	2013 *HK$'000*
Interest expenses on:		
— Bank loan and overdraft repayable within five years	**61**	78
— Other borrowings repayable within five years	**18,206**	25,343
	18,267	25,421

11. INCOME TAX EXPENSE/(CREDIT)

	2014 *HK$'000*	2013 *HK$'000*
Corporation taxation — UK		
Current year	**22,693**	—
Deferred taxation — UK		
Current year	**—**	(1,618)
Attributable to a change in tax rate	**(1,661)**	(3,326)
	21,032	(4,944)

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising from Hong Kong for the two years ended 30 June 2014 and 2013.

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 23% of the estimated assessable profit for the year ended 30 June 2014 (2013: 24%).

The income tax expense/(credit) for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Loss before tax	**(139,549)**	(107,087)
Taxation calculated at respective domestic statutory tax rate	**(27,129)**	(21,917)
Effect of a change in tax rate	**(1,661)**	(3,326)
Tax effect of income not taxable and expenses not deductible	**5,135**	11,978
Capital contribution	**44,687**	—
Tax effect of tax losses not recognised	**—**	8,321
	21,032	(4,944)

Details of the deferred taxation are set out in note 32.

12. LOSS FOR THE YEAR

Loss for the year is arrived at after charging the following items:

	Note	**2014**	2013
		HK$'000	*HK$'000*
Staff costs (including directors' remuneration):			
Salaries and wages		**248,164**	258,825
Retirement benefits scheme contributions		**25,864**	29,980
		274,028	288,805
Auditors' remuneration			
— Current year		**2,191**	2,247
Minimum lease payments under operating leases in respect of:			
— properties		**3,915**	3,574
— others		**3,566**	1,485
		7,481	5,059
Cost of inventories recognised as expense		**7,053**	7,940
Depreciation of property, plant and equipment		**11,408**	13,748
Amortisation of intangible assets		**4,786**	24,669
Impairment of trade receivables		**28**	—
Impairment loss on other receivables		**—**	624
Provision for loss of suspected misappropriated funds	*(i)*	**27,900**	—

(i) On 19 January 2015, the Company announced that the then Board of Directors of the Company discovered that a former employee of the Company might have misappropriated a sum of at least HK$30 million (the "First Suspected Misappropriation"). On 22 January 2015, the Company made another announcement concerning that a further sum of approximately HK$8 million might have been misappropriated by the same former employee (the "Second Suspected Misappropriation"). The aggregate amount associated with the suspected misappropriation was approximately HK$38 million.

Upon the current management's investigation, including reviewing copies of bank statements and cheques, the current management discovered that at least HK$37.5 million was suspected to have been misappropriated, out of which HK$35.25 million was suspected to have been misappropriated by the former employee as mentioned above. The Company has reported the First Suspected Misappropriation and the Second Suspected Misappropriation to the Hong Kong Police Force (the "Police") for investigation. The Police arrested the former employee on 17 January 2015, but no charges have been laid against the former employee so far. The former employee has been released on bail subsequently. As far as the current Board of Directors of the Company is aware, up to the date of the release of these consolidated financial statements, the suspected misappropriation is still under investigation by the Police.

In accordance with the timing for the suspected misappropriation of funds, a provision of the sum of HK$27,900,000 was provided for the year ended 30 June 2014.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the Directors during the year were as follows:

	For the year ended 30 June 2014			
	Fees *HK\$'000*	**Salaries, allowances and benefits in kind** *HK\$'000*	**Retirement benefit scheme contributions** *HK\$'000*	**Total remuneration** *HK\$'000*
Executive directors				
Mr. Cheung Shing *(Chairman)* (redesignated on 4 February 2014 and resigned on 9 March 2015)	—	**2,466**	**18**	**2,484**
Mr. Ma Shui Cheong *(Vice Chairman)* (redesignated on 4 February 2014 and resigned on 9 March 2015)	—	**1,660**	**15**	**1,675**
Mr. Peter Pannu ("Mr. Pannu") (Chief Executive Officer and Managing Director, removed on 9 March 2015)	—	**6,481**	**15**	**6,496**
Mr. Chan Shun Wah (removed on 9 March 2015)	—	**625**	**15**	**640**
Mr. Cheung Kwai Nang (suspended on 9 March 2015 and subsequently resigned on 11 March 2015)	—	**570**	**15**	**585**
Mr. Chen Liang (resigned on 9 March 2015)	—	**1,466**	**18**	**1,484**
Mr. Panagiotis Pavlakis (appointed on 17 December 2013, retired on 6 January 2015, re-appointed on 7 January 2015 and resigned on 9 March 2015)	—	**508**	**10**	**518**
Mr. Yeung Ka Sing, Carson ("Mr. Yeung") (resigned on 4 February 2014)	—	**357**	—	**357**
Mr. Charlie Penn (resigned on 5 February 2014)	—	**61**	**3**	**64**
	—	**14,194**	**109**	**14,303**
Independent non-executive directors				
Mr. Wong Ka Chun, Carson (suspended on 9 March 2015 and retired on 29 December 2015)	**132**	—	—	**132**
Mr. Gao Shi Kui (resigned on 9 March 2015)	**171**	—	—	**171**
Mr. Liu Enxue (appointed on 17 December 2013, retired on 6 January 2015, re-appointed on 7 January 2015 and resigned on 9 March 2015)	**75**	—	—	**75**
Mr. Li Hanguo (appointed on 17 December 2013, retired on 6 January 2015, re-appointed on 7 January 2015 and resigned on 9 March 2015)	**75**	—	—	**75**
	453	—	—	**453**
	453	**14,194**	**109**	**14,756**

	For the year ended 30 June 2013			
	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Mr. Yeung	—	600	—	600
Mr. Pannu	—	6,621	70	6,691
Mr. Ma Shui Cheong	—	412	9	421
Mr. Lee Yiu Tung (disqualified on 11 January 2013)	—	381	8	389
Mr. Hui Ho Luek, Vico (resigned on 1 July 2012)	—	—	—	—
Mr. Charlie Penn	—	136	3	139
Mr. Chen Liang (appointed on 6 May 2013)	—	184	—	184
Mr. Cheung Kwai Nang	—	376	16	392
Mr. Chan Shun Wah	—	447	15	462
Mr. Cheung Shing	—	184	—	184
Ms. Wong Po Ling, Pauline (retired on 10 May 2013)	—	521	13	534
	—	9,862	134	9,996
Non-executive director				
Mr. Chan Wai Keung (resigned on 16 October 2012)	45	—	—	45
	45	—	—	45
Independent non-executive directors				
Mr. Yau Yan Ming, Raymond (resigned on 13 May 2013)	124	—	—	124
Mr. Gao Shi Kui (appointed on 6 May 2013)	22	—	—	22
Mr. Zhou Han Ping (disqualified on 11 January 2013)	64	—	—	64
Mr. Wong Ka Chun, Carson	144	—	—	144
	354	—	—	354
	399	9,862	134	10,395

14. FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The five highest paid individuals in the Group do not include any Directors during the year and last year. The emoluments of the highest paid individual are set out as below:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries and allowances	**79,394**	83,893
Retirement benefit scheme contributions	**10,898**	11,318
	90,292	95,211

The emoluments of the 5 highest paid individuals (2013: 5) fall within the following band:

	Number of individuals	
	2014	2013
HK$7,000,001 — HK$7,500,000	**1**	—
HK$9,000,001 — HK$9,500,000	**2**	—
HK$11,500,001 — HK$12,000,000	**—**	1
HK$12,000,001 — HK$12,500,000	**1**	1
HK$13,000,001 — HK$13,500,000	**—**	1
HK$15,000,001 — HK$15,500,000	**—**	1
HK$43,000,001 — HK$43,500,000	**—**	1
HK$52,000,001 — HK$52,500,000	**1**	—

During the years ended 30 June 2014 and 2013, no emoluments were paid or payable to the Directors or the five highest paid individuals as an inducement to join the Group or as a compensation for loss of office.

15. DIVIDEND

No dividend was paid or proposed for the two years ended 30 June 2014 and 2013, nor has any dividend been proposed since the end of the reporting date.

16. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$157,430,000 (2013: HK$100,315,000 (restated)) and the weighted average number of 4,506,109,565 (2013: 3,887,753,400) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 June 2014 and 2013 are the same as the basic loss per share as the impact of the convertible notes outstanding had an anti-dilutive effect.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
At 1 July 2012	289,269	477	76,416	4,548	370,710
Additions	4,600	180	2,488	252	7,520
Disposals	—	—	(454)	(755)	(1,209)
Exchange realignment	(7,575)	—	(816)	(54)	(8,445)
At 30 June 2013 and 1 July 2013	286,294	657	77,634	3,991	368,576
Additions	6,859	—	936	5,432	13,227
Disposals	—	—	(1,921)	(623)	(2,544)
Exchange realignment	24,051	—	3,869	247	28,167
At 30 June 2014	**317,204**	**657**	**80,518**	**9,047**	**407,426**
Accumulated depreciation and impairment					
At 1 July 2012	29,446	94	59,693	4,088	93,321
Charge for the year	7,155	131	6,259	203	13,748
Disposals	—	—	(384)	(621)	(1,005)
Exchange realignment	(992)	—	(570)	(45)	(1,607)
At 30 June 2013 and 1 July 2013	35,609	225	64,998	3,625	104,457
Charge for the year	4,370	133	6,048	857	11,408
Disposals	—	—	(17)	(544)	(561)
Exchange realignment	7,811	—	2,676	210	10,697
At 30 June 2014	**47,790**	**358**	**73,705**	**4,148**	**126,001**
Carrying amounts					
At 30 June 2013	250,685	432	12,636	366	264,119
At 30 June 2014	**269,414**	**299**	**6,813**	**4,899**	**281,425**

The freehold land and buildings were pledged to a bank to obtain bank loan in the UK (note 30(i)).

18. INTANGIBLE ASSETS

	Players' registration HK$'000	Backlog contract HK$'000	Trademark HK$'000	Total HK$'000
Cost				
At 1 July 2012	178,875	140,903	557,993	877,771
Addition	3,395	—	—	3,395
Disposal	(55,025)	—	—	(55,025)
Exchange realignment	(8,930)	—	(14,612)	(23,542)
At 30 June 2013	118,315	140,903	543,381	802,599
Addition	6,400	—	—	6,400
Disposal	(126,083)	—	—	(126,083)
Exchange realignment	8,209	—	64,634	72,843
At 30 June 2014	**6,841**	**140,903**	**608,015**	**755,759**
Accumulated amortisation				
At 1 July 2012	148,279	140,903	517,332	806,514
Amortisation for the year	24,669	—	—	24,669
Disposal	(49,046)	—	—	(49,046)
Impairment	—	—	3,602	3,602
Exchange realignment	(7,378)	—	(13,658)	(21,036)
At 30 June 2013	116,524	140,903	507,276	764,703
Amortisation for the year	4,786	—	—	4,786
Disposal	(125,641)	—	—	(125,641)
Exchange realignment	7,945	—	60,339	68,284
At 30 June 2014	**3,614**	**140,903**	**567,615**	**712,132**
Carrying amounts				
At 30 June 2013	1,791	—	36,105	37,896
At 30 June 2014	**3,227**	**—**	**40,400**	**43,627**

Notes:

(i) Amortisation is recognised in profit or loss as follows:

Backlog contract	1 year
Players' registration	based on respective players' contracts terms from 1-5 years
Trademark	Not amortised

(ii) The players' registration is considered to have a useful life ranging from 1 to 5 years and is tested for impairment at the end of the reporting period.

Any players whom Birmingham City Football Club PLC ("BCFC"), a subsidiary of the Company, do not consider to be a long term part of the First Team squad and who will therefore not contribute to future cash flows earned by BCFC are assessed for impairment by considering the carrying value with BCFC's best estimate of fair value (being post year-end sales proceeds or expected sales proceeds) less costs of disposal. No impairment was made for the two years ended 30 June 2014 and 2013.

(iii) Backlog contract represents the contract signed between BCFC and the Football Association Premier League Limited ("FA Premier") which BCFC will have the right to receive an annual income from FA Premier in relation to the income arrived from television broadcastings, sponsorships, merit amount determined by the final position at the end of the premier league season and the facility fees determined by the number of the matches being broadcasted by FA Premier. The backlog contract is signed on a yearly basis and will be renewed before the premier league season starts each year. Due to the relegation of BCFC, the backlog contract was not renewed.

(iv) The trademark was acquired in the business combination of Birmingham City PLC, which is considered to have an indefinite useful life and was tested for impairment as at the end of the reporting period.

The Group carried out reviews of the recoverable amount of the trademark for the year ended 30 June 2014. The recoverable amount has been determined based on its fair value less costs of disposal, with reference to the valuation prepared by an independent professional valuer, Grant Sherman Appraisals Limited. The fair value less costs of disposal of the trademark falls within level 3 of the fair value hierarchy. The valuation technique used to measure the fair value less costs of disposal is the relief-from-royalty method, which determines the present worth of future after-tax royalties derived from ownership. Indication of value is developed by discounting future after-tax royalties attributable to the trademark to their present worth at market-derived rate of return appropriate for the risks of the trademark. The valuer adopted a royalty rate of 10% of net sales applicable to the trademark as at 30 June 2014. For determining the discount rate, the valuer adopted a small capitalisation risk premium of 5.99%, company specific risk premium of 10%, an intangible asset risk premium of 1.0%, resulting in aggregate pre-tax discount rate of 25.0%.

19. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 30 June 2014 and 2013 are as follows:

Name of company	Country of incorporation and operation	Particulars of issued and paid-up capital	Percentage of equity attributable to the Company 2014	2013	Principal activities
Directly hold					
Birmingham City PLC	UK	GBP8,150,000 ordinary shares	**96.64%**	96.64%	Investment holding
Indirectly hold					
Birmingham City Football Club PLC	UK	GBP752,838 ordinary shares	**96.64%**	96.64%	Football club

Note:

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The following table shows information of a subsidiary that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Birmingham City PLC	
	2014	2013
Principal place of business and country of registration	**UK**	UK
% of ownership interests and voting rights held by NCI	**3.36%**	3.36%
	HK$'000	*HK$'000*
At 30 June:		
Non-current assets	**277,674**	301,377
Currents assets	**104,086**	148,545
Current liabilities	**(241,624)**	(205,050)
Non-current liabilities	**(29,060)**	(237,146)
Net assets	**111,076**	7,726
Accumulated NCI	**3,732**	260
Year ended 30 June:		
Revenue	**253,227**	294,497
Loss for the year	**(93,779)**	(54,405)
Total comprehensive loss	**(95,564)**	(54,732)
Loss allocated to NCI	**(3,151)**	(1,828)
Net cash flows used in operating activities	**(97,033)**	(93,194)
Net cash flows generated from investing activities	**111,089**	59,589
Net cash flows (used in)/generated from financing activities	**(4,883)**	9,932
Net increase/(decrease) in cash and cash equivalents	**9,173**	(23,673)

20. INVENTORIES

	2014	2013
	HK$'000	*HK$'000*
Finished goods and goods for sale	**1,667**	2,225

21. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**19,301**	93,793
Less: impairment loss recognised	**(148)**	(106)
	19,153	93,687

(i) The average credit period of the Group's trade receivables is 90 days (2013: 90 days) and represents solely from the professional football operation.

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

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

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**7,292**	84,226
31 to 90 days	**975**	676
91 to 180 days	**1,113**	71
181 to 365 days	**1,273**	8,714
Over 365 days	**8,500**	—
	19,153	93,687

(iii) At 30 June 2014 and 2013, the analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired	
	Total	**Neither past due nor impaired**	**Less than 90 days**	**91 days and over**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2014	**19,153**	**8,267**	**1,113**	**9,773**
At 30 June 2013	93,687	84,902	71	8,714

Trade receivables that were past due but not impaired related 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.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Other receivables	**1,975**	7,113
Less: impairment loss recognised	**(475)**	(7,112)
	1,500	1
Deposits and prepayments	**35,019**	15,787
Less: prepayments — non-current	**(1,334)**	(83)
Amounts shown as current assets	**35,185**	15,705

Notes:

(i) The movements in the impairment loss on other receivables during the year are as follows:-

	2014	2013
	HK$'000	*HK$'000*
At the beginning of the year	**7,112**	6,488
Recognised during the year	**—**	624
Written off during the year	**(6,637)**	—
At the end of the year	**475**	7,112

During the year ended 30 June 2013, an impairment loss of HK$624,000 on other receivables was recognised. The Group has individually assessed all other receivables and provided impairment for the amounts that are considered not recoverable.

(ii) Included in prepayments were amounts of approximately HK$1,334,000 as at 30 June 2014 (2013: HK$83,000) relating to sign-on fees for purchases of football players which were classified as non-current.

23. AMOUNTS DUE FROM RELATED COMPANIES

Details of amounts due from related companies are as follows:

				Maximum amount outstanding during the year	
		2014	2013	**2014**	2013
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Skyline Global Investment Limited ("Skyline")	*(i)*	**—**	929	**929**	929
Sing Pao Media Enterprises Limited ("Sing Pao Media")	*(ii)*	**—**	5,682	**5,682**	5,682
Sing Pao Newspaper Company Limited ("Sing Pao Newspaper")	*(iii)*	**320**	320	**320**	1,218
Life Profit Asia Limited	*(iv)*	**673**	—	**673**	—
		993	6,931		
Less: impairment loss recognised		**—**	(5,682)		
		993	1,249		

Notes:

(i) The Directors of the Company considered Skyline was a related company of the Group as Mr. Ma Shui Cheong, a former executive director of the Company had beneficial interests in Skyline. The amount was unsecured, interest-free and repayable on demand.

(ii) Sing Pao Media was previously listed on the Stock Exchange. On 13 July 2015, pursuant to the Order of the High Court of Hong Kong (the "High Court"), two professionals were appointed as the joint and several provisional liquidators of Sing Pao Media. Sing Pao Media was wound up by the High Court on 12 August 2015. Following the review and the decision of the GEM Listing (Review) Committee to cancel the listing status of Sing Pao Media, the listing status of Sing Pao Media was cancelled with effect on 18 August 2015.

(iii) Sing Pao Newspaper was an indirect subsidiary of Sing Pao Media. The amount was unsecured, interest-free and repayable on demand.

(iv) Ms. Wang Li Fei, who had beneficial interests in Life Profit Asia Limited, is a domestic partner of Mr. Yeung, a substantial shareholder of the Company.

(v) Movements in impairment loss during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
At the beginning of the year	**5,682**	4,593
Recognised for the year	**—**	1,089
Written off during the year	**(5,682)**	—
At the end of the year	**—**	5,682

24. TRANSFER FEE PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Transfer fee payables		
— Within one year	**3,802**	8,428
— Due after one year	**704**	—
	4,506	8,428

All transfer fee payables are stated at amortised cost that approximately equal to their fair value.

25. TRADE PAYABLES

An aged analysis of the trade payables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**14,537**	15,371
31 to 90 days	**1,650**	2,016
91 days to 180 days	**57**	597
181 days to 365 days	**40**	10,721
Over 365 days	**10,000**	—
	26,284	28,705

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

26. ACCRUALS AND OTHER PAYABLES

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Accruals	(i)	**53,561**	32,134
Other tax and social security		**—**	20,666
Agent's fee payables	(ii)	**521**	4,079
		54,082	56,879
Less: amount due after one year		**(521)**	—
Amount shown as current liabilities		**53,561**	56,879

Notes:

(i) Included in accruals are amounts totaling HK$5,353,000 (2013: HK$4,996,000) relating to accrued directors' remuneration.

(ii) As at 30 June 2014, agent's fee of HK$521,000 is payable for the purchase of football players during the year ended 30 June 2014 and is due after one year according to the transfer agreement of players.

(iii) Accruals and other payables are all non-interest bearing.

27. DEFERRED CAPITAL GRANTS

	2014 HK$'000	2013 HK$'000
To be released:		
— within one year	**752**	672
— after one year	**22,298**	20,600
	23,050	21,272

Deferred capital grants relate to the redevelopment of the football stadium located in Birmingham, the UK. The grant has been treated as a deferred grant and is being amortised in line with the depreciable assets to which it relates.

28. AMOUNTS DUE TO FORMER DIRECTORS

	2014	2013
	HK$'000	*HK$'000*
Amounts due to former directors:		
Mr. Hui Ho Luek, Vico	**5,198**	5,198
Mr. Yeung	**5,582**	—
	10,780	5,198

The amounts are unsecured, interest free and repayable on demand. Details of the latest development in relation to the amount owing to Mr. Hui Ho Luek, Vico are disclosed in note 39(c) (iii).

29. DEFERRED INCOME

	Match receipt	**Commercial income**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2012	26,325	2,054	28,379
Exchange realignment	(590)	(57)	(647)
Additions	22,359	2,167	24,526
Recognised as revenue	(26,424)	(2,064)	(28,488)
At 30 June 2013	21,670	2,100	23,770
Exchange realignment	2,471	171	2,642
Additions	25,086	23,557	48,643
Recognised as revenue	(27,345)	(25,210)	(52,555)
At 30 June 2014	**21,882**	**618**	**22,500**

30. BORROWINGS

	Notes	2014 HK$'000	2013 HK$'000
Secured bank loans	*(i)*	**2,077**	3,137
Other loans — unsecured	*(ii), (iii) & (iv)*	**132,053**	177,330
Loan from U-Continent Holdings Limited ("U-Continent")		**165,000**	—
		299,130	180,467

	Notes	2014 HK$'000	2013 HK$'000
Carrying amounts repayable:			
On demand or within one year		**298,296**	178,442
More than one year, but not exceeding five years		**834**	2,025
		299,130	180,467
Less: amounts due within one year shown as current liabilities		**(298,296)**	(178,442)
Amounts shown as non-current liabilities		**834**	2,025

Notes:

(i) At 30 June 2014 and 2013, the secured bank loans carried interest at floating rates LIBOR+1.5% per annum and were repayable within one year. The bank loans were secured against the Group's assets in the UK amounting to approximately HK$269,414,000 (2013: HK$250,685,000) and by unlimited multilateral guarantees given by certain subsidiaries of the Group.

(ii) At 30 June 2014, included in the unsecured other loans was approximately HK$16,856,000 (2013: HK$14,412,000) loaned from iMerchants Asia Limited ("iMerchants"), a subsidiary of Chinese Energy Holdings Limited ("Chinese Energy"). Mr. Yau Yan Ming, Raymond, a former independent non-executive director of the Company and Mr. Chan Wai Keung, a former non-executive director of the Company were both executive directors of Chinese Energy. The amounts represented a principal of approximately HK$10,000,000 (2013: HK$10,000,000) and accrued interest of approximately HK$6,856,000 (2013: HK$4,412,000). The loan was overdue and carried interest at fixed rate of 0.5% per annum and penalty interest at 2% per month.

After obtaining leave of the High Court, the Group and iMerchants entered into a deed of settlement on 8 June 2015 and pursuant to which, the parties agreed on a settlement sum of HK$10,000,000. The accrued interest of HK$6,856,000 up to 30 June 2014 was waived.

(iii) At 30 June 2014, included in the unsecured other loans was approximately HK$43,884,000 (2013: HK$37,064,000) loaned from China Energy Development Holdings Limited ("China Energy Development"). The amounts represented a principal of approximately HK$22,782,000 (2013: HK$22,782,000) and accrued interest of approximately HK$21,102,000 (2013: HK$14,282,000). The loan was overdue and carried interest at fixed rate of 0.5% per month and penalty interest at 2% per month.

On 28 May 2015, the Group and China Energy Development entered into a deed of settlement pursuant to which the parties agreed on a settlement sum of HK$22,782,000. The accrued interest of HK$21,102,000 up to 30 June 2014 was waived.

(iv) Included in other loans was HK$71,068,000 (2013: HK$62,073,000) in respect of a receivables discounting arrangement. The discounting arrangement was secured by way of specific charges against BCFC's future income streams.

31. AMOUNTS DUE TO DIRECTORS

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Amounts due to directors:			
Mr. Ma Shui Cheong	*(i)*	—	544
Mr. Yeung	*(ii)*	—	182,808
		—	183,352
Less: amount due after one year		—	(182,808)
Amount shown as current liabilities		—	544

Note:

(i) The amount was unsecured, interest free and was fully settled during the year.

(ii) As at 30 June 2013, included in the amounts due to Mr. Yeung of HK$177,226,000 was unsecured, interest bearing and had no fixed term of repayment. All other amounts were unsecured, interest free and repayable on demand.

On 20 December 2013, the Company, BCFC and Mr. Yeung entered into a deed of novation, pursuant to which Mr. Yeung agreed to accept the liabilities of BCFC amounting to HK$193,500,000 (approximately GBP15,320,000) (the "Debt") being taken up by the Company.

On the same day, the Company and Mr. Yeung entered into a subscription agreement, pursuant to which the Company agreed to capitalise the Debt of HK$193,500,000 owed by the Company to Mr. Yeung by issuing a zero coupon convertible note to Mr. Yeung (the "Debt CN"). Details of the Debt CN are set out in note 34.

Mr. Yeung resigned as a director of the Company on 4 February 2014 and the remaining amount due to him was reclassified to amounts due to former directors (note 28).

32. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of land and building *HK$'000*	Revaluation of intangible assets *HK$'000*	Total *HK$'000*
At 1 July 2012	32,664	10,572	43,236
Exchange realignment	(767)	(229)	(996)
Effect of a change in tax rate	(2,513)	(813)	(3,326)
Credited to consolidated statement of profit or loss and other comprehensive income	(753)	(865)	(1,618)
At 30 June 2013	28,631	8,665	37,296
Exchange realignment	3,346	1,013	4,359
Effect of a change in tax rate	(1,275)	(386)	(1,661)
At 30 June 2014	**30,702**	**9,292**	**39,994**

At 30 June 2014, the Group had unused tax losses of approximately HK$155,208,000 (2013: HK$155,208,000) available for offset against future profits. No deferred tax asset had been recognised in respect of such tax losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

33. SHARE CAPITAL AND RESERVES

	Notes	Number of shares	Amount *HK$'000*
Ordinary share of HK$0.01 each			
Authorised:			
At 1 July 2012 and 30 June 2013		10,000,000,000	100,000
Increase on 5 February 2014	*(i)*	40,000,000,000	400,000
At 30 June 2014		**50,000,000,000**	**500,000**
Issued and fully paid:			
At 1 July 2012 and 30 June 2013		3,887,753,400	38,878
Issue of shares upon placement	*(ii)*	1,260,000,000	12,600
Issue of shares	*(iii)*	333,333,333	3,333
At 30 June 2014		**5,481,086,733**	**54,811**

Notes:

(i) On 5 February 2014, pursuant to an ordinary resolution passed in an extraordinary general meeting of the Company, the authorised share capital of the Company was increased from HK$100,000,000 to HK$500,000,000 by the creation of an additional 40,000,000,000 new shares.

(ii) On 5 February 2014, the Company completed the placement of 1,260,000,000 ordinary shares at an issue price of HK$0.05. The net proceeds of the placement was approximately HK$62,050,000 and would be used for general working capital and the general improvement of the Group's liquidity position.

(iii) On 5 February 2014, the Company issued a zero coupon convertible note of principal amount of HK$50,000,000 (the "First CN") to U-Continent. On 21 February 2014, 333,333,333 ordinary shares of the Company were issued pursuant to the terms of the First CN. In 2014, the Company issued a zero coupon convertible note in two tranches to the principal amount of HK$125,000,000 (as to HK$105,000,000 under the first tranche and HK$20,000,000 under the second tranche) (the "Second CN") to U-Continent. As disclosed in the Company's announcement dated 21 July 2015, the Company rescinded the First CN and Second CN agreements in July 2015. As such, the Company has classified the principal amount of the First CN and the Second CN as borrowings. From the Company's point of view, these 333,333,333 ordinary shares issued to U-Continent was for settlement of HK$10,000,000, being loan from U-Continent. Details of the latest development in relation to the legal action with U-Continent are disclosed in note 39(c)(i).

(iv) All shares issued during the year rank pari passu with the then existing shares in all respects.

(a) The Group

(i) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(ii) Share premium — the application of the share premium account is governed by applicable regulations of the Cayman Islands.

(iii) Capital reserve — capital reserve represents the waiver of amounts due to a shareholder.

(iv) Foreign currency translation reserve — translation reserve is arising from the translation of financial statements of overseas subsidiaries presented in their respective functional currencies to the Group's presentation currency.

(v) Convertible notes reserve — convertible notes reserve represents, in relation to the unexercised convertible notes issued by the Company, the value of embedded options to the noteholders to convert the notes into equity instruments of the Company.

(b) The Company

	Contribution surplus *HK$'000*	Share premium *HK$'000*	Share option reserve *HK$'000*	Capital reserve *HK$'000*	Convertible notes reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 July 2012, as previously stated	22,201	1,132,593	1,497	6,510	—	(1,244,883)	(82,082)
Total comprehensive expenses for the year	—	—	—	—	—	(50,888)	(50,888)
Transfer to reserve for value of share options lapsed	—	—	(1,497)	—	—	1,497	—
At 30 June 2013	22,201	1,132,593	—	6,510	—	(1,294,274)	(132,970)
At 1 July 2013	22,201	1,132,593	—	6,510	—	(1,294,274)	(132,970)
Total comprehensive expenses for the year	—	—	—	—	—	(301,109)	(301,109)
Issue of convertible notes	—	—	—	—	193,500	—	193,500
Issue of shares	—	56,117	—	—	—	—	56,117
At 30 June 2014	**22,201**	**1,188,710**	**—**	**6,510**	**193,500**	**(1,595,383)**	**(184,462)**

Notes:

(i) Contribution surplus — the contribution surplus represents the excess of the fair value of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the shares of the Company issued in exchange therefor. Under the Companies Law (2013 Revision) of the Cayman Islands, the contributed surplus account is distributable to the shareholders of the Company under certain circumstances.

(ii) Capital reserve — capital reserve represents the waiver of amounts due to a shareholder.

(iii) Convertible notes reserve — convertible notes reserve represents, in relation to the unexercised convertible notes issued by the Company, the value of embedded options to the noteholders to convert the notes into equity instruments of the Company.

34. CONVERTIBLE NOTES RESERVE

	HK$'000
At 1 July 2012 and at 30 June 2013	—
Issue of convertible notes	193,500
At 30 June 2014	193,500

The principle terms of the convertible notes is as follows:

	Debt CN
Maturity date	4 February 2016
Principal amount	HK$193,500,000
Interest rate	zero
Conversion price	HK$0.03
Conversion period	5 February 2014 to 4 February 2016

On 20 December 2013, the Company and Mr. Yeung agreed to capitalise a debt owed by the Company to Mr. Yeung (which had been novated from a subsidiary of the Company) by issuing the Debt CN in the principal amount of HK$193,500,000 to Mr. Yeung (please refer to the circular of the Company dated 17 January 2014 for further details). As of 30 June 2014, HK$193,500,000 of the Debt CN was outstanding.

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

Mr. Yeung is the largest shareholder at present, holding 27.89% of the Company's entire issued share capital. The Directors note that Mr. Yeung was convicted of money laundering offences in March 2014 and, due to a restraint order on his assets issued by the Department of Justice of Hong Kong ("DOJ"), he is prohibited from dealing with the Debt CN and his shares in the Company. On 24 September 2014, the DOJ confirmed that they will not raise any objection to the restructuring that took place in respect of the debt capitalisation agreement entered into between the Company and Mr. Yeung on 20 December 2013 and the issuance of the Debt CN. On 14 August 2015, Mr. Yeung obtained leave of the Hong Kong Court of Final Appeal to appeal his conviction and the appeal was scheduled to be heard in June 2016. On 11 July 2016, the Hong Kong Court of Final Appeal dismissed Mr. Yeung's appeal (FACC Nos. 5 and 6 of 2015).

35. DEREGISTRATION OF SUBSIDIARIES

During the year ended 30 June 2014, the Group deregistered its interest in certain inactive subsidiaries and a net gain on deregistration of subsidiaries of HK$419,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2014.

	HK$'000
Deregistered liabilities of subsidiaries	
— Income tax payable	419
Gain on deregistration of subsidiaries	419

36. COMMITMENTS

Operating lease arrangements

The Group as lessee

The Group leases certain premises and motor vehicles under operating lease arrangements. Leases are negotiated for a term ranging from two to ninety nine years. The Group does not have an option to purchase the leased assets at the expiry of the lease period. At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**3,738**	4,922
After one year but within five years	**6,818**	6,536
After five years	**85,920**	78,768
	96,476	90,226

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had the following contingent liabilities:

(i) Player transfer costs

Under the terms of certain contracts with other football clubs in respect of the player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 June 2014 was approximately HK$15,640,000 (equivalent to GBP1,185,000). At the end of the reporting period and up to the date of approval of these consolidated financial statements, player transfer cost payable up to approximately HK$5,482,000 (equivalent to GBP415,000) has been crystallised and approximately HK$1,122,000 (equivalent to GBP85,000) has been released.

(ii) Claim from former directors against the Company

Hong Kong High Court Action No. 1099 of 2013 ("HCA 1099/2013")

On 10 May 2013, Mr. Lee Yiu Tung ("Mr. Lee"), a former executive director of the Company, filed a claim with the Labour Tribunal of Hong Kong against the Company for unpaid wages, wages in lieu of notice and expenses paid by him on behalf of the Company of approximately HK$1,484,000. The Company made a counterclaim against Mr. Lee on 8 October 2013 in respect of wages paid to him for the months from July to October 2012 up to the amount of HK$240,000 and reimbursement of expenses paid 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, both parties agreed that the case would be transferred to the High Court.

At a Case Management Conference held on 16 September 2015 at the High Court, the High Court directed that the Case Management Conference be adjourned to 27 April 2016. In the meantime, the Company was ordered to provide its list of documents within eight weeks and the parties ordered to exchange witness statements within six months. On 15 December 2015, the Company provided the list of documents to Mr. Lee. The parties were required to exchange witness statement on or before 16 March 2016. On 30 March 2016, the High Court ordered, inter alia, that (i) the parties should exchange their witness statements by 4 p.m. on 11 May 2016; and (ii) the 3rd Case Management Conference be adjourned to 12 October 2016 at 10:30 a.m. Subsequently, on 11 May 2016, by consent, the parties agreed to stay the proceedings until 9 August 2016 pending settlement negotiations between the parties. For the avoidance of doubt, the 3rd Case Management Conference will be proceeded as fixed on 12 October 2016.

38. RELATED PARTY TRANSACTIONS

(a) In addition to the related party balances detailed in the consolidated financial statements in notes 23, 28, 30 and 31, respectively, the Group entered into the following significant transactions with related parties during the year, some of which are also deemed to be connected parties pursuant to the Listing Rules:

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Interest paid to iMerchants	*(i)*	**2,444**	2,452
Interest paid on amounts due to Mr. Yeung	*(ii)*	**4,867**	7,795
Advertising expenses paid to Sing Pao Newspaper	*(iii)*	**—**	820
Consultancy fees paid to Asia Rays Limited ("Asia Rays")	*(iv)*	**6,124**	5,920
Rental expenses paid to Asia Rays	*(v)*	**441**	730
Operating cost paid to Birmingham City Ladies Football Club Limited ("BC Ladies FC")	*(vi)*	**1,427**	453
Commission paid to SPLUX Company Limited ("Splux")	*(vii)*	**1,900**	—
Rental expenses for motor vehicle with cross-border license plate paid to Life Profit Asia Limited	*(viii)*	**767**	—

(i) iMerchants was a subsidiary of Chinese Energy of which Mr. Yau Yan Ming, Raymond, a former independent non-executive director of the Company and Mr. Chan Wai Keung, a former non-executive director of the Company were both executive directors of Chinese Energy.

As mentioned in note 30, a deed of settlement was entered into with iMerchants, the accrued interest of HK$6,856,000 was waived.

(ii) The interest rate on the amounts due to Mr. Yeung was based on terms agreed among the parties.

(iii) The directors of the Company considered Sing Pao Media, a company previously listed on the Stock Exchange and its subsidiary, Sing Pao Newspaper (together referred to as the "Sing Pao Group") were related companies of the Group as Mr. Yeung, a substantial shareholder of the Company was also the substantial shareholder of the Sing Pao Group.

(iv) Mr. Pannu, a former executive director of the Company who was removed on 9 March 2015, has beneficial interests in Asia Rays. On 22 September 2009, the Group entered into a consultancy agreement with Asia Rays for the provision of consultancy services to the Group on a monthly fee of HK$310,000 tax-free for a term of five years commencing from 1 October 2009 and expiring on 30 September 2014. The consultancy fee was amended to GBP65,000 per month commencing from 1 July 2011 as per the amendment letter dated 28 July 2011. On 28 December 2011, the Group entered into a deed of variation with Asia Rays for the provision of consultancy services to the Group at a monthly fee of HK$400,000 per month commencing from 1 January 2012. Details of the terms of the consultancy agreement are set in the announcement of the Company dated 23 April 2013.

During the year ended 30 June 2014, consultancy fees of approximately HK$4,800,000 (2013: HK$4,800,000), housing allowance of approximately HK$800,000 (2013: Nil) and reimbursements of tax of approximately HK$524,000 (2013: HK$1,120,000) were paid to Asia Rays.

(v) On 5 March 2011, BCFC entered into a rental and management agreement (the "Rental Agreement") with Asia Rays, being the landlord of an office premise in Hong Kong, for a period of 3 years commencing from 1 March 2011 to 28 February 2014 at a monthly rent of GBP5,000. Asia Rays is wholly owned and controlled by Mr. Pannu. Approximately HK$441,000 had been paid to Asia Rays during the year ended 30 June 2014. The Rental Agreement expired on 28 February 2014 and had not been renewed.

(vi) Mr. Pannu has beneficial interests in BC Ladies FC.

(vii) In 2014, Splux, a private company incorporated in Hong Kong with limited liability, directly and wholly owned by Mr. Ma Shui Cheong ("Mr. Ma") who was an executive director of the Company for the period from 7 December 2012 to 9 March 2015, entered into a finder's agreement with the Company. Pursuant to the finder's agreement, the Company paid commission to Splux for the efforts of Mr. Ma to facilitate and secure the provision of a loan agreement made between U-Continent and the Company for a loan to the Company. Approximately HK$1,900,000 was reported as amount paid to Splux during the year ended 30 June 2014. Upon the investigation by management, approximately HK$900,000 was revealed as suspected misappropriation by the former employee of the Company.

(viii) Ms. Wang Li Fei, who had beneficial interests in Life Profit Asia Limited, is a domestic partner of Mr. Yeung, a substantial shareholder of the Company. The motor vehicle agreement was terminated on 9 December 2014.

(b) Key management compensation

The key management personnel of the Group comprises the directors of the Company only. Details of compensation of directors are included in note 13.

39. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in these consolidated financial statements, the following significant events took place after 30 June 2014:

(a) On 31 July 2014, Deluxe Crystal Limited, the subscriber, a company owned as to 50% by Mr. Cheung Shing (the former chairman and an executive director who resigned on 9 March 2015) and 50% by Mr. Ma (the former vice-chairman and an executive director who resigned on 9 March 2015), and the Company entered into a subscription agreement in respect of the issue of convertible bonds in an aggregate principal amount of HK$120,000,000. It was intended that the convertible bonds would (i) carry an interest of 7.5% per annum, (ii) had the rights to convert into ordinary shares of the Company at a conversion price of HK$0.10 per share and (iii) had a maturity date which was two years from date of issue. Details of the convertible bonds were set out in the announcement of the Company dated 31 July 2014.

The subscription agreement was lapsed on 31 October 2014.

(b) Receivership Order

On 16 February 2015, the Company upon the advice of its legal representative proceeded to apply to the High Court for the appointment of receivers for the Company to take all appropriate actions to protect the Company and to preserve its assets, to carry on the business of the Company and to do all such other things reasonably necessary for the purpose of preserving the value of the Company's assets and its business. Deputy High Court Judge Wilson Chan of the Court of First Instance heard the Company's application on 16 February 2015 and granted on the same day an order (the "Receivership Order") that Messrs. Liu Yiu Keung Stephen, Yen Ching Wai David and Koo Chi Sum, all of Ernst & Young Transactions Limited of 62nd Floor, One Island East, 18 Westlands Road, Island East, Hong Kong, be appointed as the Joint and Several Receivers (the "Receivers") of the Company.

(c) Litigations

i. High Court Action No. 1648 of 2015

References are made to the announcements of the Company dated 21 July 2015 and 26 April 2016. As disclosed therein, the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in the subscription agreements entered into between the Company and U-Continent on 12 November 2013 (the "U-Continent Agreements"). By way of a letter dated 20 July 2015, the Company had rescinded the U-Continent Agreements and on 21 July 2015 issued a writ against U-Continent under High Court Action No. 1648 of 2015 seeking, among other things, a declaration that it had validly rescinded the U-Continent Agreements and an order compelling U-Continent to return the converted shares to the Company and claiming for loss and damages suffered by the Company as a result of the misrepresentations.

On 12 April 2016, the Company entered into a settlement agreement with U-Continent (the "UC Settlement Agreement"). Pursuant to the terms of the UC Settlement Agreement, the Company and U-Continent shall, within seven (7) business days, jointly sign and file consent summons at the High Court to apply for an interim stay of the High Court Action No. 1648 of 2015 with liberty for both and/or either of the parties to restore. Subsequently, U-Continent's lawyer considered that a consent summons for interim stay may not be appropriate because U-Continent was not served upon the writ. In light of the above, the Company's solicitors wrote to U-Continent's solicitors on 15 April 2016 and proposed to provide an undertaking that the Company would not serve the writ against U-Continent (subject to the fulfillment of the conditions precedent stated in the UC Settlement Agreement). On 26 April 2016, U-Continent's solicitors wrote to the Company's solicitors and accepted the Company's undertaking. Pursuant to the UC Settlement Agreement, within seven (7) business days from the date of fulfilling the conditions precedent (i), (ii) and (v) as set out in the section headed "Conditions precedent to the UC Settlement Agreement" in the Company's announcement dated 6 June 2016, whichever is later, among others, the Company shall file and serve a notice of discontinuance under the High Court Action No. 1648 of 2015. As at the date of these consolidated financial statements, none of the aforesaid conditions precedent has been fulfilled.

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

References are made to announcements of the Company dated 16 March 2015, 25 March 2015, 15 July 2015, 6 November 2015 and 14 March 2016.

On 23 March 2015, the Receivers were served with a summons issued by Mr. Yeung seeking to discharge or vary the Receivership Order. At the first hearing of the discharge application on 1 April 2015, the High Court directed that the hearing to be adjourned to 31 July 2015 and, in the meantime, be advertised in order that any interested shareholders wishing to participate could apply to intervene in the adjourned hearing. On 24 July 2015, a group of minority shareholders of the Company issued a summons to intervene in the hearing and seeking an order that the Receivers continue in office until resumption of trading of the Company's shares or further order. The adjourned hearings on the discharge application and the application of the minority shareholders were heard on 31 July 2015. On 28 August 2015, the High Court ordered that the Receivership Order to be continued until the resumption of trading of the Company's shares or further order. By way of a summons dated 9 September 2015, Mr. Yeung applied to the High Court for leave to appeal the aforesaid decision of the High Court on 28 August 2015, which was subsequently disposed of by the High Court on the papers as agreed among the parties by consent. Mr. Yeung was directed to file his skeleton submissions by 12 January 2016 and the Receivers and minority shareholders were directed to file their respective skeleton submissions by 19 January 2016.

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

By a writ of summons dated 13 July 2015, the Company and BCFC commenced legal proceedings under HCA 1590/2015 against (i) Mr. Yeung claiming a total of more than HK$100,000,000 from Mr. Yeung for various breaches of duties whilst he was a director of the Company and BCFC; and (ii) Asia Rays and Amazing Top International Enterprise Limited ("Amazing Top") claiming approximately HK$3.7 million and GBP1.5 million from Asia Rays and GBP180,000 from Amazing Top for monies alleged wrongfully received from the Company and BCFC. By way of summons dated 25 September 2015, the Company and BCFC applied for leave to add Mr. Pannu as a defendant to HCA 1590/2015 claiming approximately HK$11 million and GBP4.5 million from Mr. Pannu for various alleged breaches of duties whilst he was a director of the Company and BCFC. By way of summons dated 15 October 2015, the Company and BCFC applied to file an amended writ of summons and amended statement of claims related to HCA1590/2015. By way of a consent summons sealed by the High Court on 15 April 2016, argument for HCA 1590/2015, which has been adjourned to 13 April 2016, has been adjourned sine die and proceedings against Asia Rays and Amazing Top have been stayed.

On 8 March 2016, the Company, together with BCFC, entered into a settlement agreement with Mr. Yeung and Mr. Ryan Yeung, the son of Mr. Yeung (the "CY Settlement Agreement"). Subsequent to the signing of the CY Settlement Agreement, the parties thereto have, among others, jointly signed and filed consent summonses at the High Court to apply for an interim stay of (i) HCA 1590/2015; and (ii) Mr. Yeung's pending appeal of the Receivership Order in the High Court under High Court Miscellaneous Proceedings No. 395 of 2015. Pursuant to the CY Settlement Agreement, within seven (7) business days from the date of fulfilling the conditions precedent (i), (ii) and (v) as set out in the section headed "Conditions precedent to the CY Settlement Agreement" in the Company's announcement dated 6 June 2016, whichever is later, among others, (i) all parties concerned shall sign a consent summons for Mr. Yeung to withdraw (a) his pending appeal of the Receivership Order in the High Court; and (b) his objection to the Company's application in the Grand Court of the Cayman Islands (the "Grand Court") for the recognition of the Receivership Order, and for the Company to withdraw its pending application in the Grand Court for recognition of Receivership Order; and (ii) the Company and BCFC shall take steps to discontinue HCA 1590/2015 as against Mr. Yeung and any action against Mr. Ryan Yeung (if any). As at the date of these consolidated financial statements, none of the aforesaid conditions precedent has been fulfilled.

iii. High Court Miscellaneous Proceedings No. 1429 of 2016

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

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

iv. Claims from China Energy Development

On 19 March 2015, the Receivers received a demand letter dated 19 March 2015 from the legal representative of China Energy Development demanding an immediate repayment by the Company of an aggregate sum of an outstanding principal of HK$22,782,545 and interest of HK$24,583,683 accrued up to 31 December 2014 together with further interest accrued up to actual repayment date, as borrowed and owned by the Company not later than 1 April 2015.

The Receivers held several discussions with China Energy Development who eventually agreed to forego the interest due on their respective debts on the condition that 40% of the principal amount was to be paid by early June 2015 and the balance 60% of the principal amount due by 31 August 2015. The Receivers sought leave of the High Court to enter into a deed of settlement with China Energy Development on 26 May 2015 and the deed of settlement was signed on 28 May 2015. Using the funding obtained from Trillion Trophy, the Receivers remitted to China Energy Development the first instalment in the sum of HK$9,113,018 on 1 June 2015 and the second instalment in the sum of HK$13,669,527 on 1 September 2015.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 30 JUNE

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Non-current assets		
Property, plant and equipment	**2,134**	722
	2,134	722
Current assets		
Deposits, prepayments and other receivables	**3,135**	681
Amounts due from subsidiaries	**89,796**	45,376
Amounts due from related companies	**320**	320
Cash held at non-bank financial institutions	**1**	1
Bank balances and cash	**34,502**	3,868
	127,754	50,246
Current liabilities		
Accruals and other payables	**33,054**	29,506
Amounts due to subsidiaries	**6,820**	6,812
Amounts due to former directors	**10,780**	5,198
Borrowings	**208,885**	97,418
Amounts due to directors	**—**	544
	259,539	139,478
Net current liabilities	**(131,785)**	(89,232)
Total assets less current liabilities	**(129,651)**	(88,510)
Non-current liabilities		
Amounts due to directors	**—**	5,582
NET LIABILITIES	**(129,651)**	(94,092)
Capital and reserves		
Share capital	**54,811**	38,878
Reserves	**(184,462)**	(132,970)
CAPITAL DEFICIENCIES	**(129,651)**	(94,092)

41. COMPARATIVE FIGURES

As a result of the prior year adjustments and change in classification of prior year's figures, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed. Further details of the prior year adjustments are disclosed in note 4 to the consolidated financial statements.

42. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 July 2016.

Certain discrepancies had occurred from the figures contained in the results of the Special Audit and those announced by the Company in its results announcement and annual report for the year ended 30 June 2014. The loss for the year attributable to owners of the Company was increased by approximately HK$4,316,000 and the Group's net assets was decreased by approximately HK$142,871,000, as compared with the corresponding loss and net assets announced by the Company in its results announcement and annual report of the Company dated 30 September 2014 in respect of the consolidated financial statements of the Group for the year ended 30 June 2014. We wish to highlight the discrepancies and their reasons as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	As previously announced	**Special Audit**	**Discrepancy**	**+/(-)**	
	HK$'000	*HK$'000*	*HK$'000*	*%*	*Notes*
Revenue	253,227	253,227	—	0%	
Operating expenses	(362,107)	(362,107)	—	0%	
Loss from operations before amortisations	(108,880)	(108,880)	—	0%	
Other income	8,585	15,169	6,584	77%	*(1)*
Gain on settlement of borrowings	33,275	33,275	—	0%	
Profit on sales of players' registration	42,758	42,758	—	0%	
Amortisation of intangible assets	(4,786)	(4,786)	—	0%	
Administrative and other expenses	(87,918)	(98,818)	(10,900)	12%	*(3)*
Finance costs	(18,267)	(18,267)	—	0%	
Loss before taxation	(135,233)	(139,549)	(4,316)	3%	
Income tax expense	(21,032)	(21,032)	—	0%	
Loss for the year	(156,265)	(160,581)	(4,316)	3%	

	As previously announced	Special Audit	Discrepancy	+/(-)	
	HK$'000	*HK$'000*	*HK$'000*	*%*	*Notes*
Other comprehensive expense after tax					
Items that may be reclassified to profit or loss:					
Exchange differences arising on translation of financial statements of overseas subsidiaries	(1,836)	(1,836)	—	0%	
Total comprehensive expenses for the year	(158,101)	(162,417)	(4,316)	3%	
Loss for the year attributable to:					
Owners of the Company	(153,114)	(157,430)	(4,316)	3%	
Non-controlling interests	(3,151)	(3,151)	—	0%	
	(156,265)	(160,581)	(4,316)	3%	
Total comprehensive expenses for the year attributable to:					
Owners of the Company	(154,890)	(159,206)	(4,316)	3%	
Non-controlling interests	(3,211)	(3,211)	—	0%	
	(158,101)	(162,417)	(4,316)	3%	
Loss per share					
— Basic and diluted (HK cent(s))	(3.40)	(3.49)	(0.09)	3%	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	As previously announced	**Special Audit**	**Discrepancy**	**+/(-)**	
	HK$'000	*HK$'000*	*HK$'000*	*%*	*Notes*
Non-current assets					
Property, plant and equipment	281,425	281,425	—	0%	
Intangible assets	43,627	43,627	—	0%	
Deposits, prepayments and other receivables	1,334	1,334	—	0%	
	326,386	326,386	—	0%	
Current assets					
Inventories	1,667	1,667	—	0%	
Trade receivables	19,153	19,153	—	0%	
Deposits, prepayments and other receivables	37,685	35,185	(2,500)	(7%)	*(3)*
Amounts due from related companies	993	993	—	0%	
Cash held at non-bank financial institutions	1	1	—	0%	
Bank balances and cash	143,007	143,007	—	0%	
	202,506	200,006	(2,500)	(1%)	
Current liabilities					
Transfer fee payables	3,802	3,802	—	0%	
Trade payables	26,284	26,284	—	0%	
Accruals and other payables	78,190	53,561	(24,629)	(31%)	*(1)*
Deferred capital grants	752	752	—	0%	
Amount due to former directors	10,780	10,780	—	0%	
Deferred income	22,500	22,500	—	0%	
Borrowings	133,296	298,296	165,000	124%	*(2)*
Income tax payable	23,757	23,757	—	0%	
	299,361	439,732	140,371	47%	
Net current liabilities	(96,855)	(239,726)	(142,871)	148%	
Total assets less current liabilities	229,531	86,660	(142,871)	(62%)	

	As previously announced	Special Audit	Discrepancy	+/(-)
	HK$'000	*HK$'000*	*HK$'000*	*%*
Non-current liabilities				
Transfer fee payables	704	704	—	0%
Accruals and other payables	521	521	—	0%
Deferred capital grants	22,298	22,298	—	0%
Borrowings	834	834	—	0%
Deferred tax liabilities	39,994	39,994	—	0%
	64,351	64,351	—	0%
NET ASSETS	165,180	22,309	(142,871)	(86%)
Capital and reserves				
Share capital	54,811	54,811	—	0%
Reserves	106,637	(36,234)	(142,871)	(134%)
Equity attributable to owners of the Company	161,448	18,577	(142,871)	(88%)
Non-controlling interests	3,732	3,732	—	0%
TOTAL EQUITY	165,180	22,309	(142,871)	(86%)

Notes:

(1) ACCRUALS

On 18 November 2009, the Company entered into the Cooperation Agreement with China Foundation of Disable Persons（中國殘疾人福利基金會）, whereby the Company agreed to establish the Birmingham Charity Fund and would donate up to an aggregate amount of RMB50,000,000 to the Birmingham Charity Fund over a 5-year period of RMB10,000,000 each year. The Cooperation Agreement was expired on 18 November 2014. Up to 30 June 2014, the Group had accrued Donation of approximately HK$50,332,000. The Directors have sought legal advice on the validity of the Cooperation Agreement.

Based on the legal advice, the statutory limitation period would be two years in the PRC. As such, management considers that the unpaid and accrued Donation for the years from 2010 to 2012 of approximately HK$24,629,000 was already beyond the retroactive period and therefore reversed such accruals in the respective years when they were expired. Accordingly, a prior year adjustment has been made to reverse the accrued Donation of HK$18,045,000 in the year ended 30 June 2013, and accrued Donation of HK$6,584,000 in the year ended 30 June 2014.

(2) CONVERTIBLE NOTES

The U-Continent convertible notes

On 5 February 2014, the Company issued the First CN to U-Continent. On 21 February 2014, HK$10,000,000 of the First CN was converted into 333,333,333 ordinary shares of the Company.

In 2014, the Company issued the Second CN to U-Continent. On 9 October 2014, HK$45,000,000 of the Second CN was converted into 1,500,000,000 ordinary shares of the Company.

According to the announcement of the Company dated 21 July 2015, the Company had instituted legal proceedings against U-Continent in connection with alleged misrepresentations made by U-Continent in the U-Continent Agreements entered into between the Company and U-Continent, under which U-Continent subscribed for convertible notes of a total 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 U-Continent Agreements and on 21 July 2015 issued a writ of summons against U-Continent from the High Court claiming for loss and damages suffered by the Company as a result of the misrepresentations.

As a result of the rescission, the Company has made a retrospective restatement to reclassify the remaining balance of the First CN of HK$40,000,000 and the Second CN of HK$125,000,000, totaling HK$165,000,000 as at 30 June 2014, as an amount due to U-Continent, which is included in borrowings.

(3) MISAPPROPRIATION OF FUNDS

As detailed in notes 4(b) and 12, the Company had made two announcements on 19 January 2015 and 22 January 2015 concerning that a former employee might have misappropriated a total sum of approximately HK$38,000,000 belonging to the Group. The Suspected Misappropriation covered at least two accounting years ended 30 June 2014 and 30 June 2015.

Upon management's investigation, it was discovered that during the year ended 30 June 2014, prepayments of HK$2,500,000, convertible notes issuance costs of approximately HK$8,000,000 and other payments of HK$400,000, totaling HK$10,900,000 formed part of the Suspected Misappropriation. Accordingly, adjustments have been made to reclassify the aggregate sum of the above items of HK$10,900,000 as provision for suspected misappropriated funds in the consolidated profit and loss for the year ended 30 June 2014.

Save for the discrepancies as highlighted above, there is no other material difference between the results of the Special Audit and the results announced by the Company in its results announcement and annual report of the Company dated 30 September 2014 in respect of the consolidated financial statements of the Group for the year ended 30 June 2014. Further, there is no material change in the consolidated financial statements of the Group for the year ended 30 June 2014 that will affect the published annual results for the year ended 30 June 2015.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 30 June 2014 and the independent auditor's report of the Special Audit prepared by ANDA and is satisfied that the consolidated financial statements of the Group for the year ended 30 June 2014 as set out above have been properly prepared in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. Based on the above, the Directors are of the view that the Company has complied with the Listing Rules in respect of the Group's results for the financial year ended 30 June 2014.

CONTINUOUS SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company (the "**Shares**") on the Stock Exchange was halted with effect from 10:21 a.m. on 4 December 2014. Trading in the Shares will remain suspended until further notice. The Company will make further announcements on the latest development of the Group as and when appropriate pursuant to the requirements of the Listing Rules.

For and on behalf of
BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED
(Receivers Appointed)
Liu Yiu Keung Stephen, Yen Ching Wai David and Koo Chi Sum
Joint and Several Receivers

Hong Kong, 19 July 2016

As at the date of this announcement, the Board comprises of six Directors, namely Mr. Liu Yiu Keung Stephen, Mr. Yen Ching Wai David and Ms. Koo Chi Sum as executive Directors; and Mr. Cheung Yuk Ming, Mr. Law Pui Cheung and Mr. Lai Hin Wing Henry Stephen as independent non-executive Directors.