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BIRMINGHAM SPORTS HOLDINGS LIMITED

伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

The Board of Directors (the “Board”) of Birmingham Sports Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2021 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Revenue	4	165,023	231,529
Operating expenses		(427,136)	(449,872)
Loss from operations		(262,113)	(218,343)
Interest revenue		17,896	7,803
Other income	6	16,321	14,649
Other gains and losses, net	7	(3,713)	(19,447)
Profit on sales of players' registration		276,854	115,543
Amortisation of intangible assets		(76,854)	(84,331)
Administrative and other expenses		(50,134)	(54,370)
Finance costs	8	(30,675)	(33,187)

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before taxation		(112,418)	(271,683)
Income tax credit	9	<u>589</u>	<u>5,199</u>
Loss for the year	10	(111,829)	(266,484)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of overseas subsidiaries		11,853	(11,557)
Reclassification of translation reserve to profit or loss upon disposal of a subsidiary	19(a)	<u>8,378</u>	<u>–</u>
		<u>20,231</u>	<u>(11,557)</u>
Total comprehensive expense for the year		<u>(91,598)</u>	<u>(278,041)</u>
Loss for the year attributable to:			
Owners of the Company		(74,232)	(260,484)
Non-controlling interests		<u>(37,597)</u>	<u>(6,000)</u>
		<u>(111,829)</u>	<u>(266,484)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(42,789)	(272,955)
Non-controlling interests		<u>(48,809)</u>	<u>(5,086)</u>
		<u>(91,598)</u>	<u>(278,041)</u>
Loss per share attributable to owners of the Company			
– Basic (<i>HK cent(s)</i>)	12	<u>(0.40)</u>	<u>(1.47)</u>
– Diluted (<i>HK cent(s)</i>)	12	<u>(0.40)</u>	<u>(1.47)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		32,516	171,065
Right-of-use assets		86,943	24,219
Intangible assets		140,983	164,435
Goodwill		–	6,522
Investment properties	<i>13</i>	481,962	530,634
Derivative financial instruments		–	5,483
Deposits, prepayments and other receivables		53,750	47,146
		<hr/>	<hr/>
Total non-current assets		796,154	949,504
Current assets			
Inventories		378	856
Trade receivables	<i>14</i>	13,804	5,347
Deposits, prepayments and other receivables		221,670	66,864
Contract assets		–	140
Pledged bank deposits		8,600	7,634
Bank balances and cash		36,155	31,170
		<hr/>	<hr/>
Total current assets		280,607	112,011
Current liabilities			
Transfer fee payables		17,266	28,496
Trade payables	<i>15</i>	10,104	16,420
Accruals and other payables		75,455	143,620
Amount due to a related party	<i>16</i>	213,359	–
Deferred capital grants		–	544
Contract liabilities		35,326	6,671
Borrowings	<i>17</i>	184,435	482,621
Lease liabilities		11,686	7,093
		<hr/>	<hr/>
Total current liabilities		547,631	685,465
		<hr/>	<hr/>
Net current liabilities		(267,024)	(573,454)
		<hr/>	<hr/>
Total assets less current liabilities		529,130	376,050
		<hr/>	<hr/>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Transfer fee payables		19,888	–
Accruals and other payables		–	15,088
Deferred capital grants		–	12,860
Borrowings	<i>17</i>	109,325	4,821
Lease liabilities		92,526	22,260
Deferred tax liabilities		2,577	20,792
		<hr/>	<hr/>
Total non-current liabilities		224,316	75,821
		<hr/>	<hr/>
NET ASSETS		304,814	300,229
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	<i>18</i>	192,890	177,100
Reserves		342,411	149,647
		<hr/>	<hr/>
Equity attributable to owners of the Company		535,301	326,747
Non-controlling interests		(230,487)	(26,518)
		<hr/>	<hr/>
TOTAL EQUITY		304,814	300,229
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance (Cap. 622 of Laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

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”). The functional currency of the Company is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in Hong Kong dollars for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong. They are presented in HK\$ and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The Group incurred a loss attributable to owners of the Company of approximately HK\$74,232,000 for the year ended 30 June 2021 and as at 30 June 2021 the Group had net current liabilities of approximately HK\$267,024,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis. 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 after taking into consideration that (i) the Company has a loan facility from a substantial shareholder of the Company, Trillion Trophy Asia Limited (“Trillion Trophy”) under which an unsecured revolving loan facility up to HK\$250,000,000 has been granted to the Company (the “Trillion Trophy Facility”); (ii) the Company has a loan facility from Oriental Rainbow Investments Limited (“Oriental Rainbow”), a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$300,000,000 has been granted to the Company (the “Oriental Rainbow Facility”); and (iii) the Company has a loan facility with aggregate amount of approximately HK\$12,010,000 from a third party lender.

As at 30 June 2021, the total carrying amount of the borrowings under the above facilities of the Group was approximately HK\$57,607,000. As at 30 June 2021, the Group had approximately HK\$504,403,000 undrawn borrowing facilities available.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2020. 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 current year and prior years.

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

4. REVENUE

Revenue represents amount receivable for goods sold and services provided to external customers in the normal course of business and rental income from investment properties, after deducting discounts and excluding value added tax or other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Disaggregation of revenue:</i>		
<i>Recognised at a point in time</i>		
Commercial income	10,629	34,399
Match day receipts	–	21,547
Healthcare and medical related business	5,917	–
	<u>16,546</u>	<u>55,946</u>
<i>Recognised over time</i>		
Commercial income	16,013	14,406
Broadcasting	97,342	86,895
Match day receipts	–	24,198
Lottery system and online payment system service solutions ("System Service Solutions")	3,503	2,323
	<u>116,858</u>	<u>127,822</u>
Revenue from contracts with customers	<u>133,404</u>	<u>183,768</u>
Revenue from other sources		
Commercial income	3,440	22,950
Rental income	28,179	24,811
	<u>31,619</u>	<u>47,761</u>
	<u><u>165,023</u></u>	<u><u>231,529</u></u>

Revenue from contracts with customers comprise:

- (i) Match day receipts
 - Match day receipts for the football match tickets are recognised when the match was held.
 - Match day receipts for sales of season tickets are recognised on a yearly basis.
- (ii) Broadcasting
 - Television and broadcasting income are recognised over the contract period.
- (iii) Commercial income
 - Shop sales, catering and programme sales are recognised when control of the products has been transferred or when the services are rendered.
 - Royalties, advertising and sponsorship are recognised over the contract period.
- (iv) System Service Solutions
 - Lottery system and online payment system service solutions are recognised over the contract period.
- (v) Healthcare and medical related business
 - Healthcare and medical related business are recognised when control of the products has been transferred or when the services are rendered.

Pursuant to a sale and purchase agreement dated 4 June 2021 entered into between the Company and an independent third party, the Company disposed of all of its interests in Power Super Limited (“Power Super”) and its subsidiaries (collectively “Power Super Group”) and the total amount of loan outstanding and owing by Power Super to the Company for a total consideration of approximately HK\$4,600,000. Upon the completion of disposal of Power Super on 18 June 2021, the Board has decided to cease the business of provision of System Service Solutions in June 2021.

5. SEGMENT INFORMATION

The following is an analysis of the Group’s revenue and results by operating segments, based on the information provided to the chief operating decision maker representing the Board, for the purposes of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

For the year ended 30 June 2021, the Group has four (2020: three) reportable and operating segments as follows:

- (i) operation of a professional football club in the United Kingdom of Great Britain and Northern Ireland (the “UK”);
- (ii) investment in properties;
- (iii) provision of System Service Solutions; and
- (iv) healthcare and medical related business.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

For the year ended 30 June 2021

	Football club <i>HK\$’000</i>	Investment in properties <i>HK\$’000</i>	System Service Solutions <i>HK\$’000</i>	Healthcare and medical related business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue					
External sales	127,424	28,179	3,503	5,917	165,023
Results					
Segment results	4,836	(24,249)	10,004	(4,016)	(13,425)
Interest revenue					13
Other income					792
Other gains and losses, net					(36,174)
Corporate expenses					(44,525)
Share-based payments expense					(2,315)
Finance costs					(16,784)
Loss before taxation					(112,418)
Income tax credit					589
Loss for the year					(111,829)

For the year ended 30 June 2020

	Football club <i>HK\$'000</i>	Investment in properties <i>HK\$'000</i>	System Service Solutions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
External sales	204,395	24,811	2,323	231,529
Results				
Segment results	(186,519)	(514)	(8,461)	(195,494)
Interest revenue				16
Other income				232
Corporate expenses				(46,099)
Share-based payments expense				(2,761)
Finance costs				(27,577)
Loss before taxation				(271,683)
Income tax credit				5,199
Loss for the year				(266,484)

Segment results represent the profit or loss incurred by each segment without allocation of certain interest revenue, other income, other gains and losses, corporate expenses, share-based payments expense, finance costs and income tax credit.

Geographical information

The following is an analysis of geographical location of the Group's (i) revenue from external customers; and (ii) non-current assets presented based on the location of operations and geographical location of assets respectively.

(i) Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The UK		
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>	10,629	55,946
<i>Recognised over time</i>	113,355	125,499
Revenue from other sources	3,440	22,950
	<u>127,424</u>	<u>204,395</u>
The Kingdom of Cambodia (“Cambodia”)		
Revenue from contracts with customers:		
<i>Recognised over time</i>	3,503	2,323
Revenue from other sources	28,179	24,811
	<u>31,682</u>	<u>27,134</u>
Japan		
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>	<u>5,917</u>	–
	<u>5,917</u>	–
	<u>165,023</u>	<u>231,529</u>

(ii) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	3,458	17,679
The People’s Republic of China (the “PRC”)	94	30,292
Cambodia	481,962	530,634
The UK	310,317	370,899
Japan	323	–
	<u>796,154</u>	<u>949,504</u>

6. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Subsidies received from the Premier League (<i>Note (i)</i>)	7,620	7,116
Reversal of provision for directors' fee	4	199
Government subsidies (<i>Note (ii)</i>)	8,075	6,741
Sundry income	622	593
	<u>16,321</u>	<u>14,649</u>

Notes:

- (i) During the year ended 30 June 2021, the Group's professional football operation received funding of approximately HK\$7,620,000 (2020: approximately HK\$7,116,000) from the Premier League in the UK under the Elite Player Performance Plan upon fulfilment of certain terms and conditions.
- (ii) These represent COVID-19-related grants provided by various government to retain employees who may otherwise be made redundant and to support businesses affected by COVID-19 respectively. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

7. OTHER GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment loss on intangible assets	(812)	(393)
Impairment loss on goodwill	(5,600)	(2,212)
Impairment loss on right-of-use assets	(10,049)	–
Fair value change on investment properties	(48,672)	(22,386)
Fair value gain on derivative financial instruments	14,017	5,544
Gain on termination of lease agreement	3	–
Gain on disposal of property, plant and equipment	2	–
Fixed assets written off	(10)	–
Gain on bargain purchase of subsidiaries	15	–
Gain on disposal of subsidiaries (<i>Note 19</i>)	74,223	–
Loss on extinguishing financial liabilities with equity instruments (<i>Note (i)</i>)	(26,830)	–
	<u>(3,713)</u>	<u>(19,447)</u>

Note:

- (i) On 21 January 2021, completion of two share subscription agreements (the “Subscription Agreements”) with Global Mineral Resources Holdings Ltd (“Global Mineral”) and Join Surplus International Ltd. (“Join Surplus”) took place. Pursuant to the Subscription Agreements, Global Mineral and Join Surplus have agreed to, among other things, subscribe for new shares by applying the outstanding principals and interests amount in respect of the loan due to the respective parties in aggregate of approximately HK\$140,000,000 as subscription monies. An aggregate of 1,062,576,000 ordinary shares at nominal value of HK\$0.01 each were issued at subscription price of HK\$0.13175 each to the Global Mineral and Join Surplus to settle the loans and accrued interests. The fair value of the shares on 21 January 2021 was HK\$0.157 per share. The aggregate net consideration was approximately HK\$166,673,000 out of which approximately HK\$10,626,000 was credited to share capital and approximately HK\$156,047,000 was credited to share premium. Approximately HK\$26,830,000 was recognised as loss on extinguish of financial liability with equity instruments in profit or loss.

8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on:		
– Other borrowings	16,437	27,381
– Bank borrowings	6,508	–
– Imputed interest arising on interest-free borrowings from The Football League Limited (the “Football League”)	695	–
– Notional interest on transfer fee payables	3,465	3,714
– Lease liabilities	3,570	2,092
	<u>30,675</u>	<u>33,187</u>

9. INCOME TAX CREDIT

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deferred taxation:		
– Current year	589	5,199
	<u>589</u>	<u>5,199</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 30 June 2021 and 2020.

The Group's subsidiaries in the UK are subject to Corporation Tax in the UK ("Corporation Tax"). Corporation Tax is calculated at 19% of the estimate assessable profit for the year ended 30 June 2021 (2020: 19%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for the years ended 30 June 2021 and 2020.

10. LOSS FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and wages (excluding share-based payments expense)	328,915	318,312
– Retirement benefits scheme contributions	38,621	34,162
	<u>367,536</u>	<u>352,474</u>
Share-based payments expense:		
– Directors	1,002	1,214
– Employees	1,313	1,547
	<u>2,315</u>	<u>2,761</u>
Total staff costs	<u>369,851</u>	<u>355,235</u>
Auditors' remuneration	1,394	1,375
Amortisation of intangible assets	76,854	84,331
Depreciation of property, plant and equipment	11,389	15,875
Depreciation of right-of-use assets	9,807	4,710
Litigation claim settlement	–	510
Expenses related to short-term lease	4,127	5,446
Cost of inventories recognised as expense	576	15,452
Impairment loss on right-of-use assets	10,049	–
Impairment loss on goodwill	5,600	2,212
Impairment loss on account receivables, net	41	2,878
(Reversal of impairment loss)/impairment loss on other receivables, net	(1,676)	1,577
Impairment loss on intangible assets	812	393
Foreign exchange loss/(gain), net	31	488
	<u> </u>	<u> </u>

11. DIVIDEND

No dividend was paid or proposed for the years ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting periods.

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

Loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss:		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(74,232)</u>	<u>(260,484)</u>
	2021	2020
Number of shares:		
Weighted average number of ordinary shares for calculating basic loss per share attributable to owners of the Company	<u>18,448,946,168</u>	<u>17,710,022,508</u>

Diluted loss per share

For the years ended 30 June 2021 and 2020, the computation of diluted loss per share does not assume the exercise of share options as they would decrease the loss per share attributable to owners of the Company and have anti-dilutive effect.

13. INVESTMENT PROPERTIES

The carrying amount of the Group's investment properties as at 30 June 2021 and 30 June 2020 were stated based on the valuation conducted by JP Assets Consultancy Limited, an independent qualified professional valuer, on market value using the existing use basis. The loss arising from changes in fair value of investment properties of approximately HK\$48,672,000 was recognised in profit or loss during the year ended 30 June 2021 (2020: approximately HK\$22,386,000). As at 30 June 2021, investment properties of the Group were stated at fair values of approximately HK\$481,962,000 (2020: approximately HK\$530,634,000).

14. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	16,579	8,227
Less: Impairment loss recognised	<u>(2,775)</u>	<u>(2,880)</u>
	<u>13,804</u>	<u>5,347</u>

- (i) In general, the Group grants a credit period of about 14 to 90 days to its customers. The ageing analysis of trade receivables (net of provision for impairment) based on the invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	6,237	96
31 days to 90 days	5,176	2
91 days to 180 days	2,160	1,185
181 days to 365 days	<u>231</u>	<u>4,064</u>
	<u>13,804</u>	<u>5,347</u>

- (ii) The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Less than 90 days past due	Over 90 days past due	Total
At 30 June 2021				
Weighted average expected loss rate	–	0.0%	92.3%	
Receivables amount (<i>HK\$'000</i>)	11,413	2,160	3,006	16,579
Loss allowance (<i>HK\$'000</i>)	–	–	2,775	2,775
At 30 June 2020				
Weighted average expected loss rate	–	1.7%	41.3%	
Receivables amount (<i>HK\$'000</i>)	98	1,205	6,924	8,227
Loss allowance (<i>HK\$'000</i>)	–	20	2,860	2,880

15. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	3,188	4,169
31 days to 90 days	3,966	1,769
91 days to 180 days	1,212	5,857
181 days to 365 days	1,738	4,625
	<u>10,104</u>	<u>16,420</u>

The credit periods of the Group's trade payables normally granted from suppliers averaging at 90 days (2020: 90 days).

16. AMOUNT DUE TO A RELATED PARTY

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amount due to a related party	<u>213,359</u>	<u>–</u>

The carrying amount of approximately HK\$213,359,000 as at 30 June 2021 represented amount due to Oriental Rainbow, a subsidiary of a substantial shareholder of the Company. The balances are denominated in Pound Sterling and are unsecured, interest-free and have no fixed repayment term.

17. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank borrowings, secured (<i>Note (i)</i>)	154,229	–
Other borrowings, unsecured:		
– Loan from Football League (<i>Note (ii)</i>)	80,460	5,571
– Loan from substantial shareholders (<i>Note (iii)</i>)	49,200	66,197
– Loan from third parties (<i>Note (iv)</i>)	9,672	415,497
– Other loan	199	177
	<u>293,760</u>	<u>487,442</u>

	Bank borrowings	Other borrowings	Total	Other borrowings
	2021	2021	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amounts repayable:*				
– On demand or within one year	103,992	80,443	184,435	482,621
– Between one and two years	50,237	29,943	80,180	2,785
– Between two and five years	–	28,946	28,946	1,859
– Over five years	–	199	199	177
	<u>154,229</u>	<u>139,531</u>	<u>293,760</u>	487,442
Less: Amounts due within one year shown as current liabilities	<u>(103,992)</u>	<u>(80,443)</u>	<u>(184,435)</u>	<u>(482,621)</u>
Amounts shown as non-current liabilities	<u>50,237</u>	<u>59,088</u>	<u>109,325</u>	<u>4,821</u>

* The amounts due are based on scheduled repayable dates set out in loan agreements.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amounts are denominated in the following currencies:		
Hong Kong dollars	49,200	473,905
Pound Sterling	234,888	5,748
Renminbi	8,407	7,789
Japanese Yen	1,265	–
	<u>293,760</u>	<u>487,442</u>
	2021	2020
Effective interest rates per annum:		
Hong Kong dollars	4.50%	4.50%-8.00%
Pound Sterling	0.00%-5.56%	0.00%
Renminbi	5.00%	5.00%
Japanese Yen	0.46%	N/A

Notes:

- (i) During the year ended 30 June 2021, the Group has obtained new bank borrowings amounting to approximately HK\$186,104,000 (equivalent to approximately GBP17,312,000), which were used for repayment of loans from third parties. All the new bank borrowings bear fixed interest at the rates ranging from 4.29% to 5.56% per annum. The bank borrowings are secured by the Group's transfer fee receivables from other football clubs. As at 30 June 2021, approximately HK\$154,229,000 (equivalent to approximately GBP14,347,000) of the Group's borrowing was secured bank borrowing.
- (ii) On 29 March 2021, Birmingham City Football Club ("BCFC" or the "Club") and the Football League entered into a loan agreement, pursuant to which the Football League will provide a loan up to approximately HK\$89,548,000 (equivalent to GBP8,330,000) (the "2021 Football Loan"). During the year ended 30 June 2021, approximately HK\$78,357,000 (equivalent to approximately GBP7,289,000) of the Group's borrowing was from the 2021 Football Loan, which were used for operating expenses of BCFC in the UK. The loan is unsecured and interest-free, pursuant to the loan agreement, BCFC agreed to repay the 2021 Football Loan by six equal instalments in cash from August 2021 to January 2024. The fair value of the 2021 Football Loan was measured by computing the present value of estimate future cash flows at the effective interest rate of 5.0%. As at 30 June 2021, the fair value of the 2021 Football Loan was approximately HK\$74,182,000 (equivalent to approximately GBP6,901,000). As at 30 June 2021, approximately HK\$80,460,000 (equivalent to approximately GBP7,485,000) of the Group's borrowings were provided by the Football League.
- (iii) As at 30 June 2021, approximately HK\$49,200,000 of the Group's borrowing was from a revolving loan facility provided by Trillion Trophy, a substantial shareholder of the Company. The loan amount is unsecured and bears fixed interest rate of 4.5% per annum.
- (iv) As at 30 June 2021, approximately HK\$9,672,000 of the Group's borrowings were provided by external lenders. The loan amounts are unsecured and bear fixed interest at the rates ranging from 0.46% to 5.0% per annum.
- (v) As at 30 June 2021, the total carrying amount of the borrowings of the Group was approximately HK\$293,760,000 (2020: approximately HK\$487,442,000). As at 30 June 2021, the Group had undrawn borrowing facilities of approximately HK\$504,403,000 available to it (2020: approximately HK\$279,261,000).

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
At 30 June 2020 and 30 June 2021	50,000,000,000	500,000
Issued and fully paid:		
At 1 July 2019, 30 June 2020 and 1 July 2020	17,710,022,508	177,100
Issue of shares upon share placing (<i>Note (i)</i>)	516,400,000	5,164
Issue of shares upon share subscriptions (<i>Note (ii)</i>)	1,062,576,000	10,626
At 30 June 2021	19,288,998,508	192,890

Notes:

- (i) On 22 December 2020, the Company completed a placing of new shares pursuant to which 516,400,000 shares (the “Placing Shares”) were placed at the placing price of HK\$0.135 per share, raising HK\$69,714,000 before expenses (the “Placing”). Out of the total net proceeds, approximately HK\$5,164,000 was credited to the share capital account and approximately HK\$63,320,000 was credited to the share premium account. The related transaction costs amounting to approximately HK\$1,230,000 have been recorded in the share premium account. Details of the Placing were disclosed in the announcements of the Company dated 8 December 2020 and 22 December 2020.
- (ii) On 15 January 2021, the Company entered into the Subscription Agreements with Global Mineral and Join Surplus, pursuant to which the Company conditionally agreed to issue 541,000,000 new shares to Global Mineral and 521,576,000 new shares to Join Surplus at the subscription price of HK\$0.13175 per share (the “Subscription”) to set off against the outstanding loan due to the respective parties in aggregate of approximately HK\$140,000,000. The completion of the Subscription took place on 21 January 2021. Details of the Subscription were disclosed in the announcements of the Company dated 15 January 2021 and 21 January 2021.
- (iii) All shares of the Company issued during the year ended 30 June 2021 rank *pari passu* with the then existing shares in all respects.

19. DISPOSAL OF SUBSIDIARIES

- (a) On 31 March 2021, the Company entered into a sale and purchase agreement with Achiever Global Group Limited, an independent third party, to dispose of its 75% interests in Birmingham City Stadium Ltd (“BCSL”) and the total amount of loan outstanding and owing by BCSL to the Company at a consideration of approximately HK\$116,000,000. BCSL is the owner of St. Andrew’s Trillion Trophy Stadium in the UK. The disposal was completed on 7 June 2021.

The assets and liabilities of BCSL on the date of disposal were as follows:

	<i>Note</i>	<i>HK\$'000</i>
Property, plant and equipment		154,204
Deposits, prepayments and other receivables		1
Other payables and accruals		(45)
Amount due to the Company		(118,593)
Amount due to group companies		(65,921)
Amount due to related parties		(39,531)
Deferred tax liabilities		(15,743)
Deferred capital grants		(14,876)
		<u>(100,504)</u>
Non-controlling interests		25,126
Release of translation reserve		8,378
Gain on disposal	7	64,407
		<u>(2,593)</u>
<i>Satisfied by:</i>		
Cash consideration received		116,000
Less: Loan assignment		(118,593)
		<u>(2,593)</u>
Cash consideration received		116,000
Bank balances and cash disposed		—
Net cash inflow		<u>116,000</u>

- (b) On 4 June 2021, the Company entered into a sale and purchase agreement with an independent third party (the “Buyer”) to dispose of its entire interests in Power Super and the total amount of loan outstanding and owing by Power Super to the Company at a consideration of approximately HK\$4,600,000. Power Super Group was engaged in provision of System Service Solutions. The disposal was completed on 18 June 2021.

The consolidated assets and liabilities of Power Super Group on the date of disposal were as follows:

	<i>Note</i>	<i>HK\$'000</i>
Property, plant and equipment		253
Intangible assets		17,364
Goodwill		1,417
Right-of-use assets		2,355
Derivative financial instruments		20,705
Deposits, prepayments and other receivables		2,518
Bank balances and cash		320
Borrowings		(18,239)
Consideration payable		(21,944)
Other payables and accruals		(3,155)
Amount due to the Company		(2,795)
Lease liabilities		(2,469)
Deferred tax liabilities		<u>(4,341)</u>
		(8,011)
Gain on disposal	7	<u>9,816</u>
		<u><u>1,805</u></u>
<i>Satisfied by:</i>		
Cash consideration received		4,600
Less: Loan assignment		<u>(2,795)</u>
		<u><u>1,805</u></u>
Cash consideration received		4,600
Bank balances and cash disposed		<u>(320)</u>
Net cash inflow		<u><u>4,280</u></u>

20. CONTINGENT LIABILITIES

Player transfer costs

As at 30 June 2021, under the terms of certain contracts with other football clubs in respect of player transfers, additional player transfer cost would become payable if certain specific conditions are met. The maximum amount not provided that could be payable in respect of the transfers up to 30 June 2021 was approximately HK\$82,782,000 (equivalent to approximately GBP7,701,000) (2020: approximately HK\$59,476,000, equivalent to approximately GBP6,233,000).

21. EVENT AFTER THE REPORTING PERIOD

The Group had the following significant event subsequent to 30 June 2021 and up to the date of this announcement:

In July 2021, a subsidiary of the Group lodged a claim for losses arising on business interruption caused by COVID-19. In August 2021, the insurer confirmed that the Group shall entitle a compensation of approximately HK\$26,875,000 (equivalent to approximately GBP2,500,000) in relation to such business interruption.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

An extract of the Company's independent auditor's report for the year ended 30 June 2021 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$74,232,000 for the year ended 30 June 2021 and as at 30 June 2021 the Group had net current liabilities of approximately HK\$267,024,000. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Performance and Results

For the year ended 30 June 2021, the revenue of the Group was approximately HK\$165.0 million (2020: approximately HK\$231.5 million), representing a decrease of approximately 28.7% as compared with that for the year ended 30 June 2020.

The Group recorded a loss attributable to owners of the Company of approximately HK\$74.2 million for the year ended 30 June 2021, representing a decrease of approximately 71.5% as compared to the loss of approximately HK\$260.5 million for the year ended 30 June 2020. The decrease in loss was mainly due to (i) the profit arising from transfer activities of players which amounted to approximately HK\$276.9 million for the year ended 30 June 2021 (2020: approximately HK\$115.5 million); and (ii) the Group disposed of the football stadium in the UK and the business of provision of System Service Solutions from which a gain in aggregate of approximately HK\$74.2 million was recorded (2020: nil).

The basic loss per share was approximately HK0.40 cent (2020: approximately HK1.47 cents).

Business Review and Prospect

During the year ended 30 June 2021, the Group was principally engaged in four reportable business segments, namely (i) operation of a professional football club in the UK; (ii) investment in properties; (iii) provision of System Service Solutions; and (iv) healthcare and medical related business. Pursuant to a sale and purchase agreement dated 4 June 2021 entered into between the Company and an independent third party, the Group disposed of its entire equity interest in Power Super and the total amount of loan outstanding and owing by Power Super to the Company at a total consideration of approximately HK\$4.6 million. Upon the completion of disposal of Power Super on 18 June 2021, the Board decided to cease the business of provision of the System Service Solutions in June 2021.

During the year ended 30 June 2021, the Group encountered a very challenging business environment. Since early 2020, in contemplation of curbing the outbreak of the novel coronavirus (COVID-19) pandemic (the “Outbreak”), governments around the world imposed stringent measures, including travel restrictions, quarantines, lock-down orders, business limitations and shutdowns. These measures negatively impacted business activities generally, and have significantly contributed to deteriorating macroeconomic conditions, which caused a different degree of impact across the Group’s business during the year ended 30 June 2021.

(i) *Football club*

The Group operates Birmingham City Football Club (i.e. BCFC or the Club) in the UK. Revenue streams of BCFC comprised (i) match day receipts which consisted of season and match day tickets; (ii) broadcasting income, including distributions of broadcasting revenue from the English Football League (the “EFL”), cup competitions, solidarity payment from the Premier League and revenue from the media; and (iii) commercial income which comprised sponsorship income, corporate hospitality, merchandising, conferences and events and other sundry income.

During the season 2020/21, the Club continued to play in the EFL Championship Division and finished at the 18th position.

Since the Outbreak, the UK government has implemented public health measures and taken various drastic actions in order to slow down the spread of the Outbreak. All football matches were required to be carried out behind closed doors during the season 2020/21. The sales performance of BCFC, match day receipts and commercial income in particular, was adversely affected as a consequence. With the commencement of the use of vaccines for COVID-19, the Outbreak is expected to be under control, and the global economy is expected to recover steadily. On 19 July 2021, the UK government announced lifting a number of coronavirus related restrictions. Fans are allowed to attend football matches in the season 2021/22. The management is keen to improve the overall game play performance of the Club and will continue to provide support to the Club with an aim to achieve higher ranking in the league in the season 2021/22.

The Birmingham City Football Academy (the “Academy”) has been awarded to operate at Category 1 Academy for season 2021/22 under the Elite Player Performance Plan. The Academy has a clear aim of providing a place to pursue and achieve success through a first class coaching environment for all the young players registered in its system. Through a clearly defined strategy, strong culture and age specific coaching curriculum, the Academy staff will utilise all available resources to progress players through the development phases and meet the goal.

(ii) *Investment in properties*

The Group holds certain residential apartments and commercial properties in Phnom Penh, Cambodia. All the properties are leased out to secure a stable stream of income for the Group. During the year ended 30 June 2021, the Group recorded rental income of approximately HK\$28.2 million from the investment properties.

The Outbreak and the global lockdown continued to affect many nations including Cambodia, and its real estate market has been slowed down. During the year ended 30 June 2021, the Group recorded a loss arising from changes in fair value on its investment properties of approximately HK\$48.7 million. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

As at 30 June 2021, the Group's investment properties were stated at fair value and amounted to approximately HK\$482.0 million (2020: approximately HK\$530.6 million) representing approximately 44.8% (2020: approximately 50.0%) of the Group's total assets.

On 21 April 2021, a subsidiary of the Company entered into a supplemental agreement with a substantial shareholder of the Company renewing a master lease agreement leasing the properties of the Group in Cambodia to the latter for a term of three years commencing from 1 July 2021. For details, please refer to the announcement of the Company dated 21 April 2021 and the circular of the Company dated 28 May 2021.

(iii) Provision of System Service Solutions

The Group operates a system service solutions business which primarily provides system and management support to lottery and third-party payment industry players. During the year ended 30 June 2021, the Group recorded service income of approximately HK\$3.5 million from the System Service Solutions business. The slowdown of business activities around the world caused by the Outbreak adversely affects the growth of the business segment. In June 2021, the Group decided to dispose of its entire equity interest in Power Super as detailed below and ceased the involvement in such business.

(iv) Healthcare and medical related business

During the year ended 30 June 2021, the Group acquired a medical services business in Japan. The medical services business principally comprises the provision of medical consultation and healthcare and wellness referral related services in Japan. Customers are mainly from overseas seeking medical services such as health checks, medical diagnosis and treatments in Japan. For details, please refer to the announcement of the Company dated 31 July 2020. During the year ended 30 June 2021, the Group recorded income of approximately HK\$5.9 million from this business segment.

Disposal of interests in subsidiaries

On 9 October 2020, the Company and Oriental Rainbow entered into a sale and purchase agreement in relation to the disposal to Oriental Rainbow of approximately 21.64% of the total issued capital of Birmingham City PLC ("BCP"), 25% of the total issued capital of BCSL and the assignment of approximately 21.64% of the shareholder's loan outstanding and owing by BCP to the Company as at the completion of which (the "Disposal"). Oriental Rainbow is beneficially wholly-owned by Mr. Vong Pech, a substantial shareholder of the Company and hence a connected person of the Company, and the transactions contemplated thereunder constituted connected transactions of the Company under the Listing Rules. The sale and purchase agreement was approved by the independent shareholders of the Company on 8 December 2020 and the Disposal was completed on 31 December 2020. Details of the Disposal are set out in the circular of the Company dated 17 November 2020 and announcements of the Company dated 9 October 2020 and 31 December 2020.

On 31 March 2021, the Company and an independent third party entered into a sale and purchase agreement in relation to the disposal of 75% of the total issued capital of BCSL and the amount of loan outstanding and owing by BCSL to the Company as at the completion of which (the “BCSL Disposal”). BCSL is the owner of St. Andrew’s Trillion Trophy Stadium (the “Stadium”) in the UK. Upon completion of the BCSL Disposal, the Stadium continues to be leased to the Club as its football stadium. The completion of the BCSL Disposal took place on 7 June 2021. The BCSL Disposal by the Group resulted in loss of control of BCSL by the Group. Following the completion of the BCSL Disposal, the financial results of BCSL is deconsolidated from the Group. The Company no longer hold any interest in the shares of BCSL upon the completion. Details of the BCSL Disposal are set out in the announcements of the Company dated 31 March 2021 and 7 June 2021.

On 4 June 2021, the Company and an independent third party entered into a sale and purchase agreement in relation to the disposal of Power Super and the total amount of loan outstanding and owing by Power Super to the Company. Following the completion of the disposal on 18 June 2021, the financial results of Power Super Group is deconsolidated from the Group. The Company no longer hold any interest in the shares of Power Super upon completion. The Board has decided to cease the business of provision of System Service Solutions in June 2021.

Outlook

Looking forward to 2021/22, the Outbreak will inevitably continue to pose major challenges to the global economy as the emergence of the coronavirus variants and the new wave of the Outbreak in some countries may add new uncertainties to the pandemic and its impact to the global economy. With rapid implementation of contingency measures and the availability of vaccines, it is hoped that the Outbreak will cease to be a significant health risk in the near future. The Group will review the situation and adopt flexible, effective countermeasures as and when appropriate. On the basis of protecting the physical and mental health of all employees, the Group will strive to maintain stable work and operation so as to attend to both smooth operation and epidemic prevention.

The management will continue to look for investment opportunities around the world so as to expand the business portfolio of the Group in the future. In this regard, investment opportunities which offer satisfactory returns to the shareholders of the Company within the acceptable risk profile of the Group and expected return will be considered. As a result, the Group will strive to identify suitable projects with potential for development and satisfactory returns across various sectors.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year ended 30 June 2021 was approximately HK\$165.0 million (2020: approximately HK\$231.5 million), representing a decrease of approximately 28.7% over the corresponding period last year.

The revenue from the Club for the year ended 30 June 2021 was approximately HK\$127.4 million (2020: approximately HK\$204.4 million), representing a decrease of approximately 37.7% compared with the corresponding period in 2020. The decrease was due to a significant reduction in match day receipts and commercial income as a result of the Outbreak and the lockdown in the UK.

The revenue derived from the investment properties for the year ended 30 June 2021 was approximately HK\$28.2 million (2020: approximately HK\$24.8 million), all of which was the rental income from the premises of the Group.

The revenue derived from the provision of System Service Solutions business for the year ended 30 June 2021 was approximately HK\$3.5 million (2020: approximately HK\$2.3 million).

The revenue derived from the healthcare and medical related business for the year ended 30 June 2021 was approximately HK\$5.9 million (2020: nil).

Operating Expenses

Operating expenses incurred during the year ended 30 June 2021 were approximately HK\$427.1 million (2020: approximately HK\$449.9 million), representing a decrease of approximately 5.1% over the same period last year.

The decrease in operating expenses was mainly attributable to lower operating expenses of the Club. Due to the Outbreak and the lockdown in the UK, business activities were much reduced during the year ended 30 June 2021. The overall decrease in operating expenses of the Club was partially offset by the additional operating expenses of the healthcare and medical related business segment consolidated by the Group as the business was acquired in July 2020.

Other Income

Other income during the year ended 30 June 2021 was approximately HK\$16.3 million (2020: approximately HK\$14.6 million) which was approximately 11.4% higher than that during the year ended 30 June 2020. The increase mainly represented government subsidies received by the Group's various operating units.

Other Gains and Losses

Other gains and losses for the year ended 30 June 2021 recorded a loss of approximately HK\$3.7 million (2020: loss of approximately HK\$19.4 million). The loss mainly represented (i) loss arising on changes in fair value of investment properties; and (ii) loss on extinguishing financial liabilities with equity instruments; but partially offset by gain on disposal of subsidiaries.

Profit on Sales of Players' Registration

Profit on sales of players' registration for the year ended 30 June 2021 was approximately HK\$276.9 million (2020: approximately HK\$115.5 million). The increase was mainly because higher revenue from sales of players were generated during the year ended 30 June 2021.

Administrative and Other Expenses

Administrative and other expenses for the year ended 30 June 2021, which included mainly depreciation charges, professional fees, staff costs and office overheads, decreased by approximately 7.8% to approximately HK\$50.1 million (2020: approximately HK\$54.4 million) as compared to that of the corresponding period in the previous year. The management will continue to adopt stringent measures on control and management so as to maintain the administrative and other expenses at a reasonable level.

Finance Costs

During the year ended 30 June 2021, the Group incurred finance costs of approximately HK\$30.7 million (2020: approximately HK\$33.2 million), representing a decrease of approximately 7.6% as compared to the corresponding period in the previous year. The decrease was primarily due to the decrease in average balance of borrowings as compared to the corresponding period last year.

Contingent Liabilities

Other than disclosed in note 20 above, the Group did not have any material contingent liabilities as at 30 June 2021.

Capital Commitments

As at 30 June 2021, the Group had no significant capital commitment (2020: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial Ratios

As at 30 June 2021, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 51.2% (2020: approximately 16.3%) and the gearing ratio (calculated as total borrowings divided by equity attributable to owners of the Company plus total borrowings) was approximately 35.4% (2020: approximately 59.9%). The ratio of total liabilities to total assets of the Group was 71.7% (2020: approximately 71.7%).

Financial Resources

The Group generally finances its operations with internally generated cash flows, bank borrowings, loans from substantial shareholders and from independent third parties, and through the capital market available to listed companies in Hong Kong. As at 30 June 2021, the Group's bank balances and cash (including bank deposits, pledged bank deposits, and cash and cash equivalents) were approximately HK\$44.8 million (2020: approximately HK\$38.8 million), which were principally denominated in Hong Kong dollars, Pound Sterling, Renminbi and Japanese Yen. As at 30 June 2021, the Group had total borrowings of approximately HK\$293.8 million (2020: approximately HK\$487.4 million), with approximately HK\$184.4 million repayable within one year, approximately HK\$80.2 million repayable after one year and within two years, approximately HK\$29.0 million repayable after two years and within five years and approximately HK\$0.2 million repayable after five years. About 16.7%, 80.0%, 2.9% and 0.4% of the Group's borrowings were denominated in Hong Kong dollars, Pound Sterling, Renminbi and Japanese Yen, respectively. All borrowings were at fixed interest rates.

The management endeavours to enhance the Group's financial strengths so as to pave the way for future business development. Cost control measures have already been put in place to monitor the day-to-day operational and administrative expenses.

The management closely reviews the Group's financial resources in a cautious manner and continues to explore opportunities in external financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises. The Company will closely monitor the market situation and take prompt actions when such opportunities arise.

Directors' Opinion on Sufficiency of Working Capital

As at 30 June 2021, the current liabilities of the Group exceeded current assets by approximately HK\$267.0 million (2020: approximately HK\$573.5 million). The Group's ability to continue as a going concern depends on the financial resources presently available to the Group. Taking into account the expected financial performance, net cash expected to be generated from the operation of the Group and the available loan facilities, the Directors believe that the Group is able to fully meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future.

Foreign Exchange Exposure

The Group's exposure to foreign currency risk mainly relates to the Group's operation in the UK, the PRC and Japan and its investment in Cambodia, in which transactions, assets and liabilities are mostly denominated in Pound Sterling, Renminbi, Japanese Yen and US dollars. The Group does not use derivative financial instruments to hedge its foreign currency risks. The management will continue to monitor its foreign exchange exposure and take appropriate measures if needed.

Pledge of Assets

As at 30 June 2021, certain bank credit facilities made available to BCFC were secured by a fixed charge over a specific bank deposit account of BCFC held with the bank. The balance on this bank deposit account was GBP0.8 million (equivalent to approximately HK\$8.6 million) (2020: GBP0.8 million which was equivalent to approximately HK\$7.6 million). In addition, the Group's transfer fee receivables from other football clubs with a carrying amount of GBP15.0 million (equivalent to approximately HK\$161.3 million) as at 30 June 2021 (2020: nil) were pledged to secure bank borrowings of the Group.

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

Capital Structure

On 22 December 2020, for the purpose of raising additional funding for the business operations of the Group, strengthening the Group's financial position, and enlarging shareholders' base of the Company which may in turn establish and strengthen the existing and future business of the Group, enhance the liquidity of the shares, and provide working capital to the Group, the Company completed the placing of 516,400,000 ordinary shares of aggregate nominal value of HK\$5,164,000 under the general mandate at the placing price of HK\$0.135 per share to not less than six places who are either an individual, professional or an institutional investor procured by the placing agent. The market price of each Placing Share was HK\$0.162 at the date of the placing agreement (i.e. 8 December 2020) and the maximum net price per Placing Share was approximately HK\$0.133. For details of the Placing and the completion of which, please refer to the announcements of the Company dated 8 December 2020 and 22 December 2020.

On 21 January 2021, pursuant to the Subscription Agreements and under the general mandate granted by the shareholders of the Company at the annual general meeting of the Company on 30 December 2020, the Company allotted and issued in aggregate 1,062,576,000 ordinary shares of aggregate nominal value of HK\$10,625,760 at HK\$0.13175 per share to offset the outstanding loan due to Global Mineral and Join Surplus, including interest, which as at the date of the Subscription Agreements amounted to approximately HK\$140 million in aggregate. The closing price of each share as quoted on the Stock Exchange on the date of the Subscription Agreements (i.e. 15 January 2021) was HK\$0.14 and the net subscription price per share was approximately HK\$0.13164. The fair value of the shares on 21 January 2021 was HK\$0.157 per share. The completion of the Subscription took place on 21 January 2021. For details of the Subscription, please refer to the announcements of the Company dated 15 January 2021 and 21 January 2021.

As at 30 June 2021, the Company had an issued capital of 19,288,998,508 shares of HK\$0.01 each in issue (2020: 17,710,022,508 shares).

Use of proceeds

- (i) On 22 December 2020, the Company completed the Placing and the total funds raised are approximately HK\$69.7 million. The net proceeds from the Placing are approximately HK\$68.5 million. Approximately HK\$61.7 million, or 90.0% of the net proceeds, was planned for repayment of external debts and the remaining balance of approximately HK\$6.8 million, or 10.0% of the net proceeds, was planned as general working capital of the Group. As at the date of this announcement, the proceeds from the Placing were fully utilised and were applied in accordance with the planned use as disclosed in the announcements of the Company dated 8 December 2020 and 22 December 2020.
- (ii) On 31 December 2020, the Company completed the Disposal. The net proceeds from the Disposal were approximately HK\$52.7 million, of which (i) approximately HK\$31.7 million, or 60.0% of the net proceeds, was planned for repayment of external debts; (ii) approximately HK\$10.5 million, or 20.0% of the net proceeds, was planned as general working capital of the Group; and (iii) approximately HK\$10.5 million, or 20.0% of the net proceeds, was planned for future investment.

On 12 May 2021, the Company resolved to change the use of the unutilised net proceeds of approximately HK\$10.5 million for repayment of debts. For details, please refer to the announcement of the Company dated 12 May 2021. The net proceeds had been fully utilised as follows:

	Planned use of proceeds <i>HK\$'million</i>	Reallocation during the year ended 30 June 2021 <i>HK\$'million</i>	Actual usage for the year ended 30 June 2021 <i>HK\$'million</i>
Repayment of external debts	31.7	10.5	42.2
General working capital	10.5	–	10.5
Future investment	10.5	(10.5)	–
Total	52.7	–	52.7

- (iii) On 15 January 2021, pursuant to the Subscription Agreements and under the general mandate granted by the shareholders of the Company at the annual general meeting of the Company on 30 December 2020, the Company conditionally allotted and issued in aggregate 1,062,576,000 ordinary shares at HK\$0.13175 per share to offset against the outstanding loan due to Global Mineral and Join Surplus, including interest, which as at the date of the Subscription Agreements amounted to approximately HK\$140 million in aggregate. The shares subscribed under the Subscription Agreements were allotted and issued on 21 January 2021. As at 30 June 2021, the outstanding principal amount under the loan agreements with Global Mineral and Join Surplus were fully settled.
- (iv) On 7 June 2021, the Company completed the BCSL Disposal. The net proceeds from the BCSL Disposal were approximately HK\$116.0 million. Approximately HK\$92.8 million, or 80.0% of the net proceeds, was planned for repayment of external debts and the remaining balance of approximately HK\$23.2 million, or 20.0% of the net proceeds, was planned as general working capital of the Group. As at 30 June 2021, details of the use of the net proceeds from the BCSL Disposal are as follows:

	Planned use of proceeds <i>HK\$'million</i>	Actual usage for the year ended 30 June 2021 <i>HK\$'million</i>	Amount unutilised as at 30 June 2021 <i>HK\$'million</i>	Amount unutilised as at the date of this announcement <i>HK\$'million</i>
Repayment of external debts	92.8	92.8	–	–
General working capital	23.2	10.7	12.5	–
Total	116.0	103.5	12.5	–

As at the date of this announcement, the net proceeds from the BCSL Disposal were fully utilised and were applied in accordance with the planned use as disclosed in the announcement of the Company dated 7 June 2021.

HUMAN RESOURCES AND REMUNERATION POLICY

During the year ended 30 June 2021, the Group employed on average approximately 320 full time employees and approximately 60 temporary staff members in Hong Kong, the PRC, the UK and Japan (2020: approximately 340 full time employees and approximately 470 temporary staff members). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees mainly based on industry practices and individual performance. In addition, the Group provides other employee benefits including medical insurance, training subsidy, discretionary bonus and participation in the Company's share option scheme.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2021 as set out in the preliminary announcement of the Group's results for the year ended 30 June 2021 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management over the financial reporting system and internal control systems of the Group. The Audit Committee comprises three Independent Non-executive Directors, Mr. Yeung Chi Tat, Mr. Pun Chi Ping and Ms. Leung Pik Har, Christine. Mr. Yeung Chi Tat is the chairperson of the Audit Committee. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 30 June 2021.

CORPORATE GOVERNANCE

The Company had complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the existing Directors, all of them confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company at www.bshl.com.hk and the Stock Exchange’s website at www.hkexnews.hk. The annual report of the Company will be published on the website of the Company and the Stock Exchange’s website and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 September 2021

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Mr. Yiu Chun Kong, Mr. Hsiao Charng Geng and Dr. Guo Honglin as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat as Independent Non-executive Directors.