

Q&A for Blues Trust: Daniel Ivery's notes on questions asked

Saturday April 16, The Old Crown

Why go to HK? Can't you find everything on Google here?

I think this is the basic question that needs to be answered first, because it underpins what I want to achieve in the Far East.

In some ways I've created a rod for my own back because I've found out so much from using public resources such as company registries, land registries and shareholder information – all of which is available online. Couple that with a black belt in google-fu and it's a perfectly valid question.

The answer is in two parts. Firstly, unfortunately not all information is available online. Some of the stuff I want to look at is only available offline – such as some court documents which are only available by personal application to the Court registry in HK – which means going along to the courthouse, standing in line with a form and ID and getting hard copies in person.

The second, more important part is that the trip is about speaking to people. It's not just about speaking to TTA and EY (although both are a great start) – it's about meeting people and asking questions. I have meetings lined up with contacts in the press in HK along with contacts I have made who are connected to what is going on. Sure, I could do that by email but some of the greatest success I have had is when those contacts have introduced me to someone else who is even more intrinsically linked – something that is so much easier to do in person; particularly when they don't speak English. It may mean going across the border into Mainland China (something I've done twice before) but that's not the obstacle that you think it is.

What do I want to find out?

We know nothing about TTA – who exactly are they and what are their intentions with BCFC? Is it a long term project or something to be spun off when they have gained control of the HK listing? Are we going to get someone in who will run the club properly as a business with long term sustainability as a plan, who will seek views of fans and maybe even fan investment – or is it going to be from the frying pan into the fire? We know that the OADT that the league have been using isn't up to it – forewarned is forearmed.

How?

- 1) Proper investigative journalism. Knocking doors and asking questions
- 2) Speaking to people who have dealt with the one name we do know behind TTA (Paul Suen Cho Hung) to understand what kind of a person he is and how he runs businesses
- 3) Obtaining documentation from relevant agencies to build up a picture of the people behind TTA – company registry documents, any court documentation and land registry documentation available – and using this information to build up an idea of who else is involved and what they are like.

What about Carson and Pannu?

They are lower priority at the moment. There is info in the public domain suggesting Carson will be out of it come the upcoming EGM (no date yet for that but I think it'll be the end of May) and the word is Pannu is also coming to the table. As much as I'd like to ask them both for their thoughts it might be a bit provocative – I have ways of reaching them both should I need to, however.

Why do Blues need to borrow money from TTA as though they were doing ok now they had cut back on expenditure?

Unfortunately, while Blues have cut back and cut back there has been a significant drop in income due to the parachute payments ending... and that money has to be replaced from somewhere. The BC PLC accounts make it plain that Blues needed £10mil in funding from TTA to remain solvent. It's important to understand that this isn't just about paying bills – sometimes it's about having cashflow to cover bumps in the road, the natural peaks in outgoings and troughs in revenue that occur in business – but the truth is according to both the 2015 BC PLC accounts and the 2016 interim BIH accounts that they are utterly reliant on TTA to keep the club afloat. I have spoken to people inside the club who insist it's not quite as bad as the accounts paint it – but until we see the 2016 accounts I can't believe them personally.

Does Carson still hold the majority of shares in BIHL and if so what percentage?

First of all, it's important to define terms. Carson has **never** owned the majority of shares in BIHL – he is a **major** shareholder and indeed the **largest** shareholder but he has never owned more than 29.99% - the reason being is if he did he would be legally obliged to make a general offer for every BIHL share.

Mark Sutton of the Trust has done some very diligent work on this, and I'm going by his calculations – Carson owns 2.7billion shares (about 27.49%) in BIHL currently. He also has a convertible bond for 3.75billion shares but he cannot convert them without selling some shares he has currently due to not being allowed to go over the 30% rule.

What's the next step in any legal proceedings against him and could this still end up with the confiscation of his shares?

Again, it's important to define terms.

In his criminal proceedings, Carson's final appeal is due to be heard in the CFA between May 31 and June 2 with a judgement expected one to two months after. If he loses that and his conviction is upheld then the HK Department of Justice can proceed to change the restraint order against his assets to become a confiscation order. However... his shares were never in the restraint order I've seen.

His civil proceedings between him and BIH have stopped. More on that in another question.

What was his deal with Ernst and Young?

This was outlined in full in the announcement made by BIH.

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0314/LTN20160314968.PDF>

How much are Carson's shares currently worth?

As trading in shares are currently suspended, this is a bit of an iffy question. However, based on the price they were before they were suspended, 2.7billion * 0.067HKD = 180900000HKD = approx. £16.420million

How does Carson see his future role, if any, in BIHL/BCFC and would he be prepared to sell up.

The million dollar question. Word is on the street that Carson might actually be ready to sell to TTA.

Are BIHL actually in liquidation. If not what is their current legal status?

No, BIHL aren't in liquidation, nor have they ever been. Liquidation is a very specific legal term – BIHL are in receivership (as denoted by their signature on every single announcement they have published since EY took over)

Why doesn't this affect BCFC as a subsidiary?

It does. However, we have had no points deducted as the receivers have been called in to resolve a managerial dispute, not a financial one.

Can prospective buyers still approach/negotiate with Ernst and Young or is it on hold until the Trillion Trophy Asia 'preferential buyer' period ends?

It's an exclusivity period – which means EY will exclusively negotiate with TTA. Other people can (and have) approach EY but barring something crazy happening they're going to be told to go forth and multiply. This period is in place until June 2017 as it stands.

How long have Trillion Trophy Asia been in existence and can we find out whose involved and their thoughts on BCFC.

The first part of the question is irrelevant – TTA is an investment vehicle, specifically set up to buy BIH.

The second part of the question is partly answered – Paul Suen Cho Hung is one definite name behind TTA. There are others, but they have not been confirmed

The third part of the question is the whole reason I'm going to HK.

Was their loan secured and how?

The loan is indeed secured – as detailed in the accounts and announcements when it was first taken out. It is secured against St Andrew's along with all fixed and floating assets of BCFC – ie season ticket money, goodwill etc

Is Peter Pannu in anyway involved/on the radar?

Not sure what is meant by this question. He is no longer involved with BIH and is in negotiations to prevent his case reaching court. He is certainly not involved with TTA.

What further BIHL meetings are planned or have to take place in line with company procedures?

No idea.

So are Carson and Pannu out of the picture then?

For all intents and purposes it seems that way. The word is that things will start moving very quickly once the EGM is announced and that TTA will be in position once it's gone through. I don't know how though; I'm not sure of the mechanism they will be using to ensure TTA control not only the board but also have the shareholder backing they need to ensure they can run the company.