



Fans' Forum Meeting Attendance Pack

02/02/2013

Venue: The Royal George Hotel & Bar

A MESSAGE FROM BLUES TRUST CHAIRMAN STEVE McCARTHY

There has been much talk of protests over the past few weeks culminating to an end-result which has seen a group of fans establish a Birmingham City protest group in order to vent their frustrations. The past eighteen months have undoubtedly tested Birmingham City fans' patience and resolve following relegation from the Premier League back in 2011, coupled with Carson Yeung's ongoing trial for money laundering charges and the Club's perilous financial state.

As far back as August 2010, a group of Birmingham City fans met and discussed the idea of forming a Supporters' Trust; a democratic, non-profit organisation run and owned solely by the Club's supporters. Its aim: to improve communications between Birmingham City and its fans, encourage increased openness and transparency at Board level and to unite all Birmingham City fans behind a single, unified fan voice.

Since registering its rules with Supporters' Direct in February 2012, the Trust has worked tirelessly to raise awareness of the Club's situation in the media; locally, nationally and also in Hong Kong, with recent features in the South China Morning Post, The Guardian and more locally the Birmingham Mail highlight that the Trust's action plan has - to date - been successful.

Letters and continued attempts to communicate with Peter Pannu however have been less successful; something that the Trust duly acknowledges. It is clear that the Trust's approach in communicating with Mr Pannu has to date been ineffective, and the Trust is firmly of the opinion that the time for dialogue between the Trust and Mr Pannu is now over.

Today, the Trust is proposing a comprehensive plan of action that will ultimately – if executed effectively – achieve the same goals as any protest. The Trust's proposal avoids any potentially harmful and detrimental side effects that a protest simply cannot guarantee; yet addresses and focuses its efforts on the core issue currently surrounding Birmingham City and any potential sale of the Club.

As fans of Birmingham City, it is time to unite behind one single fan voice; a voice is dedicated to exercising its member's views and is committed to safeguarding the future of Birmingham City. Back the shirt, Back Blues Trust; together, we can make a difference.

Regards,
Steve McCarthy
(Chairman, Blues Trust)

BLUES TRUST PROPOSAL

(Presented by Often Partisan editor Daniel Ivery)

For the past fortnight I have been working in conjunction with the Blues Trust board to try and put together a plan of action for fans that has an achievable, positive outcome; without denigrating the efforts of the staff and/or players here in Birmingham.

I think that we can all agree that there is a consensus amongst the vast majority of Blues fans that the club needs to be sold. I am also of the belief that there is a consensus amongst the majority of Blues fans that the sale of the club isn't happening quickly enough, and that there are unnecessary obstacles in the way of the sale.

Therefore, it would seem reasonable that the aim of any action taken by fans following this meeting would be to help speed up the sale of the club and to help remove obstacles from its path.

The sale of the club is ostensibly being looked after by the board of the holding company, Birmingham International Holdings and specifically by its MD/CEO Peter Pannu and its President Carson Yeung.

Therefore it would be reasonable that any actions taken by fans following this meeting would be directed towards Mr Pannu and Mr Yeung as they are the people who can achieve the aim.

The Trust has attempted to contact Mr Pannu on two occasions recently and several occasions overall to try and build a dialogue with him. Mr Pannu has rebuffed these attempts at building rapport and we can now only assume that he has no intention of talking to us. Therefore, any attempts at dialogue should now be abandoned.

The Trust Board have considered the idea of protest but feel that it cannot recommend any form of direct action to its members as it feels that there are too many potential negative outcomes. The fact remains that the people who are to be the subjects of any protest are not in this country and any protest may damage the morale of the playing staff, the backroom staff and may cause divisions within the wider Birmingham City fan base. Furthermore, the Trust cannot guarantee that any protest would remain peaceful and is mindful that the club has a poor reputation within football for violence, as well as a suspended fine of £20,000 hanging over it.

Therefore, other avenues must be considered.

It has been noted that Mr Pannu has only a moral obligation to the fans to advise on what is happening and to do his best for them. Therefore, he is within his rights to ignore any letters, emails or other communication sent by the Trust and it appears that Mr Pannu has chosen to follow that path of ignoring this moral obligation.

However, Mr Pannu has a statutory, legal obligation to both regulators and to shareholders. Regulators mean bodies such as the FA, the Football League and the Hong Kong Stock Exchange; Shareholders mean not just shareholders of the parent company BIH but also shareholders of Birmingham City PLC. Having a legal obligation means he cannot ignore these entities. Therefore, it should behove us to gain the support of these entities and encourage them to seek the answers from Mr Pannu that he has chosen not to give us.

How do we achieve this?

Firstly, The Trust is actively seeking members and non-members alike who have shares in Birmingham City plc. The Trust is aware of some members who are shareholders and would like to hear from other current members who also own shares; and furthermore would like to encourage non-members who are shareholders to join the Trust.

The Trust understands that shares in the club have been potentially held on to for reasons that are not of monetary basis and thus would not be actively seeking to purchase the shares - although if shares are offered for sale to the Trust purchase would be considered. However, The Trust can represent any and all members who are shareholders and thus would be able to write to Mr Pannu demanding answers to pertinent questions. Mr Pannu would not be able to brush off those questions as he has with the press as he has a statutory obligation to inform shareholders of decisions which could materially affect the value of their shares.

Furthermore, if the club were to be sold due to the nature of the amount of shares that would be sold by BIH any offer would also have to be made to public shareholders and thus Mr Pannu has the duty to ensure that the offer would be proper and fair to them also.

Secondly, the Trust proposes contact with as many shareholders in BIH as is possible. The Trust has obtained a list of shareholders and will be sending a letter (see attached) in English and Cantonese to them all, outlining our concerns and asking for their support. Furthermore, the Trust also proposes to place an advert in the South China Morning Post and a major Cantonese newspaper such as Oriental Daily to put across our message. The Trust understands that fans will want to be involved and as such will attempt to make available to fans a list of people that they can contact, a form letter and will encourage members and non-members alike to aid in contacting as many shareholders in BIH as possible.

BIH is 26% owned by Carson Yeung with over half of its shares in public ownership. Many shareholders will be unaware of the situation here or many of the issues that have befallen Birmingham City and it is hoped that by making them aware of the facts that there will be a public upswell of opinion against the Board. The Board of BIH has not held an annual general meeting in two years, has not issued accounts in the same timeframe and many of its members have not been elected by the shareholders as should happen - including Mr Pannu.

The letter outlines some of the issues that we are all very aware of here but that may not have been reported in Hong Kong. The idea is to encourage as many shareholders as possible to ask questions of the BIH board and furthermore to encourage all shareholders to push for an Extraordinary General Meeting (EGM) whereby a motion can be put forwards for a vote of no-confidence in the Board and its leadership. Whilst this may not be successful it is thought that pressure alone will cause enough problems for the BIH Board, meaning they will have to reconsider their current path and potentially look to speed up the sale of the club. Mr Pannu has a duty to do his job to the best of his ability and to the greatest benefit of the shareholders - and pressure from those will not be easily ignored.

Thirdly, noting the success of the spontaneous "postcards to McLeish" sent by many Blues fans whilst watching Birmingham City in Europe proposes that a similar campaign be set up for people to send a simple message to Mr Yeung. The Trust is concerned that Mr Yeung may not be aware of the fans feelings as all communication to or from Mr Yeung is made via Mr Pannu and thus would like to attempt to ensure that Mr Yeung is aware that fans would like him to sell the club. The Trust proposes that it will get printed a large amount of postcards, with a simple message in English and Cantonese to Mr Yeung to sell Birmingham City, addressed to Mr Yeung's address in Barker Road, Hong Kong (where it is last known he is currently residing).

Whilst it's agreed that this action might not achieve much, it's felt by the Trust that people do want to make their feelings known and this way it would allow people to voice their opinions direct to Mr Yeung.

The Trust will of course communicate all efforts made by fans to the media to ensure that there is as wide publication of the issues that surround Birmingham City as possible. The Trust has a very good rapport with sections of the local media and has built a dialogue with some journalists out in Hong Kong; it's hoped with these connections more pressure can be brought to bear on Mr Pannu. It's worth noting that the previous piece on the club in the SCMP forced Mr Pannu to make a statement to the HKSE; any further articles will force the same response as Mr Pannu is duty-bound by the regulators to inform the stock exchange of any material information that might have appeared in the press first.

BIH SHAREHOLDER LETTER

Dear Shareholder,

We write to you with regards to BIRMINGHAM INTERNATIONAL HOLDINGS plc (BIH) and its subsidiary BIRMINGHAM CITY FOOTBALL CLUB (BCFC).

We are the official Supporters Trust for BCFC and as such represent the views of our members who are fans of the Club. In recent months we have been dismayed by the continual problems caused at the football club due to the poor performance of the BIH board.

We wished to make you aware of certain facts that may or may not have been reported recently in the Hong Kong press. As a shareholder in the company the Trust is requesting your assistance to help force an Extraordinary General Meeting to demand answers from the BIH Board.

As reported in the YE 2012 BCFC accounts, Mr Hui Ho Luek, Vico, who was previously an executive director and managing director of BIH and was formerly chairman of BCFC, has been reported to have signed a secret deal with Xtep counter to the publicly announced deal of January 2010; completely changing the makeup of the original deal and turned a beneficiary deal into one that subsequently cost BIH money.

Mr Peter Pannu, who is currently Managing Director, Executive Director and Chief Executive Officer of BIH and also Acting Chairman of BCFC, was reported in the YE 2012 BCFC accounts to have taken a salary from BCFC of £688,000 (approx HK\$8.25million) in addition to any salary or consultancy fee he has received from BIH; despite the financial difficulties both companies have suffered. These are just two examples of some of the poor decisions that have been made by the BIH Board that have not yet been brought to account over.

The company has suffered from poor corporate governance and a lack of financial control, with the YE 2011 and YE 2012 accounts still unavailable. The Board, despite many changes, still does not have the required makeup as per HKSE regulations and the company has not held an Annual General Meeting (AGM) in over 2 years. This lack of financial control is made all the more significant when read in conjunction with the football club accounts, which show significant funding requirement in order to maintain the club as a going concern.

We feel that the company has kept you, its shareholder, in the dark by denying shareholders the chance to question the Board's actions by virtue of an AGM. We hereby urge you to contact the Board of BIH and demand to know why they are running a company that you have invested in so poorly.

As fans of the Club, the Board only have a moral obligation to talk to us and tell us what is happening – something they have refused to do on numerous occasions. However, their obligation to you is statutory and we urge you to consider using that to force the Board to give answers.

Yours sincerely,

Steve McCarthy
(For and on behalf of Blues Trust)

