

**Registered Office:**

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**Mailing Address:**

Blues Trust, c/o Royal George Hotel Bar, Garrison Lane, Birmingham, B9 4PN



Blues Trust  
c/o Royal George Hotel Bar  
Garrison Lane  
Birmingham  
B9 4PN

22<sup>nd</sup> December 2014

Mr Ashley Alder, JP  
Chief Executive Officer  
Securities and Futures Commission  
35/F, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

By email to Chief Executive Officer's Office: [ceo@sfc.hk](mailto:ceo@sfc.hk)

Dear Mr Alder,

**Re: Disclosures of Interests – Birmingham International Holdings Limited: Stock Code 2309**

I am writing to you as the chairman of the Blues Trust, a democratic, non-profit organisation set up by supporters of Birmingham City Football Club, and independent of the club itself. Birmingham City Football Club Plc (BCFC) is a wholly owned subsidiary of Birmingham City PLC, which in turn is 96.64% owned by Birmingham International Holdings Limited (BIHL). Club ownership is a very important matter for supporters and we therefore have a strong interest in disclosures of interest made to the Stock Exchange of Hong Kong Limited (SEHK) by substantial shareholders in BIHL. Likewise, we also have a strong interest in the notices BCFC publishes under the Publication of Ownership requirements of Football League Regulation 94, a related issue that I return to below.

I would like to draw your attention to a number of instances where disclosures made by BIHL shareholders appear to be inaccurate and/ or do not appear to have been filed in a timely manner. Details are contained in the attachment to this letter.

You will see that in the recent past there have been many examples of delayed reporting, with filing of substantial transactions in some cases coming many months after the date of the relevant event. Shareholders Yeung Ka Sing, Carson and a company wholly owned by him, Great Luck Management Limited, are prominent in this respect – there were delays of between 80 and 129 days in filing disclosures for relevant events involving an aggregate reduction in the BIHL shareholding of Yeung Ka Sing, Carson amounting to 12.38% of the issued share capital in BIHL.

There are also cases where disclosures appear to misreport the number of shares held by the shareholders concerned in very substantial quantities. Disclosures filed by shareholders Yang Yue Zhou and a company

wholly owned by him, U-Continent Holdings Limited, appear to understate shareholdings by 666,666,666 shares, a figure representing between about 7% and 13% of the issued share capital in BIHL, depending on the number of shares in issue at the date of relevant event. In addition, disclosures filed by the chairman and the vice-chairman of BIHL overstate each of their holdings of convertible shares by 600,000,000 shares, a figure representing about 11% of the issued share capital in BIHL at the date of the relevant event.

We have a related concern that the Board of BIHL is not keeping its subsidiary, BCFC, properly informed of changes in BIHL shareholdings, resulting in BCFC failing to comply with the regulatory requirements of the Football League. Under Football League Regulation 94, BCFC must publish the identities of persons with a significant interest (i.e. >10%) in BIHL, and hence in Birmingham City PLC and BCFC. There have been issues concerning the timeliness and accuracy of the BCFC notices issued this year as also detailed in the attachment.

You will see that BCFC was still reporting one BIHL shareholder, Carson Yeung, as having around a 20% interest in BIHL in early November 2014, whilst according to disclosures made to the SEHK, that level of shareholding was correct in early February 2014 but then reduced progressively over the months, falling to around 1% in early November 2014. BCFC were clearly not informed by BIHL of these changes in Carson Yeung's BIHL shareholding. We will be writing to the Football League about this and other continuing problems we have identified with BCFC's reporting under Football League Regulation 94.

I am sure you would agree that accurate and timely disclosures make an important contribution to maintaining and promoting the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry. We believe that BIHL disclosures and BCFC ownership notices over the recent past have given and continue to give a misleading and inaccurate picture of BIHL shareholdings. We would therefore ask you to investigate the matters we raise in this letter and apply the appropriate remedies and sanctions, to correct the current position and to ensure that similar problems do not arise with future disclosures. We hope that by writing to you we will see improved practices implemented, not only in disclosures to the SEHK, but also in reporting by BCFC under Football League Regulation 94.

Please do not hesitate to contact me if you require clarification of any matters raised in this letter.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve McCarthy', with a stylized flourish at the end.

Steve McCarthy  
Chairman, Blues Trust

## Attachment

### 1. Birmingham International Holdings Limited: Disclosure of Interests

We have reviewed information publicly available on the HKEx news web-site – disclosures filed by BIHL shareholders with the SEHK, announcements made by BIHL, Monthly and Next Day Disclosure Returns submitted by BIHL. Our main focus was on the web-page headed:

## Shareholding Disclosures

### Disclosure of Interests

#### List of all notices within a specified period

Stock code: **02309**

Name of listed corporation: **Birmingham International Holdings Ltd.**

Date (dd/mm/yyyy): **19/12/2013 - 19/12/2014**

The page contains 73 records in total. Where appropriate we also reviewed the individual disclosure notices for the records via the links provided.

We found apparent issues with the accuracy and/ or timing<sup>1</sup> of filing of disclosures as detailed below. Our key conclusions are highlighted in bold italics.

#### 1.1. Disclosures filed by Yeung Ka Sing, Carson and Great Luck Management Limited

Great Luck Management Limited is a company wholly owned by Yeung Ka Sing, Carson. These shareholders have filed eight disclosures where the period between the relevant event and the date of filing is between 80 and 129 days:

Name of substantial shareholder / director / chief executive	Date of relevant event (dd/mm/yyyy)	Date when the substantial shareholder became aware of the relevant event/ interest in the shares (if later):	Date of filing	No. days between relevant event and filing
Great Luck Management Limited	01/08/2014	01/08/2014	20/10/2014	80
Yeung Ka Sing, Carson	01/08/2014	01/08/2014	20/10/2014	80
Great Luck Management Limited	31/07/2014	31/07/2014	20/10/2014	81
Yeung Ka Sing, Carson	31/07/2014	31/07/2014	20/10/2014	81
Great Luck Management Limited	16/06/2014	16/06/2014	20/10/2014	126
Yeung Ka Sing, Carson	16/06/2014	16/06/2014	20/10/2014	126
Great Luck Management Limited	13/06/2014	13/06/2014	20/10/2014	129
Yeung Ka Sing, Carson	13/06/2014	13/06/2014	20/10/2014	129

In each case the disclosures confirm that the shareholder was aware of the relevant event on the date it occurred. Therefore, there appears to be no reason why the disclosures could not have been filed immediately.

The disclosures filed on 20<sup>th</sup> October 2014 cover relevant events in the period from 13<sup>th</sup> June 2014 to 1<sup>st</sup> August 2014 and take into account another relevant event, the increase in issued share capital on 9<sup>th</sup> October 2014. Together the

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<sup>1</sup> Please note that we have only raised timing issues where the date of filing is 10 or more days after the relevant event. We understand the rules on filing may be more stringent than this, in which case it would be appropriate for the SFC to investigate disclosures which fall below our “cut-off” of 10 days.

disclosures notify an aggregate reduction in the BIHL shareholding of Yeung Ka Sing, Carson of some 12.38% of the issued share capital in BIHL.

***There were delays of between 80 and 129 days in filing disclosures for relevant events involving an aggregate reduction in the BIHL shareholding of Yeung Ka Sing, Carson amounting to 12.38% of the issued share capital in BIHL.***

In addition, the Next Day Disclosure Return submitted by BIHL on 14<sup>th</sup> November 2014 indicates that 2,700,000,000 shares were issued to Yeung Ka Sing, Carson on that date, pursuant to conversion of the Debt Convertible bond. We calculate that this relevant event increased the BIHL shareholding of Yeung Ka Sing, Carson from 0.95% to 28.57% and this has been confirmed by a notice issued by BCFC under Football League Regulation 94. As at 19<sup>th</sup> December 2014 there had been no published disclosure by Yeung Ka Sing, Carson relating to this event. Other substantial shareholders affected by this event, Yang Yue Zhou and U-Continent Holdings Limited, filed disclosures on 19<sup>th</sup> November 2014 to reflect the change in % of issued share capital arising from conversion.

***Over a month has elapsed since Yeung Ka Sing, Carson increased his BIHL shareholding by about 28% of the issued share capital in BIHL through share conversion on 14th November 2014, but there is no published record of his filing a disclosure in respect of this relevant event.***

## 1.2. Disclosures filed by Yang Yue Zhou and U-Continent Holdings Limited

U-Continent Holdings Limited is a company wholly owned by Yang Yue Zhou. The following disclosures were filed by these shareholders on 13<sup>th</sup> February 2014:

Name of substantial shareholder / director / chief executive	Reason for disclosure	No. of shares bought / sold / involved	Average price per share	No. of shares interested (See *Notes above)	% of issued share capital	Date of relevant event (dd/mm/yyyy)
U-Continent Holdings Limited	101(L)	5,166,666,666(L)	HKD 0.030	5,166,666,666(L)	100.00(L)	07/02/2014
Yang Yue Zhou	101(L)	5,166,666,666(L)	HKD 0.030	5,166,666,666(L)	100.00(L)	07/02/2014

Based on information provided in a BIHL Circular dated 17<sup>th</sup> January 2014, we understand these disclosures relate to the issue of the First Convertible Bond and the Second Convertible Bond. According to the Circular, the subscriber is U-Continent Holdings Limited, a company directly and wholly owned by Yang Yue Zhou, and the number of shares associated with these bonds is 1,666,666,666 (First Convertible Bond) and 4,166,666,666 (Second Convertible Bond) making a total of 5,833,333,332.

***There appears to be a discrepancy of 666,666,666 shares between the number of conversion shares (5,166,666,666) reported in the disclosures by Yang Yue Zhou and U-Continent Holdings Limited in respect of relevant events on 7<sup>th</sup> February 2014 and the total number of shares associated with the First and Second Convertible Bonds (5,833,333,333) as set out in the BIHL Circular dated 17<sup>th</sup> January 2014.***

Further, it appears that the discrepancy has been carried through to the 12 subsequent disclosures filed by U-Continent Holdings Limited and Yang Yue Zhou in respect of relevant events in the period from 21<sup>st</sup> February to 14<sup>th</sup> November 2014 inclusive. Confirmation that subsequent disclosures are inaccurate appears to be provided in the Annual Report 2014 published by BIHL on 17<sup>th</sup> November 2014. At page 28, this document states that as at 30<sup>th</sup> June 2014 Yang Yue Zhou held 262,093,333 shares (these are shares in issue). Adding this to the 5,499,999,999 outstanding conversion shares associated with the First and Second Convertible Bonds as at 30<sup>th</sup> June 2014 (as per the Monthly Return submitted by BIHL on 7<sup>th</sup> July 2014) gives a total interest of 5,762,093,332 shares, compared to the total interest of

5,095,426,666 shares declared in the last disclosure filed by Yang Yue Zhou prior to 30<sup>th</sup> June 2014. The difference between these figures is 666,666,666 shares, confirming that the discrepancy we identified above has been carried through to subsequent disclosures.

***The BIHL holdings notified by Yang Yue Zhou and U-Continent Holdings Limited in 14 disclosure notices filed in respect of relevant events in the period from 7<sup>th</sup> February 2014 to 14<sup>th</sup> November 2014 inclusive appear to be understated by 666,666,666 shares, a figure representing between about 13% and 7% of the issued share capital in BIHL, depending on the number of shares in issue at the date of relevant event.***

There also appear to be issues with timing of some of the disclosures filed by Yang Yue Zhou and U-Continent Holdings Limited. Four disclosures were filed 20 or 21 days after the relevant event:

Name of substantial shareholder / director / chief executive	Date of relevant event (dd/mm/yyyy)	Date when the substantial shareholder became aware of the relevant event/ interest in the shares (if later):	Date of filing	No. days between relevant event and filing
U-Continent Holdings Limited	25/02/2014	17/03/2014	17/03/2014	20
Yang Yue Zhou	25/02/2014	17/03/2014	17/03/2014	20
U-Continent Holdings Limited	21/02/2014	14/03/2014	14/03/2014	21
Yang Yue Zhou	21/02/2014	14/03/2014	14/03/2014	21

As confirmed by the Next Day Disclosure Return submitted by BIHL on 25<sup>th</sup> February 2014 two of these disclosures relate to conversion of 333,333,333 First Convertible Bond shares on 21<sup>st</sup> February 2014 under the First CB Subscription Agreement. The two later disclosures relate to a transfer of the same number of shares from U-Continent Holdings Limited to Yang Yue Zhou. Given that share conversion and transfer occurs on the instructions of the shareholder, we find it difficult to understand how the shareholders were not aware of the relevant events on the date they occurred, rather than at the date of filing as notified in the disclosures. We calculate that the shares converted and transferred amount to 6.08% of the issued share capital of BIHL at the date of the relevant event.

***Disclosures by Yang Yue Zhou and U-Continent Holdings Limited in respect of relevant events on 21<sup>st</sup> February 2014 and 25<sup>th</sup> February 2014, and concerning shares amounting to about 6% of the issued share capital in BIH, were filed 21 and 20 days after the relevant event respectively.***

There is a further issue we have identified concerning disclosures relating to the Yang Yue Zhou shareholding data (in this case the name in the records is Yang Yuezhou, but we understand this is the same person as Yang Yue Zhou). This is found on the web-page headed "**Complete list of substantial shareholders on a specified date**". As at 19<sup>th</sup> December 2014 this page displayed the following disclosures:

Name of substantial shareholder	Number of shares interested (See *Notes above)	% of issued share capital (See *Notes above)	Date of last notice filed (dd/mm/yyyy)
Inkatha Group Limited	636,000,000(L)	16.35(L)	02/08/2011
Yang Yuezhou	636,000,000(L)	16.35(L)	02/08/2011

Based on information provided in a BIHL Circular dated 17<sup>th</sup> January 2014 (p41, second paragraph) we understand these disclosures relate to placing of convertible notes under a placing agreement. However, the Circular confirms that as

the conditions precedent were never fulfilled, the placing had not become unconditional and no convertible notes were issued. The shareholders concerned do not appear to have issued further disclosure notices reflecting the fact that the convertible notes were not issued. It would appear misleading that these further disclosures have not been filed.

***The disclosures filed by Yang Yuezhou and Inkatha Group Limited on 2<sup>nd</sup> August 2011, overstate BIHL shareholdings by 636,000,000 shares, a figure representing about 12% the issued share capital in BIHL in early February 2014 and about 7% at the present time.***

### **1.3. Disclosures filed by Yang Yue Zhou and Wang Lei in respect of relevant event on 27<sup>th</sup> November 2014**

Information relating to these disclosures, taken directly from the HKEx News web-site, is reproduced below. Also included is information from Yang Yue Zhou's immediately preceding disclosure and that of U-Continent Holdings Limited, a company wholly owned by Yang Yue Zhou:

Name of substantial shareholder / director / chief executive	Reason for disclosure	No. of shares bought / sold / involved	Average price per share	No. of shares interested (See *Notes above)	% of issued share capital	Date of relevant event (dd/mm/yyyy)
Wang Lei	101(L)	4,860,706,666(L)		4,860,706,666(L)	50.21(L)	27/11/2014
Yang Yue Zhou	103(L)	4,833,333,333(L)		27,373,333(L)	0.28(L)	27/11/2014
U-Continent Holdings Limited	104(L)			4,833,333,333(L)	49.93(L)	14/11/2014
Yang Yue Zhou	104(L)			4,860,706,666(L)	50.21(L)	14/11/2014

There appears to be an inconsistency between the two disclosures in respect of relevant event(s) on 27<sup>th</sup> November 2014. On the one hand, the Yang Yue Zhou disclosure implies disposal of shares previously held by U-Continent Holdings Limited (4,833,333,333 shares) and retention of shares held by Yang Yue Zhou as beneficial owner (27,373,333 shares). On the other hand, the Wang Lei disclosure implies acquisition of all interests in shares previously held by Yang Yue Zhou (4,860,706,666 shares in total) comprising those shares held by Yang Yue Zhou as beneficial owner (27,373,333 shares) and those held via U-Continent Holdings Limited (4,833,333,333 shares).

***There appears to be a discrepancy of 27,373,333 shares between the number of shares acquired by Wang Lei (4,860,706,666) and the number of shares disposed of by Yang Yue Zhou (4,833,333,333) as specified in their respective disclosures in respect of relevant events on 27<sup>th</sup> November 2014.***

Further, we noted under section 1.2 that disclosures by Yang Yue Zhou and U-Continent Holdings Limited appear to understate holdings by 666,666,666 shares. We believe that this may be because outstanding conversion shares under the First and Second Convertible Bonds have not been properly accounted for in the disclosure notices. The disclosure by U-Continent Holdings in respect of the relevant event on 14<sup>th</sup> November specifies a total shareholding of 4,833,333,333 shares, of which 3,333,333,333 shares were derivatives (we take this to mean outstanding conversion shares). However, the Monthly Return submitted by BIHL in respect of October 2014 specifies outstanding conversion shares of 1,333,333,333 (First Convertible Bond) and 2,666,666,666 (second Convertible Bond) making a total of 3,999,999,999 outstanding conversion shares, some 666,666,666 shares greater than the derivatives (outstanding conversion shares) disclosed by U-Continent Holdings.

***The relevant events on 27<sup>th</sup> November 2014 raise the question as to whether the 666,666,666 outstanding conversion shares that are not accounted for in the disclosures filed by Yang Yue Zhou and U-Continent Holdings in respect of relevant events of 14<sup>th</sup> November 2014 should now be attributed to Wang Lei or remain attributed to Yang Yue Zhou and U-Continent Holdings.***

#### 1.4. Disclosures filed in respect of BIHL Directors' shareholdings

The following disclosures have been made by Cheung Shing, the chairman and executive Director of BIHL, Ma Shui Cheong the vice-chairman and executive Director of BIHL and Deluxe Crystal Limited a company owned as to 50% by Cheung Shing and as to 50% by Ma Shui Cheong:

Name of substantial shareholder / director / chief executive	Reason for disclosure	No. of shares bought / sold / involved	Average price per share	No. of shares interested (See *Notes above)	% of issued share capital	Date of relevant event (dd/mm/yyyy)
Cheung Shing	122(L)	1,200,000,000(L)	HKD 0.100	0(L)	0.00(L)	31/10/2014
Deluxe Crystal Limited	102(L)	1,200,000,000(L)	HKD 0.100	0(L)	0.00(L)	31/10/2014
Ma Shui Cheong	122(L)	1,200,000,000(L)	HKD 0.100	0(L)	0.00(L)	31/10/2014
Cheung Shing	121(L)	1,200,000,000(L)	HKD 0.100	1,200,000,000(L)	21.89(L)	31/07/2014
Deluxe Crystal Limited	101(L)	1,200,000,000(L)	HKD 0.100	1,200,000,000(L)	21.89(L)	31/07/2014
Ma Shui Cheong	121(L)	1,200,000,000(L)	HKD 0.100	1,200,000,000(L)	21.89(L)	31/07/2014

The disclosures relate to convertible bonds and a subscription agreement, details of which are set out in a BIHL announcement dated 31<sup>st</sup> July 2014. A further announcement dated 31<sup>st</sup> October 2014 and issued on 3rd November 2014 explained that the subscription agreement had lapsed automatically on 31<sup>st</sup> October 2014. The first announcement confirms that the subscriber is Deluxe Crystal Limited, a company owned as to 50% by Mr. Cheung Shing, the chairman and executive Director (of BIHL) and as to 50% by Mr. Ma Shui Cheong, the vice-chairman and executive Director (of BIHL). It also says the maximum number of 1,200,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full.

In light of the details contained in the first announcement, we believe the number of shares specified in the disclosure notices filed by Cheung Shing and Ma Shui Cheong should be 600,000,000 shares rather than 1,200,000,000 shares, that is 50% of the maximum of number of conversion shares reflecting the 50% / 50% ownership structure of the subscriber, Deluxe Crystal Limited.

***The disclosures filed by Cheung Shing the chairman and executive Director of BIHL and Ma Shui Cheong the vice-chairman and executive Director of BIHL in respect of conversion shares appear to overstate their BIHL shareholdings in each case by 600,000,000 shares, a figure representing about 11% of the issued share capital in BIHL at the date the subscription agreement was entered into.***

We have one further issue with Directors' shareholdings, concerning Panagiotis Pavlakis, an executive Director of BIHL. We understand that the Directors of BIHL are required to file disclosure notices in respect of all shares held in the company, irrespective of the size of the shareholding. The Annual Report 2014 published by BIHL on 17th November 2014 states at page 29 that as at 30<sup>th</sup> June 2014 Panagiotis Pavlakis held 380,000 shares. However, on the web-page headed "**Complete list of directors**" there is no record of any disclosure being filed by Mr. Panagiotis Pavlakis.

***Panagiotis Pavlakis, an executive Director of BIHL, does not appear to have submitted a disclosure notice in relation to his shareholding in BIHL.***

## 2. Reporting by BCFC under Football League Regulation 94

We have reviewed the four most recent notices regarding ownership published by BCFC under Football League Regulation 94. These relate to shareholdings in BIHL and Birmingham City PLC as at 7<sup>th</sup> October 2014, 4<sup>th</sup> November 2014, 17<sup>th</sup> November 2014 and 8<sup>th</sup> December 2014. We are able to provide copies of these notices if that would prove helpful.

We have also reviewed information publicly available on the HKEx news web-site – announcements made by BIHL, Monthly and Next Day Disclosure Returns submitted by BIHL and disclosures filed by BIHL shareholders with the SEHK. This has allowed us to calculate independently the level of certain BIHL shareholdings at particular dates and to compare these with the information provided in the four BCFC notices. Our calculations of % shareholdings in BIHL are based on the BIHL shares *in issue* held by the shareholder, *excluding unconverted conversion shares*, as this mirrors the approach BCFC takes in reporting shareholdings.

We set out the detail of our findings for each of the four BCFC notices reviewed below, providing our conclusions regarding the accuracy of the notices in bold italics.

***In summary, we have found what we believe are some very significant errors in the information reported by BCFC, which we conclude result from BIHL not keeping its subsidiary, BCFC, properly informed as to changes in level of BIHL shareholdings, and the dates upon which these changes occur.***

### 2.1. BCFC notice of shareholdings as at 7<sup>th</sup> October 2014: Significant Interest of Carson Yeung

Until 5<sup>th</sup> November 2014, the BCFC web-site displayed a notice reporting that Birmingham City PLC had been notified that, as at 7<sup>th</sup> October 2014, Carson Yeung held 19.87% of BIHL and therefore held an indirect Significant Interest within Birmingham City PLC of 19.20%.

We can reproduce the percentage figures quoted in the BCFC notice, but these relate to Carson Yeung's shareholdings as at 7<sup>th</sup> February 2014. Since then, due to share sales and changes in issued share capital, the figures changed on several occasions, falling to 1.21% of BIHL on 7<sup>th</sup> October, the date quoted in the BCFC notice, and 0.95% on 5<sup>th</sup> November, the date the notice was removed.

***The BCFC notice was clearly inaccurate. It appears that BIHL did not inform BCFC of the large changes in Carson Yeung's BIHL shareholdings – in aggregate almost 19% of the issued share capital in BIHL – over the nine month period from early February 2014 to early November 2014.***

### 2.2. BCFC notice of shareholdings as at 4<sup>th</sup> November 2014: Significant Interest of Yang Yue Zhou

On 5<sup>th</sup> November 2014, the notice on the club web-site referring to Carson Yeung as holding a Significant Interest was removed, and replaced by one reporting that, as at 4<sup>th</sup> November 2014, Yang Yue Zhou held 22.98% of BIHL and an indirect Significant Interest in Birmingham City PLC of 22.20%.

Our calculations indicate that following conversion of 1,500,000, 000 shares pursuant to the Second Convertible Bond on 9<sup>th</sup> October 2014 Yang Yue Zhou held 24.32% of BIHL. Based on information included in disclosures made by Yang Yue Zhou in respect of relevant events on 15<sup>th</sup>, 17<sup>th</sup> October 2014 and 14<sup>th</sup> November 2014 (in particular the reduction in "No. shared interested in") we calculate that Yang Yue Zhou held 21.88% of BIHL as at 4<sup>th</sup> November, the date quoted in the BCFC notice. We cannot reproduce the figure of 22.98% reported by BCFC.

***The BCFC notice inaccurately reports the date from which Yang Yue Zhou first became a substantial shareholder in BIHL and held a Significant Interest in Birmingham City PLC – this was 9<sup>th</sup> October rather than 4<sup>th</sup> November as reported in the notice. Furthermore, the changes in Yang Yue Zhou's BIHL shareholdings due to relevant events on***

**15<sup>th</sup> and 17<sup>th</sup> October 2014 were not reported by BCFC, and the 22.98% BIHL shareholding reported as at November 4<sup>th</sup> 2014 appears to be inaccurate. In light of this, there appear to be significant issues concerning the timeliness and accuracy of information provided by BIHL to BCFC in relation to Yang Yue Zhou's shareholding in BIHL.**

### **2.3. BCFC notice of shareholdings as at 17<sup>th</sup> November 2014: Significant Interests of Carson Yeung and Yang Yue Zhou**

On 18<sup>th</sup> November 2014 a revised statement on the club web-site reported that as at 17<sup>th</sup> November 2014 (i) Carson Yeung held 28.57% of BIHL and an indirect Significant Interest in Birmingham City PLC of 27.61% and (ii) Yang Yue Zhou held 16.57% of BIHL and an indirect Significant Interest in Birmingham City PLC of 16.01%.

We understand that these changes in shareholdings arose as a result of the issue of conversion shares – on 14<sup>th</sup> November 2014 BIHL issued a Next Day Disclosure Return indicating that on that date 2.7 billion shares were issued pursuant to conversion of [Carson Yeung's] Debt Convertible Bond. We can reproduce exactly the 28.57% BIHL shareholding quoted for Carson Yeung. By contrast, we cannot reproduce the 16.57 % BIHL shareholding quoted for Yang Yue Zhou – we make it 15.78%.

***In this case there was only a short delay between the relevant event and publication of the BCFC notice. However, the BCFC notice is inaccurate in terms of the date quoted – the relevant event occurred on 14<sup>th</sup> November and not 17<sup>th</sup> November as reported, and the BIHL shareholding figure reported for Yang Yue Zhou also appears to be inaccurate. There appear to be continuing issues with the accuracy of information provided by BIHL to BCFC in terms of both the levels of shareholdings and the dates on which changes occur.***

### **2.4. BCFC notice of shareholdings as at 8<sup>th</sup> December 2014: Significant Interests of Carson Yeung and Wang Li**

On 10<sup>th</sup> December 2014 a revised statement on the club web-site reported that as at 8<sup>th</sup> December 2014 (i) Carson Yeung held 28.57% of BIHL and an indirect Significant Interest in Birmingham City PLC of 27.61% and (ii) Wang Li held 16.49% of BIHL and an indirect Significant Interest in Birmingham City PLC of 15.94%.

Disclosures in respect of relevant events on 27<sup>th</sup> November have been filed by Yang Yue Zhou (disposal of 4,833,333,333 shares, including outstanding conversion shares) and Wang Lei (acquisition of 4,860,706,666 shares, including outstanding conversion shares). As noted in section 1.3 there appears to be an inconsistency between the two disclosures. Taking the disclosure by Wang Lei at face value, and excluding outstanding conversion shares, we calculate Wang Lei's holding of shares in issue to be 1,527,373,333 shares or 15.78% of the issued share capital in BIHL. However, based on Yang Yue Zhou's disclosure which specifies retention of 27,373,333 shares, we calculate Wang Lei's holding of shares in issue to be 1,500,000,000 shares or 15.49% of the issued share capital in BIHL.

***The BCFC notice appears to incorrectly identify the new shareholder as Wang Li (rather than Wang Lei as in the disclosure notice). The notice is also inaccurate in terms of the date quoted – the relevant event occurred on 27<sup>th</sup> November 2014 and not 8<sup>th</sup> December 2014 as reported. Further, we cannot reproduce the 16.49% BIHL shareholding specified for Wang Li in the BCFC notice, using either the information disclosed by Wang Lei, or that disclosed by Yang Yue Zhou. There appear to be continuing issues with the accuracy of information provided by BIHL to BCFC in terms of both levels of shareholdings and the dates on which changes occur.***