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ZO FUTURE GROUP

大象未來集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

**CONNECTED TRANSACTION IN RELATION TO
THE SUBSCRIPTION OF NEW SHARES
AND
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATES**

THE SUBSCRIPTION AGREEMENTS

On 12 January 2024 (after trading hours), the Company entered into (i) the First Subscription Agreement with the First Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the First Subscriber has conditionally agreed to subscribe for 21,848,739 Subscription Shares at the Subscription Price of HK\$2.142 per Subscription Share; and (ii) the Second Subscription Agreement with the Second Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the Second Subscriber has conditionally agreed to subscribe for 21,848,739 Subscription Shares at the Subscription Price of HK\$2.142 per Subscription Share, in accordance with the terms and conditions of the First Subscription Agreement and the Second Subscription Agreement, respectively.

The gross proceeds from the Subscriptions will amount to approximately HK\$93.6 million. After deducting related fees and expenses, the net proceeds from the Subscriptions are expected to be approximately HK\$93.0 million.

The 21,848,739 Subscription Shares to be allotted and issued under the First Subscription will be allotted and issued under the First Specific Mandate to be sought from the Independent Shareholders at the EGM.

The 21,848,739 Subscription Shares to be allotted and issued under the Second Subscription will be allotted and issued under the Second Specific Mandate to be sought from the Shareholders at the EGM.

LISTING RULES IMPLICATIONS

As the First Subscriber is a substantial Shareholder and hence a connected person of the Company, the First Subscription Agreement and the transactions contemplated thereunder constitute connected transactions for the Company and shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Second Subscriber and its ultimate beneficial owners is an Independent Third Party.

The EGM will be held to consider, and if thought fit, to approve the Subscription Agreements and the transactions contemplated thereunder and the grant of the Specific Mandates. At the EGM, Mr. Vong Pech and his associates (including the First Subscriber) will abstain from voting on the resolutions approving the First Subscription Agreement and the transactions contemplated thereunder and the grant of the First Specific Mandate. As at the date of this announcement, Mr. Vong Pech and his associates (including the First Subscriber) are interested in 181,566,440 Shares, representing approximately 23.53% of the issued share capital of the Company. To the best of the knowledge, information and belief of the Directors, other than Mr. Vong Pech and his associates (including the First Subscriber), none of the persons who are required to abstain from voting at the EGM holds any Shares as at the date of this announcement.

A circular including, among other information, (i) a letter from the Board containing further details of the Subscription Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders within twenty business days (has the meaning ascribed to it under the Listing Rules) from the date of this announcement as additional time is required by the Company to prepare the information to be included in the circular.

Shareholders and potential investors should note that completion of the Subscriptions is subject to fulfillment of the conditions precedent under the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 12 January 2024 (after trading hours), the Company entered into (i) the First Subscription Agreement with the First Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the First Subscriber has conditionally agreed to subscribe for 21,848,739 Subscription Shares at the Subscription Price of HK\$2.142 per Subscription Share; and (ii) the Second Subscription Agreement with the Second Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the Second Subscriber has conditionally agreed to subscribe for 21,848,739 Subscription Shares at the Subscription Price of HK\$2.142 per Subscription Share in accordance with the terms and conditions of the First Subscription Agreement and the Second Subscription Agreement, respectively.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

The principal terms of the Subscription Agreements entered into with each of the Subscribers are identical, except for the conditions precedent as more particularly set out in the section headed “Principal terms of the Subscription Agreements – 7. Conditions precedent” of this announcement.

Principal terms of the Subscription Agreements are summarised below:

- 1. Date:** 12 January 2024
- 2. Parties:**
 - (i) the Company as issuer under the Subscription Agreements;
 - (ii) the First Subscriber as subscriber under the First Subscription Agreement; and
 - (iii) the Second Subscriber as subscriber under the Second Subscription Agreement.

3. Subscription Shares

Details of the Subscription Shares to be subscribed by each of the Subscribers are as follows:

Subscriber	As at the date of this announcement		Immediately after completion of the Subscriptions	Aggregate nominal value	Aggregate Subscription Price
	<i>Number of Subscription Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>Approximate % of the total issued Shares as enlarged by the proposed allotment and issue of the Subscription Shares ^(Note)</i>	<i>HK\$</i>	<i>HK\$</i>
The First Subscriber	21,848,739	2.83%	2.68%	5,462,184.75	46,800,000.00
The Second Subscriber	21,848,739	2.83%	2.68%	5,462,184.75	46,800,000.00
Total:	<u>43,697,478</u>	<u>5.66%</u>	<u>5.36%</u>	<u>10,924,369.50</u>	<u>93,600,000.00</u>

Note: Assuming that there is no change in the total number of issued Shares from the date of this announcement to the date of completion of the Subscription Agreements.

4. Subscription Price

The Subscription Price of HK\$2.142 per Subscription Share represents:

- (i) a discount of approximately 15.0% to the closing price of HK\$2.520 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a discount of approximately 11.41% to the average closing price of HK\$2.418 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$2.129 per Subscription Share. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to, among others, (i) the prevailing market price of the Shares; (ii) the recent trading volume of the Shares; (iii) the existing capital market conditions; and (iv) the recent performance and prospect of the Group's business.

5. Payment terms

The First Subscription Agreement

The aggregate Subscription Price of HK\$46.8 million shall be payable by the First Subscriber to the Company in cash at completion of the First Subscription.

The Second Subscription Agreement

The aggregate Subscription Price of HK\$46.8 million shall be payable by the Second Subscriber to the Company in cash at completion of the Second Subscription.

6. Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with all of the Shares in issue on the date of allotment and issue of the Subscription Shares.

7. Conditions precedent

The First Subscription Agreement

Completion of the First Subscription shall be subject to and conditional upon:

- (i) the passing by the Shareholders (or, if required by the Listing Rules, the independent Shareholders) of all necessary resolutions at the general meeting of the Company approving the First Subscription Agreement and the transactions contemplated thereunder; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be subscribed by the First Subscriber pursuant to the First Subscription Agreement.

In the event the conditions precedent have not been fulfilled on or before the Long Stop Date, the obligations of the Company and the First Subscriber under the First Subscription Agreement shall cease to be of any effect and none of the parties shall be bound to carry out the remaining terms of the First Subscription Agreement except for any claims arising out of any antecedent breach of the First Subscription Agreement or any accrued rights or remedies of any party arising prior to such date.

The Second Subscription Agreement

Completion of the Second Subscription shall be subject to and conditional upon:

- (i) the passing by the Shareholders (or, if required by the Listing Rules, the independent Shareholders) of all necessary resolutions at the general meeting of the Company approving the Second Subscription Agreement and the transactions contemplated thereunder; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be subscribed by the Second Subscriber pursuant to the Second Subscription Agreement.

In the event the conditions precedent have not been fulfilled on or before the Long Stop Date, the obligations of the Company and the Second Subscriber under the Second Subscription Agreement shall cease to be of any effect and none of the parties shall be bound to carry out the remaining terms of the Second Subscription Agreement except for any claims arising out of any antecedent breach of the Second Subscription Agreement or any accrued rights or remedies of any party arising prior to such date.

Completion of the First Subscription and the Second Subscription is not inter-conditional on each other.

8. Completion

Completion of the First Subscription and the Second Subscription shall take place on the fifth Business Day after all of the respective conditions precedent have been fulfilled (or such later date as the Company and the relevant subscriber may agree in writing).

EFFECT OF THE SUBSCRIPTIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the First Subscription but before completion of the Second Subscription; (iii) immediately after completion of the Second Subscription but before completion of the First Subscription; and (iv) immediately after completion of the First Subscription and the Second Subscription.

Name of Shareholder	As at the date of this announcement		Immediately after completion of the First Subscription but before completion of the Second Subscription		Immediately after completion of the Second Subscription but before completion of the First Subscription		Immediately after completion of the First Subscription and the Second Subscription	
	<i>Approximate % of the</i>		<i>Approximate % of the</i>		<i>Approximate % of the</i>		<i>Approximate % of the</i>	
	<i>Number of Shares</i>	<i>total issued Shares⁽⁴⁾</i>	<i>Number of Shares</i>	<i>total issued Shares⁽⁴⁾</i>	<i>Number of Shares</i>	<i>total issued Shares⁽⁴⁾</i>	<i>Number of Shares</i>	<i>total issued Shares⁽⁴⁾</i>
<i>Substantial Shareholders</i>								
Trillion Trophy Asia Limited ⁽¹⁾	217,000,000	28.12%	217,000,000	27.35%	217,000,000	27.35%	217,000,000	26.62%
Dragon Villa Limited ⁽²⁾	131,774,640	17.08%	131,774,640	16.61%	131,774,640	16.61%	131,774,640	16.16%
The First Subscriber ⁽³⁾	181,566,440	23.53%	203,415,179	25.64%	181,566,440	22.88%	203,415,179	24.95%
<i>Public Shareholder</i>								
The Second Subscriber ⁽³⁾	0	0%	0	0%	21,848,739	2.75%	21,848,739	2.68%
<i>Other public Shareholders</i>								
Other public Shareholders	241,218,861	31.26%	241,218,861	30.40%	241,218,861	30.40%	241,218,861	29.59%
Total:	771,559,941	100.00%	793,408,680	100.00%	793,408,680	100.00%	815,257,419	100.00%

Notes:

- (1) Trillion Trophy Asia Limited is a wholly-owned subsidiary of Wealthy Associates International Limited, which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.
- (2) Dragon Villa Limited is wholly-owned by Mr. Lei Sutong.
- (3) The First Subscriber and the Second Subscriber are more particularly described in the section headed “Information of the Subscribers” of this announcement.
- (4) The percentage of the Shares are rounded to the nearest two decimal places, and the percentages may not add up to 100.00% due to rounding.

SPECIFIC MANDATES

The 21,848,739 Subscription Shares to be allotted and issued under the First Subscription will be allotted and issued under the First Specific Mandate to be sought from the Independent Shareholders at the EGM.

The 21,848,739 Subscription Shares to be allotted and issued under the Second Subscription will be allotted and issued under the Second Specific Mandate to be sought from the Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

INFORMATION OF THE SUBSCRIBERS

The First Subscriber

The First Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of GRED, which in turn is wholly-owned by Mr. Vong Pech, as at the date of this announcement. The First Subscriber is principally engaged in investment holding.

As at the date of this announcement, the First Subscriber holds 181,566,440 Shares, representing approximately 23.53% of the issued share capital of the Company, and therefore is a connected person of the Company under the Listing Rules.

The Second Subscriber

Based on the information provided by the Second Subscriber, the Second Subscriber is a company incorporated under the laws of Delaware, United States of America, with limited liability and is principally engaged in investment business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, including obtaining a written independence confirmation from the Second Subscriber, each of the Second Subscriber and its ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands and the Group is principally engaged in three business segments, namely (i) operation of a professional football club in the United Kingdom and other related business; (ii) investment in properties; and (iii) healthcare and medical related business.

As disclosed in the annual report of the Company for the year ended 30 June 2023, while the management will continue to be prudent in managing its business operations and financial resources and maximise its business potential during challenging time, the Group will proactively explore new businesses that will enhance the value of the Group and has been studying various potential investment opportunities such as high technologies and eco-friendly technologies businesses which may help to diversify the business of the Group. In view of the promising and potential growth in the new energy vehicles market in recent years, the Group has decided to tap into the new energy vehicles market. The Directors are of the view that the commencement of new energy vehicles business will diversify the Group's income streams which eventually will enhance the financial performance of the Group as a whole.

The Company considers that the Subscriptions will raise capital for the Company and improve the financial position of the Group for its future development and working capital, in particular for the development of the new energy vehicles business. In light of the prevailing financial conditions of the Group, the Company also considers that the Subscriptions to be a suitable financing option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden of the Group.

The gross proceeds from the Subscriptions will amount to approximately HK\$93.6 million. After deducting related fees and expenses, the net proceeds from the Subscriptions are expected to be approximately HK\$93.0 million.

The Company intends to utilise the said net proceeds from the Subscriptions as follows: (i) approximately 40% (HK\$37.2 million) is intended to be used for general working capital of the Group, in particular for the development of new energy vehicles business; and (ii) approximately 60% (HK\$55.8 million) is intended to be used for the repayment of the Group's liabilities.

The Directors (excluding the Independent Non-executive Directors whose view will be provided after taking into consideration the advice from the Independent Financial Adviser) are of the view that the terms of the First Subscription Agreement (including the Subscription Price) are on normal commercial terms and are fair and reasonable, and the First Subscription and the grant of the First Specific Mandate are in the interests of the Company and the Shareholders as a whole.

The Directors are of the view that the terms of the Second Subscription Agreement (including the Subscription Price) are on normal commercial terms and are fair and reasonable, and the Second Subscription and the grant of the Second Specific Mandate are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the First Subscriber is a substantial Shareholder and hence a connected person of the Company, the First Subscription Agreement and the transactions contemplated thereunder constitute connected transactions for the Company and shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the First Subscription Agreement, the Second Subscription Agreement and the respective transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

THE EGM

The EGM will be held to consider, and if thought fit, to approve (i) the First Subscription Agreement and the transactions contemplated thereunder; (ii) the grant of the First Specific Mandate; (iii) the Second Subscription Agreement and the transactions contemplated thereunder; and (iv) the grant of the Second Specific Mandate. At the EGM, Mr. Vong Pech and his associates (including the First Subscriber) will abstain from voting on the resolutions approving the First Subscription Agreement and the transactions contemplated thereunder and the grant of the First Specific Mandate. As at the date of this announcement Mr. Vong Pech and his associates (including the First Subscriber) are interested in 181,566,440 Shares, representing approximately 23.53% of the issued share capital of the Company. To the best of the knowledge, information and belief of the Directors, other than Mr. Vong Pech and his associates (including the First Subscriber), none of the persons who are required to abstain from voting at the EGM holds any Shares as at the date of this announcement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the First Subscription Agreement are fair and reasonable and on normal commercial terms and whether the First Subscription and the grant of the First Specific Mandate are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

GENERAL

A circular including, among other information, (i) a letter from the Board containing further details of the Subscription Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders within twenty business days (has the meaning ascribed to it under the Listing Rules) from the date of this announcement as additional time is required by the Company to prepare the information to be included in the circular.

Shareholders and potential investors should note that completion of the Subscriptions is subject to fulfillment of the conditions precedent under the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout normal business hours
“Cambodia”	the Kingdom of Cambodia
“Company”	ZO Future Group, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for considering, and if thought fit, approving the Subscription Agreements and the transactions contemplated thereunder and the grant of the Specific Mandates

“First Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for granting the authority to the Board for the allotment and issue of 21,848,739 Subscription Shares pursuant to the First Subscription
“First Subscriber”	Ever Depot Limited, which is more particularly described in the section headed “Information of the Subscribers – The First Subscriber” of this announcement
“First Subscription”	the subscription of the 21,848,739 Subscription Shares by the First Subscriber pursuant to the First Subscription Agreement
“First Subscription Agreement”	the subscription agreement entered into by the Company and the First Subscriber on 12 January 2024 in relation to the First Subscription
“GRED”	Graticity Real Estate Development Co., Ltd., a limited company incorporated in Cambodia and is principally engaged in property development
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors formed to advise the Independent Shareholders on the First Subscription Agreement and the transactions contemplated thereunder and the grant of the First Specific Mandate
“Independent Financial Adviser”	an independent financial adviser to the Independent Board Committee and the Independent Shareholders to be appointed by the Company in relation to the First Subscription Agreement and the transactions contemplated thereunder and the grant of the First Specific Mandate
“Independent Shareholder(s)”	the Shareholder(s), other than those who are required under the Listing Rules to abstain from voting at the EGM to approve the First Subscription Agreement and the transactions contemplated thereunder and the grant of the First Specific Mandate

“Independent Third Party”	a third party who is independent of and not connected with the Company and its subsidiaries and not otherwise a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024 (or such later date as may be agreed by the Company and the relevant subscriber in writing)
“Second Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM for granting the authority to the Board for the allotment and issue of 21,848,739 Subscription Shares pursuant to the Second Subscription
“Second Subscriber”	XINSIDER CAPITAL LIMITED, which is more particularly described in the section headed “Information of the Subscribers – The Second Subscriber” of this announcement
“Second Subscription”	the subscription of the 21,848,739 Subscription Shares by the Second Subscriber pursuant to the Second Subscription Agreement
“Second Subscription Agreement”	the subscription agreement entered into by the Company and the Second Subscriber on 12 January 2024 in relation to the Second Subscription
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandates”	collectively, the First Specific Mandate and the Second Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, the First Subscriber and the Second Subscriber
“Subscriptions”	collectively, the First Subscription and the Second Subscription
“Subscription Agreements”	collectively, the First Subscription Agreement and the Second Subscription Agreement

“Subscription Price”	HK\$2.142 per Subscription Share
“Subscription Share(s)”	the total of 43,697,478 new Shares to be allotted and issued by the Company to the Subscribers at completion of the Subscriptions and “Subscription Share” means any of them
“%”	per cent.

By Order of the Board
ZO Future Group
Zhao Wenqing
Chairman

Hong Kong, 12 January 2024

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

As at the date of this announcement, the Board comprises eight Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Mr. Yiu Chun Kong 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.