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ZO FUTURE GROUP

大象未來集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
STADIUM NAMING RIGHTS AGREEMENT**

THE AGREEMENT

On 26 January 2024 (after trading hours), BCFC entered into the Agreement with the Sponsor, pursuant to which BCFC granted to the Sponsor the Sponsorship Rights in respect of the Stadium and the Training Ground for a term from 26 January 2024 to 30 June 2025, and then subsequently for one further consecutive period of 12 months, unless terminated earlier in accordance with the provisions of the Agreement.

LISTING RULES IMPLICATIONS

BCFC is indirectly owned as to approximately 51.72% by the Company, approximately 45.98% by the Sponsor and approximately 2.30% by public shareholders. Accordingly, the Sponsor is a connected person of the Company at the subsidiary level under the Listing Rules, and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since (i) the Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms; (ii) the Sponsor is a connected person of the Company at the subsidiary level under the Listing Rules; (iii) the Agreement and the transactions contemplated thereunder (including the Annual Caps) have been approved by the Board; and (iv) the independent non-executive Directors have confirmed that the terms of the Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, and the transactions contemplated under the Agreement are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

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Principal terms of the Agreement are summarised below:

- 1. **Date:** 26 January 2024
- 2. **Parties:** (i) BCFC (as grantor); and
(ii) Sponsor (as grantee).

3. Term

The term of the Agreement, unless terminated earlier in accordance with the provisions thereof, is as follows:

First Licence Period	26 January 2024 – 30 June 2024
Second Licence Period	1 July 2024 – 30 June 2025
Third Licence Period	1 July 2025 – 30 June 2026, subject to the right of either party to prevent the Agreement from continuing for one further consecutive period of 12 months following 30 June 2025 by giving the other party at least 90 days’ prior written notice (of its intention for the Agreement not to automatically renew) prior to the end of the Second Licence Period

4. Sponsorship Rights

The Sponsorship Rights granted by BCFC to the Sponsor include:

- (i) right to use the designation “Official Naming Rights Partner of Birmingham City Football Club” on an exclusive basis;
- (ii) the Stadium shall be renamed by BCFC as “St. Andrew’s@Knighthed Park” (or such other name for the Stadium as agreed in writing between BCFC and the Sponsor from time to time) and shall, subject to terms of the Agreement, be referred to by BCFC as “St. Andrew’s@Knighthed Park”;

- (iii) right to name the Main Stand within the Stadium, a club lounge in the Stadium, fan zones in or around the vicinity of the Stadium and the Training Ground as “The Knighthood Training and Academy Grounds” (or such other name for the Training Ground as agreed in writing between BCFC and the Sponsor from time to time);
- (iv) rights to display the Stadium name and certain marks of the Sponsor on the facilities in and around the Stadium and the Training Ground;
- (v) right to receive annually GBP500,000 (equivalent to approximately HK\$4,970,000) worth of hospitality, comprising of tickets to football and non-football events at the Stadium, early event and venue access via VIP entrance with VIP parking spaces at the Stadium, and right to use the owner’s suite within the Stadium; and
- (vi) the Sponsor shall become official training and academy partner of BCFC with assets and benefits to be customised each Licence Period based on BCFC’s ambition for the development of the game locally.

The Sponsor has also agreed to donate GBP100,000 (equivalent to approximately HK\$994,000) in the year ending 30 June 2025 to the BCFC Foundation.

5. Fees and Bonuses

Sponsorship Fee

In consideration of the grant of the Sponsorship Rights, the Sponsor shall pay the Sponsorship Fee in instalments on or before the relevant payment date set out below:

Licence Period	Sponsorship Fee	Payment date
First Licence Period	GBP2,291,666.67 (equivalent to approximately HK\$22,779,000)	GBP1,145,833.34 and GBP1,145,833.33 is payable by 28 February 2024 and 30 June 2024, respectively
Second Licence Period	GBP5,500,000 (equivalent to approximately HK\$54,670,000)	GBP1,375,000 is payable by 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025, respectively
Third Licence Period	GBP5,775,000 (equivalent to approximately HK\$57,404,000)	GBP1,443,750 is payable by 30 September 2025, 31 December 2025, 31 March 2026 and 30 June 2026, respectively

Club Performance-related Bonus

The Sponsor shall pay BCFC a bonus calculated based on improvement in the Club's position in the EFL Championship table prior to the date of the Agreement (i.e. 20th position) to the end of the relevant Licence Period, or if the Club is promoted to the Premier League, on the number of places higher in the Premier League table than 20th position that the Club finishes the relevant Licence Period. GBP50,000 (equivalent to approximately HK\$497,000) shall be payable by the Sponsor to BCFC per improvement in final league position achieved by the Club from 20th position in the EFL Championship/Premier League table (as applicable) at the end of the relevant Licence Period, and such payment is to be settled by cash within 60 days after the last day of the relevant Licence Period.

Social Media Performance-related Bonus

The Sponsor shall pay BCFC a performance bonus related to the respective impressions on all social media platforms at the end of each Licence Period. For every 20,000,000 verified impressions, the Sponsor shall pay BCFC a performance bonus of GBP100,000 (equivalent to approximately HK\$994,000), save that the performance bonus-related payment shall not exceed GBP3,000,000 (equivalent to approximately HK\$29,820,000) in any of the Licence Period. The Social Media Performance Bonus shall be settled in cash within 10 Business Days of the Sponsor receiving the relevant invoice.

The Sponsorship Fee, the Club Performance-related Bonus and the Social Media Performance-related Bonus are determined after arm's length negotiations between BCFC and the Sponsor with reference to, among other things, the assessment of OVG Europe Limited, a global sports and entertainment company, on fair market fee of stadium naming rights and its proposal on creating a comprehensive package of rights and performance bonuses to maximise overall sponsorship revenue potential of the Stadium and the Training Ground.

ANNUAL CAPS

Set out below are the Annual Caps for the year ending 30 June 2024, 2025 and 2026:

	For the year ending 30 June		
	2024	2025	2026
	GBP6,300,000 (equivalent to approximately HK\$62,662,000)	GBP9,500,000 (equivalent to approximately HK\$94,430,000)	GBP9,800,000 (equivalent to approximately HK\$97,412,000)

The Annual Caps are arrived at based on the maximum aggregate Sponsorship Fee, Club Performance-related Bonus and Social Media Performance-related Bonus which may be payable by the Sponsor to BCFC for each Licence Period under the Agreement, details of which are as follows:

	For the year ending 30 June		
	2024	2025	2026
	<i>(GBP)</i>	<i>(GBP)</i>	<i>(GBP)</i>
Sponsorship Fee	2,291,666.67	5,500,000.00	5,775,000.00
Club Performance-related Bonus	950,000.00	950,000.00	950,000.00
Social Media Performance-related Bonus	3,000,000.00	3,000,000.00	3,000,000.00
	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>3,000,000.00</u>
Total:	<u>6,241,666.67</u>	<u>9,450,000.00</u>	<u>9,725,000.00</u>
	(equivalent to approximately HK\$62,042,000)	(equivalent to approximately HK\$93,933,000)	(equivalent to approximately HK\$96,667,000)

INFORMATION OF THE PARTIES

BCFC

BCFC is a private limited liability company incorporated in England and Wales. As at the date of this announcement, it is indirectly owned as to approximately 51.72% by the Company, approximately 45.98% by the Sponsor and approximately 2.30% by public shareholders. Its principal business is the operation and management of the Club.

Sponsor

The Sponsor is a company incorporated in England and Wales with limited liability. As at the date of this announcement, it is owned as to approximately 72% by Knighthood Annuity & Life Assurance Company (“KHAL”), an exempted company incorporated in the Cayman Islands, and approximately 28% by Knighthood Master Fund, L.P. (“KMF”), an exempted limited partnership formed under the Exempted Limited Partnership Law of the Cayman Islands. Each of KHAL and KMF is managed and/or advised by Knighthood Capital Management, LLC (“Knighthood Capital”), an investment adviser registered with the United States Securities and Exchange Commission. As at the date of this announcement, Thomas A. Wagner, the co-founder and co-managing member of Knighthood Capital, and Gregory O’Hara, a director of KHAL, ultimately and beneficially owns 12.91% and 20.05% of the Sponsor, respectively. The remaining balance of the voting right and economic interest of the Sponsor is ultimately and beneficially owned by more than 40 individuals and institutional investors and each of them is interested in less than 10% of the Sponsor. The Sponsor is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Company is a company incorporated in the Cayman Islands and as at the date of this announcement, the Group is principally engaged in four business segments, namely (i) operation of a professional football club in the United Kingdom and other related business; (ii) new energy automobiles and related business; (iii) investment in properties; and (iv) healthcare and medical related business.

The Agreement will strengthen and diversify the revenue streams of BCFC. The Sponsorship Fee generated and performance bonuses which may be earned under the Agreement will provide additional financial resources for BCFC to improve the playing squad on the football field and the facilities at both the Stadium and the Training Ground. The entering into of the Agreement demonstrates further support of the Sponsor to BCFC, and underlines the commitments that the Sponsor has made to BCFC.

The Directors are of the view that (i) the terms of the Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable; (ii) the Agreement has been negotiated among the parties thereto on an arm’s length basis and is on normal commercial terms or better and in the ordinary course of business of the Group; and (iii) the Agreement and the transactions contemplated thereunder (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole.

The Agreement and the transactions contemplated thereunder (including the Annual Caps) have been approved by the Board. None of the Directors has or is deemed to have a material interest in, nor required to be abstain from voting on resolutions approving, the Agreement and the transactions contemplated thereunder (including the Annual Caps).

LISTING RULES IMPLICATIONS

BCFC is owned as to approximately 51.72% by the Company, approximately 45.98% by the Sponsor and approximately 2.30% by public shareholders. Accordingly, the Sponsor is a connected person of the Company at the subsidiary level under the Listing Rules, and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since (i) the Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms; (ii) the Sponsor is a connected person of the Company at the subsidiary level under the Listing Rules; (iii) the Agreement and the transactions contemplated thereunder (including the Annual Caps) have been approved by the Board; and (iv) the independent non-executive Directors have confirmed that the terms of the Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, and the transactions contemplated under the Agreement are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the Stadium Naming Rights Agreement dated 26 January 2024 entered into between BCFC and the Sponsor
“Annual Cap(s)”	the annual caps for transactions contemplated under the Agreement for the year ending 30 June 2024, 2025 and 2026
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BCFC”	Birmingham City Football Club Limited, which is more particularly described in the section headed “Information of the Parties – BCFC” in this announcement
“BCFC Foundation”	Birmingham City Football Club Community Trust, a registered charity in UK, which is financially independent from BCFC, governed by a board of trustees, and uses the power and passion of sport and the brand of BCFC to provide opportunities and experiences to those people who make up the local communities

“Board”	the board of Directors
“Business Day”	any day that is not a Saturday, Sunday or public or bank holiday in England
“Club”	Birmingham City Football Club
“Club Performance-related Bonus”	performance bonus payable by the Sponsor to BCFC pursuant to the Agreement, which is more particularly described in the section headed “The Agreement – 5. Fees and Bonuses – Club Performance-related Bonus” in this announcement
“Company”	ZO Future Group (stock code: 2309), 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
“EFL”	English Football League
“First Licence Period”	the period from 26 January 2024 to 30 June 2024
“GBP”	Pounds Sterling, the lawful currency of the UK
“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
“Licence Period”	the First Licence Period, the Second Licence Period or the Third Licence Period, as the case may be
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Second Licence Period”	the period from 1 July 2024 to 30 June 2025

“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Social Media Performance-related Bonus”	performance bonus payable by the Sponsor to BCFC pursuant to the Agreement, which is more particularly described in the section headed “The Agreement – 5. Fees and Bonuses – Social Media Performance-related Bonus” in this announcement
“Sponsor”	Shelby Companies Limited, which is more particularly described in the section headed “Information of the Parties – Sponsor” in this announcement
“Sponsorship Fee”	sponsorship fee payable by the Sponsor to BCFC pursuant to the Agreement, which is more particularly described in the section headed “The Agreement – 5. Fees and Bonuses – Sponsorship Fee” in this announcement
“Sponsorship Rights”	rights that shall be granted by BCFC to the Sponsor pursuant the Agreement
“Stadium”	St. Andrew’s Stadium situated at Cattell Road, St. Andrew’s, Birmingham, UK B9 4RL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Licence Period”	the period from 1 July 2025 to 30 June 2026, subject to the right of either party to prevent the Agreement from continuing for one further consecutive period of 12 months following 30 June 2025 by giving the other party at least 90 days’ prior written notice (of its intention for the Agreement not to automatically renew) prior to the end of the Second Licence Period
“Training Ground”	Wast Hills Training Ground located at 300 Redhill Road, King’s Norton, Alvechurch, Birmingham, UK B38 9EL

“UK” the United Kingdom of Great Britain and Northern Ireland

“%” per cent.

By Order of the Board
ZO Future Group
Zhao Wenqing
Chairman

Hong Kong, 26 January 2024

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

For illustration purpose only, conversion of GBP into HK\$ in this announcement is based on the exchange rate of GBP1.00 to HK\$9.94.

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.