

16 May 2025

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement. As disclosed in the Announcement, on 11 April 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the First Tranche Subscription Shares and the Second Tranche Subscription Shares at the Subscription Price of HK\$1.86 per Subscription Share.

## PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are summarised below:

**Date:** 11 April 2025

**Parties:**

- (i) the Company as issuer; and
- (ii) the Subscriber as subscriber;

**Subscription Shares**

- (a) The First Tranche Subscription Shares, being 32,258,065 new Shares, representing approximately 3.78% of the total number of Shares in issue as at the Latest Practicable Date. Based on a nominal value of HK\$0.25 per Share, the aggregate nominal value of the First Tranche Subscription Shares will be HK\$8,064,516.25; and
- (b) The Second Tranche Subscription Shares, being up to such number of new Shares which (i) together with the Shares held by the Subscriber and any person acting in concert with it, in aggregate represents 29.99% of the issued share capital of the Company as enlarged by the allotment and issue of the First Tranche Subscription Shares and the Second Tranche Subscription Shares pursuant to the Subscription Agreement as at the Second Tranche Completion; and (ii) in any event not exceeding 37,634,408 Shares, representing approximately 4.41% of the total number of Shares in issue as at the Latest Practicable Date. Based on a nominal value of HK\$0.25 per Share, the aggregate nominal value of the maximum number of the Second Tranche Subscription Shares will be HK\$9,408,602.

Maximum number of Shares issuable pursuant to the Subscription, being 69,892,473 new Shares, represent approximately 8.19% of the total number of Shares in issue as at the Latest Practicable Date.

As disclosed in the announcement of the Company dated 7 May 2025, the Placing was completed on 7 May 2025 and 37,634,000 Shares have been successfully placed to not less than six placees under the Placing. Accordingly, assuming there will be no change in the share capital of the Company from the Latest Practicable Date up to the completion of the Subscription, the Second Tranche Subscription Shares shall be equal to 37,634,408 Shares.

The Subscriber shall not be required to subscribe for, and the Company shall not be required to issue, new Shares if and only to the extent that the subscription and issue of such new Shares will result in (i) failure of the Company to meet the minimum public float requirements under the Listing Rules; and/or (ii) the Subscriber or any person acting in concert with it being required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares and other securities of the Company held by the other Shareholders. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no person acting in concert with the Subscriber as at the Latest Practicable Date.

## Subscription Price

The Subscription Price of HK\$1.86 per Subscription Share represents:

- (i) a discount of approximately 19.83% to the closing price of HK\$2.320 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 18.13% to the average closing price of HK\$2.272 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 27.63% to the closing price of HK\$2.570 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (iv) a premium of approximately 334.58% over the unaudited consolidated net asset value per Share of approximately HK\$0.428 as at 31 December 2024, calculated based on the unaudited net assets of the Group attributable to the Shareholders of approximately HK\$364,843,000 as at 31 December 2024 and 852,891,419 Shares in issue as at the Latest Practicable Date; and
- (v) accumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.31%, represented by the theoretical diluted price of approximately HK\$2.46 per Share to the benchmarked price of approximately HK\$2.52 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the subscription agreements in respect of the Previous Subscriptions of HK\$2.52 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of subscription agreements in relation to the Previous Subscriptions being HK\$2.418 per Share).

The aggregate Subscription Price of the First Tranche Subscription Shares and the Second Tranche Subscription Shares shall be payable by the Subscriber to the Company in cash at the First Tranche Completion and the Second Tranche Completion, respectively.

The Subscription Price, which is equal to the placing price of the placing shares under the Placing, was arrived at after arm's length negotiations between the Company and the Subscriber with reference to (i) the prevailing market price of the Shares, which demonstrated a generally downward trend in the last 12 months prior to and including the date of the Subscription Agreement, from a high of HK\$3.60 on 12 April 2024 to a low of HK\$1.83 on 6 February 2025; (ii) the recent trading volume of the Shares, which was generally thin, being at a daily average of approximately 2.51 million Shares during the 12 months prior to and including the date of the Subscription Agreement, which represented approximately 0.95% of the public float of the Shares as of the date of the Subscription Agreement; (iii) the prevailing market conditions with a volatile Hang Seng Index at a low of 18,874 on 13 January 2025 to a high of 24,771 on 19 March 2025 during the six months period prior to and including the date of the Subscription Agreement, but down again to 20,914 on the date of the Subscription Agreement; and (iv) the recent performance and prospects of the business of the Group as detailed in the section headed "Reasons for the Subscription" below.

## **Ranking of the Subscription Shares**

The First Tranche Subscription Shares and the Second Tranche 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 First Tranche Subscription Shares and the Second Tranche Subscription Shares, respectively.

## **Conditions precedent of the Subscription Agreement**

Completion of the Subscription is conditional upon satisfaction of the following:

- (i) the passing by the Shareholders (or, if required by the Listing Rules, the Independent Shareholders) of all necessary resolutions at the EGM approving the 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 Subscription Shares (and such listing and permission not subsequently being revoked).

The conditions precedent cannot be waived. In the event the conditions precedent have not been fulfilled on or before 31 July 2025, the obligations of the Company and the Subscriber under the 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 Subscription Agreement except for any claims arising out of any antecedent breach of the Subscription Agreement or any accrued rights or remedies of any party arising prior to such date. As at the Latest Practicable Date, none of the conditions precedent had been satisfied.

## **Completion of the Subscription**

Completion of the subscription of the First Tranche Subscription Shares shall take place on the First Tranche Completion Date, being the fifth Business Day after all of the conditions precedent have been fulfilled (or such later date as the Company and the Subscriber may agree in writing).

Completion of the subscription of the Second Tranche Subscription Shares shall take place on the Second Tranche Completion Date, being the tenth Business Day after the First Tranche Completion Date (or such later date as the Company and the Subscriber may agree in writing).

## **SPECIFIC MANDATE**

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

## **APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES**

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

## EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, assuming there will be no change in the share capital of the Company from the Latest Practicable Date up to the completion of the Subscription, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after the completion of the subscription of the First Tranche Subscription Shares, and (iii) immediately after the completion of the subscription of the First Tranche Subscription Shares and the Second Tranche Subscription Shares.

	As at the Latest Practicable Date		Immediately after the completion of subscription of the First Tranche Subscription Shares		Immediately after the completion of the Subscription (i.e. subscription of the First Tranche Subscription Shares and the Second Tranche Subscription Shares)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Substantial Shareholders</b>						
Trillion Trophy <sup>(1)</sup>	217,000,000	25.44	217,000,000	24.52	217,000,000	23.51
Dragon Villa <sup>(2)</sup>	131,774,640	15.45	131,774,640	14.89	131,774,640	14.28
The Subscriber <sup>(3)</sup>	<u>203,415,179</u>	<u>23.85</u>	<u>235,673,244</u>	<u>26.62</u>	<u>273,307,652</u>	<u>29.62</u>
<b>Subtotal</b>	<u>552,189,819</u>	<u>64.74</u>	<u>584,447,884</u>	<u>66.03</u>	<u>622,082,292</u>	<u>67.41</u>
<b>Public Shareholders</b>						
Placees	37,634,000	4.41	37,634,000	4.25	37,634,000	4.08
Other public Shareholders	<u>263,067,600</u>	<u>30.85</u>	<u>263,067,600</u>	<u>29.72</u>	<u>263,067,600</u>	<u>28.51</u>
<b>Subtotal</b>	<u>300,701,600</u>	<u>35.26</u>	<u>300,701,600</u>	<u>33.97</u>	<u>300,701,600</u>	<u>32.59</u>
<b>Total</b>	<u><u>852,891,419</u></u>	<u><u>100.00</u></u>	<u><u>885,149,484</u></u>	<u><u>100.00</u></u>	<u><u>922,783,892</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Trillion Trophy 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 is wholly-owned by Mr. Lei Sutong.
- (3) The Subscriber is more particularly described in the section headed "Letter from the Board - Information of the Subscriber" of this circular.
- (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.

## **INFORMATION OF THE SUBSCRIBER**

The Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of GRED, which in turn was wholly-owned by Mr. Vong Pech, as at the Latest Practicable Date.

As stated in the announcement of the Company dated 12 January 2024, (i) the Company and the Subscriber entered into a subscription agreement (the “Subscriber Subscription”), and (ii) the Company and XINSIDER CAPITAL LIMITED entered into a subscription agreement (the “XINSIDER Subscription”), under which the Company agreed to issue 21,848,739 Shares to each of them. The Subscriber Subscription completed on 28 March 2024 while the XINSIDER Subscription completed on 12 April 2024, with the Company raising aggregate net proceeds of approximately HK\$93.3 million. As at the Latest Practicable Date, the Company has utilised approximately HK\$37.3 million as general working capital, and approximately HK\$56.0 million on repayment of liabilities of the Group. For details, please refer to the announcements of the Company dated 12 January 2024, 20 March 2024, 28 March 2024, 10 April 2024 and 12 April 2024; and the circular of the Company dated 1 March 2024.

The Previous Subscriptions and the Subscription, in aggregate, represent an accumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.31%, represented by the theoretical diluted price of approximately HK\$2.46 per Share to the benchmarked price of approximately HK\$2.52 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the subscription agreements in respect of the Previous Subscriptions of HK\$2.52 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of such subscription agreements of approximately HK\$2.418 per Share).

## **USE OF PROCEEDS OF THE SUBSCRIPTION**

69,892,473 Subscription Shares will be issued and allotted and the maximum gross proceeds and the maximum net proceeds (after deducting the relevant costs and expenses) from the Subscription will be approximately HK\$130.0 million and HK\$129.5 million, respectively. On such basis, the net issue price will be approximately HK\$1.85 per Subscription Share.

The Company intends to apply the net proceeds from the Subscription as follows: (i) as to approximately 70% is intended to be used for the repayment of the shareholders’ loans of the Group, which comprise revolving credit facilities extended by substantial Shareholders with an aggregate limit of HK\$550 million and an annual interest rate of 7%, maturing on 31 December 2026; and (ii) as to approximately 30% is intended to be used for general working capital purposes of the Group.

## **REASONS FOR THE SUBSCRIPTION**

The Company is engaged in investment holding and the principal activities of the Group are (i) operation of a professional football club in the United Kingdom, (ii) new energy automobiles and related business, and (iii) investment in properties.

The Group generally finances its operations with internally generated cash flows, bank borrowings, loans from shareholders and from independent third parties, and through equity financing. As at 31 December 2024, (i) the Group had bank balances and cash (including bank deposits and cash and cash equivalents) of approximately HK\$166.8 million; and (ii) total borrowings of approximately HK\$877.5 million, among which approximately HK\$20.4 million is repayable on demand or within one year, approximately HK\$856.9 million is repayable after two years and within five years and approximately HK\$0.2 million is repayable after five years. In addition, the Group recorded interest expenses on borrowings of approximately HK\$31.9 million for the year ended 30 June 2024 and approximately HK\$41.6 million for the six months ended 31 December 2024. The Group recorded net loss attributable to owners of the Company of approximately HK\$182.8 million for the year ended 30 June 2024 and approximately HK\$117.1 million for the six months ended 31 December 2024. The Directors are of the view that early repayment allows the Group to save costs arising from interest expenses and reduce its financial burden and improve its liquidity in general. Repayment of the borrowings of the Group by the intended amount would allow the Group to save interest expenses of approximately HK\$9.75 million on an annual basis.

As disclosed in the section headed “Management discussion and analysis” of the interim report of the Company for the six months ended 31 December 2024, management of the Company closely review the financial resources of the Group in a cautious manner and continue to explore opportunities in external financing and equity funding, and the Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund-raising exercise.

The Directors consider that the Subscription represents an opportunity to raise additional funding for the business operations of the Group, in particular for the development of the new energy automobiles and related business, and will improve the liquidity and financial position of the Group. Considering the recent prevailing market conditions and market price of the Shares, the Directors consider that the Subscription would be appropriate in order to replenish cash resources of the Company for the above intended purposes, which would be important for the promotion of the long-term success of the Group.

The Company has considered alternative means for raising funds to improve the liquidity and financial position of the Group, such as bank borrowings or rights issue. However, having taken into account that new debt financing and bank borrowings will not help improve the indebtedness position of the Group and rights issue is relatively more time consuming than the Subscription, and more importantly, the Subscription demonstrates support and solid confidence of the Subscriber towards the long-term development and prospects of the Group, the Directors consider that the Subscription to be a preferred fund-raising option for the Group to improve its liquidity and financial position.

In the light of the above, the Directors (excluding the independent non-executive Directors whose views are further set out in the Letter from the Independent Board Committee in this circular) are of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription Price), are fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement and the grant of the Specific Mandate are in the interests of the Company and the Shareholders as a whole.

## **FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Other than the Placing as completed on 7 May 2025, the Company has not undertaken any equity fund-raising exercise over the period of twelve months prior to the Latest Practicable Date.

Gross proceeds of approximately HK\$70.0 million and the net proceeds (after deducting the placing commission and other relevant costs and expenses) of approximately HK\$69.5 million were generated from the Placing. As at the Latest Practicable Date, the Company has not utilised any of the net proceeds and expect to adhere to the use of proceeds as planned on or before the end of 2025, being (i) as to approximately 70% is intended to be used for the repayment of the liabilities of the Group, principally on interest-bearing liabilities of the Group, being approximately HK\$877.5 million as at 31 December 2024; and (ii) as to approximately 30% is intended to be used for general working capital purposes of the Group.

## **LISTING RULES IMPLICATIONS**

As the Subscriber is a substantial Shareholder and hence a connected person of the Company, the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction 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 Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolution(s) at the Board meeting.

## **THE EGM**

Set out on pages EGM-1 to EGM-3 of this circular is the EGM Notice convening the EGM to consider and, if appropriate, to approve the resolution(s) relating to the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. At the EGM, Mr. Vong Pech and his associates (including the Subscriber) will abstain from voting on the resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. As at the Latest Practicable Date, Mr. Vong Pech and his associates (including the Subscriber) were interested in 203,415,179 Shares, representing approximately 23.85% 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 Subscriber), none of the persons who are required to abstain from voting at the EGM held any Shares as at the Latest Practicable Date.

Registered Shareholders are requested to provide a valid email address of himself/herself/itself or his/her/its proxy (except for the appointment of the chairperson of the EGM) for the proxy to receive the login access code to participate online in Vistra eVoting Portal.

Registered Shareholders will be able to attend the EGM online to view the live broadcast, participate in voting, call to raise questions and submit questions in written form via the designated website (<https://evoting.vistra.com>) by using the username and password provided on the notification letter sent by the Company.



Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the EGM online to view the live broadcast, participate in voting, call to raise questions and submit questions in written form. In this regard, they should consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) (collectively the “Intermediary”) and instruct the Intermediary to appoint them as proxy or corporate representative to attend and vote at the EGM electronically and in doing so, they will be asked to provide their email address, before the time limit required by the relevant Intermediary. Details regarding the Vistra eVoting Portal including the login details will be emailed to them by the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited.

If any Shareholder has any question on the arrangements of the EGM, please contact Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at the following:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
Email: is-enquiries@vistra.com  
Telephone: (852) 2980 1333 (From 9:00 a.m. to 5:00 p.m. Monday to Friday, excluding Hong Kong public holidays)

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated website (<https://evoting.vistra.com>) by using the username and password provided on the notification letter sent by the Company as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 28 May 2025 to Monday, 2 June 2025 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

In order to be eligible to attend and vote at the EGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 May 2025. Shareholders whose names are recorded in the register of members of the Company on Monday, 2 June 2025 are entitled to attend and vote at the EGM.

## **VOTING AT THE EGM**

Pursuant to Rule 13.39(4) of the Listing Rules, all resolution(s) will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM pursuant to Rule 13.39(5) of the Listing Rules.

## **RECOMMENDATION**

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 Subscription Agreement are fair and reasonable and on normal commercial terms and whether the Subscription and the transactions contemplated thereunder (including the grant of the 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.

Your attention is drawn to (i) the letter from the Independent Board Committee, and (ii) the letter from the Independent Financial Adviser in this circular. The Directors (including all the Independent Non-executive Directors after reviewing and considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the relevant resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

## **ADDITIONAL INFORMATION**

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**ZO Future Group**

  
**Zhao Wenqing**  
Chairman