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ZO FUTURE GROUP

大象未來集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

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

Reference is made to the announcement of the Company dated 26 January 2024 in relation to the Agreement entered into between BCFC and the Sponsor (the “Announcement”). Capitalised terms used herein shall have the same meaning as those defined in the Announcement unless otherwise specified.

The purpose of this announcement is to provide further information in relation to the Agreement.

Fees and Bonuses

As disclosed in the section headed “The Agreement – 5. Fees and Bonuses” of the Announcement, 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 (“OVG”), 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.

OVG group of companies is a full service live entertainment and hospitality group, with 11 major new arenas either open or under development including arena development projects for Co-op Live in Manchester, UK, and a full-service venue management, hospitality solutions and venue services group servicing more than 400 arenas, stadiums, performing arts centers, culture institutions and convention centers world-wide. In light of the track record of OVG, especially in maximising naming rights and ancillary benefits for existing stadiums and new buildings, the Group considered that referencing to the assessment and proposal of OVG is appropriate.

Apart from referencing principally to the assessment and proposal of OVG as disclosed above, BCFC and the Sponsor had taken into account a combination of factors in determining the fees and bonuses under the Agreement. Such factors mainly include the recent financial position of BCFC, the Club's funding requirements for improving the playing squad on the football field and the facilities at both the Stadium and the Training Ground, the then prevailing 20th position of the Club in the EFL Championship table, the Sponsor's desire to provide incentive to and reward the Club for tangible results in team performance and impressions on social media platforms; and the inclusion of a mutually agreed 5% increment from the Sponsorship Fee for the Second Licence Period of GBP5,500,000 (equivalent to approximately HK\$54,670,000) to the Sponsorship Fee for the Third Licence Period of GBP5,775,000 (equivalent to approximately HK\$57,404,000).

Based on information provided by OVG, in establishing the fair market fee for the naming and other rights as contemplated under the Agreement, the approaches described below have been adopted:

- (i) OVG has selected stadiums in UK with name sponsor, and assessed and compared their sponsorship fees and drivers of sponsorship value;
- (ii) OVG has employed (a) the audience based valuation method, which evaluates total number of population of catchment area, fans, social media followers and capacity of the Stadium to assess the costs for reaching relevant audience segments; and (b) asset based valuation method, which evaluates the value of individual sponsorship components including television media, venue branding and hospitality based on various factors including engagement rates, brand visibility and duration, and unit cost of tickets and hospitality, and arrived at an estimated standalone naming rights fee of the Stadium of approximately GBP3.5 million per annum; and
- (iii) OVG has used its internal venue and stadium examples to evaluate main stand naming rights, fan zone naming rights, training ground naming rights and apprenticeship programme, and arrived at an estimated package fee of these naming rights of approximately GBP2.0 million per annum.

The Club Performance-related Bonus and the Social Media Performance-related Bonus were included in the Agreement as proposed by OVG to provide an added upside for the Club. The grant of the Club Performance-related Bonus and the Social Media Performance-related Bonus, which is in favour of and for the benefit of BCFC in addition to payment of the Sponsorship Fee, were determined by the Sponsor at its discretion with a view to providing incentive to and reward the Club for tangible results in team performance in the EFL Championship and impressions on social media platforms.

Having considered the assessment on fair market fee and value maximisation proposal of OVG as described above, including the bonuses which the Sponsor has agreed to grant, and the benefits which may be brought to the Group by the Agreement as set out in the section headed “Reasons for and benefits of the Agreement” in the Announcement, the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Sponsorship Rights

As disclosed in the section headed “The Agreement – 4. Sponsorship Rights” of the Announcement, 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.

Pursuant to the Agreement, the Sponsor will become the official training and academy partner of BCFC by having granted the right to name the Training Ground as “The Knighthead Training and Academy Grounds” and the right to have the Sponsor’s marks displayed at various locations of the Training Ground.

The Sponsorship Rights, including the right to become official training and academy partner of BCFC as described above, were granted to the Sponsor in the ordinary course of business of BCFC. The Directors consider that the entering into of the Agreement will not change the Group’s football club operation business and/or model in any material respect.

By Order of the Board
ZO Future Group
Zhao Wenqing
Chairman

Hong Kong, 19 February 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.