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LOTUS HORIZON HOLDINGS LIMITED

智中國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6063)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

Financial Adviser to the Company



FORMATION OF JOINT VENTURE COMPANY

On 23 May 2025, Forever Wealth, an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with LCF under which the parties agreed to establish the Joint Venture Company to operate a North-eastern Chinese cuisine restaurant at The Venetian Macao under the “Dumpling Lake Chong Fa (松花湖水餃)” brand.

Pursuant to the terms of the Joint Venture Agreement, the capital contribution amount of the Joint Venture Company will be MOP100,000, among which Forever Wealth will contribute MOP49,000 and LCF will contribute MOP51,000. The Joint Venture Company will be owned as to 49% by Forever Wealth and as to 51% by LCF upon its establishment, and will not be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company’s investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the transactions contemplated under the Joint Venture Agreement constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

On 23 May 2025, Forever Wealth, an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with LCF pursuant to which the parties agreed to establish the Joint Venture Company to operate a North-eastern Chinese cuisine restaurant at The Venetian Macao under the “Dumpling Lake Chong Fa (松花湖水餃)” brand.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are set out below:

Date

23 May 2025

Parties

- (i) Forever Wealth; and
- (ii) LCF

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, LCF and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Formation of the Joint Venture Company and Capital Contribution

Pursuant to the Joint Venture Agreement, Forever Wealth and LCF agreed to establish the Joint Venture Company. The registered capital of the Joint Venture Company will be MOP100,000 (equivalent to approximately HK\$97,000). Capital contribution will be satisfied as follows:

- (i) 49% by Forever Wealth, amounting to a total of MOP49,000 (equivalent to approximately HK\$47,530 in cash; and
- (ii) 51% by LCF, amounting to a total of MOP51,000 (equivalent to approximately HK\$49,470 in cash.

The Joint Venture Company will be owned as to 49% by Forever Wealth and as to 51% by LCF upon its establishment, and will not be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

The amount of capital contribution was determined after arm’s length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company. The Group intends to finance its investment in the Joint Venture Company from its internal resources.

Each of Forever Wealth and LCF shall pay their respective contribution within 30 Business Days upon incorporation of the Joint Venture Company.

Shareholders' Loan Commitment

Forever Wealth and LCF have agreed to provide shareholders' loans to the Joint Venture Company in proportion to their respective shareholdings. An initial shareholders' loan in the total amount of HK\$2,000,000, contributed on a pro rata basis, will be injected within 30 Business Days after incorporation of the Joint Venture Company. Subject to over 70% of such amount being utilised, the parties will further provide up to an aggregate of HK\$30,000,000 in additional shareholders' loans, with Forever Wealth contributing up to HK\$14,700,000 and LCF contributing up to HK\$15,300,000. The shareholders' loan will be provided to the Joint Venture Company by cash or bank transfer by no later than 31 December 2026.

The shareholders' loans will primarily be used to finance the upfront capital investment required for establishing the restaurant of approximately 9,500 square feet at The Venetian Macao. This includes design and compliance-related consultancy fees, fitting-out works, installation of kitchen and fire-safety systems, as well as lease-related payments such as rental deposits and initial working capital to support the commencement of operations.

All shareholders' loans are interest-free and repayable within five years from the date of advance. Overdue loans will accrue interest at a rate of 10% per annum. Repayment shall be made pro rata to each shareholder's outstanding loan balance.

The amount of shareholders' loan was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company. The Group intends to finance the abovementioned shareholders' loan from its internal resources.

Conditions Precedent

Completion of the formation of the Joint Venture Company is conditional upon all of the following conditions being fulfilled on or before 30 June 2025, failing which the Joint Venture Agreement shall cease to be effective and no party shall have any liability or obligation thereunder, save for any antecedent breach:

- (a) the Company having complied with the applicable requirements of the Listing Rules and other regulatory provisions in connection with the transactions contemplated under the Joint Venture Agreement;
- (b) the incorporation agreement and articles of association of the Joint Venture Company having been agreed and executed by the shareholders and duly filed with the relevant authorities in Macau;
- (c) a certificate of registration having been issued by the relevant Macau authority confirming the Joint Venture Company's establishment; and

- (d) the board of the Joint Venture Company having been duly appointed and registered with the relevant Macau authority.

Operations and Management

The Joint Venture Company will operate a restaurant at The Venetian Macao under the “Dumpling Lake Chong Fa (松花湖水餃)” brand. LCF will be responsible for managing the day-to-day operations and will provide branding and operational support to the Joint Venture Company under separate arrangements.

The board of directors of the Joint Venture Company will comprise three members, with one director nominated by Forever Wealth and two by LCF. Reserved matters require unanimous approval by all shareholders. These reserved matters include:

- (a) any amendment to the articles of association of the Joint Venture Company;
- (b) changes to the composition of the board of the Joint Venture Company;
- (c) changes to the accounting policies or practices of the Joint Venture Company;
- (d) passing of any resolution to wind up, liquidate or restructure the Joint Venture Company, or to enter into any arrangement with creditors;
- (e) acquisition by the Joint Venture Company of shares or securities of any legal entity, or participation in joint ventures, partnerships or equity investment in other enterprises;
- (f) mergers, reverse takeovers, amalgamations or acquisitions involving the Joint Venture Company;
- (g) issue of new shares;
- (h) disposal, lease or creation of any encumbrance over any fixed assets, intangible assets or other material assets of the Joint Venture Company, other than in the ordinary course of business;
- (i) the Joint Venture Company incurring any third-party borrowings, guarantees, or other external debt arrangements;
- (j) the Joint Venture Company engaging in any business materially different from the approved annual business plan or its current principal business, or ceasing any business operations;
- (k) change of the name of the Joint Venture Company;
- (l) change of authorised signatories to the Joint Venture Company’s bank accounts;

- (m) repurchase of shares by the Joint Venture Company; and
- (n) reduction of the Joint Venture Company's share capital or registered capital.

Financial Arrangements and Profit Distribution

The Joint Venture Company shall retain sufficient working capital for day-to-day operations. Shareholders' loans will first be applied towards the renovation and setup of the restaurant. Thereafter, any cash surplus generated from operations in excess of the working capital reserve will be applied towards the repayment of outstanding shareholder loans. Following the full repayment of shareholder loans, any remaining profits of the Joint Venture Company will be applied or distributed as agreed between the shareholders and subject to approval by the board of directors of the Joint Venture Company.

Right of First Refusal

Each shareholder shall have a right of first refusal in the event any other shareholder wishes to transfer any of its shares or interests (including related shareholder loans) in the Joint Venture Company. The transferring shareholder shall issue a written transfer notice setting out the proposed terms of transfer and the identity of the potential transferee. Each shareholder shall have 30 days to elect whether to purchase such shares on a pro rata basis. If no election is made within the period, the transferring shareholder may proceed with the sale to the proposed transferee on terms no more favourable than those offered.

No shareholder may transfer, create any encumbrance over, or otherwise dispose of or deal with all or any part of its shares or the beneficial interest therein (including, but not limited to, voting rights or any related rights), without the prior consent of all shareholders and the board of directors of the Joint Venture Company, which consent shall not be unreasonably withheld.

REASONS AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE COMPANY

The Group is principally engaged in the provision of design, supply, and installation services for facade works and building metal finishing works projects. While the Group recorded strong financial performance for the financial year ended 31 March 2024, the Board recognises that the local construction market remains challenging due to macroeconomic headwinds.

As disclosed in the annual report of the Company for the year ended 31 March 2024, the Hong Kong private residential market has been adversely impacted by prolonged high interest rates and global economic uncertainty. The oversupply of unsold units has further depressed property prices, prompting developers to slow down or defer new project launches. This has led to intense competition in the construction industry, which was expected to persist. Further, as disclosed in interim report of the Company for the six months ended 30 September 2024, the low demand and stringent budget in local residential and commercial development projects were expected and may have negative impact on the gross profit margins of the Group's new upcoming projects.

In view of these challenges and considering the Group's healthy cash position, the Board believes it is timely and prudent to pursue selective investment opportunities to broaden the Group's income base and enhance resilience through diversification. The entering into of the Joint Venture Agreement provides an opportunity for the Group to explore the food and beverage sector through LCF as a well-established operator with proven performance in Macau. For further details of LCF, please refer to the section headed "Information on the Group and the Parties to the Joint Venture Agreement" below.

The Board believes that the terms of the Joint Venture Agreement are fair and reasonable and that the formation of the Joint Venture Company is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JOINT VENTURE AGREEMENT

The Group is principally engaged in the provision of design, supply, and installation services for facade works and building metal finishing works projects.

Forever Wealth is a company incorporated in British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

LCF is a company incorporated in Macau. It is principally engaged in the operation of Chinese restaurants in Macau under the "Chong Fa Wu Soi Kao (松花湖水餃)" and "Full Moon (大豐滿)" brands. The "Dumpling Lake Chong Fa (松花湖水餃)" brand, which features North-eastern Chinese cuisine at affordable prices, was first launched in 2007 at Rua de Pequim (北京街) in Macau. In late 2015, the brand opened its first restaurant in a premium casino resort at City of Dreams (新濠天地) marking its initial entry into the high-end integrated resort segment. Since then, the brand has progressively expanded its presence to other major casino hotel properties in Macau such as Studio City (新濠影匯), The Parisian (巴黎人) and The Venetian Food Court Kiosk (威尼斯人美食廣場檔口). Currently, LCF has eight outlets in populous locations in Macau.

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in both Hong Kong and Macau
“Company”	Lotus Horizon Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Forever Wealth”	Forever Wealth Holdings Limited, a company incorporated in British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Venture Agreement”	the joint venture agreement dated 23 May 2025 entered into between Forever Wealth and LCF in relation to the formation of the Joint Venture Company
“Joint Venture Company”	De Cheng Restaurant Company Limited (德承飲食有限公司), a company to be incorporated in Macau under the Joint Venture Agreement and is owned by Forever Wealth as to 49% and LCF as to 51%
“LCF”	Lake Chong Fa Restaurant Company Limited (松花湖飲食有限公司), a company incorporated in Macau

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOP”	Macanese Pataca(s), the lawful currency of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, amounts in MOP are translated into HK\$ on the basis of MOP1.00 = HK\$0.97. The conversion rate is for illustration purposes only and should not be taken as a representation that MOP could actually be converted into HK\$ at such rate or at all.

By Order of the Board
Lotus Horizon Holdings Limited
CHU Kwok Fun
Chairman and Chief Executive Officer

Hong Kong, 23 May 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. CHU Kwok Fun (Chairman and Chief Executive Officer) and Mr. CHEN Shu An as executive Directors, and Ms. LEUNG Yin Fai, Mr. MA Tsz Chun and Ms. YUEN Wai Yee as independent non-executive Directors.