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EEKA Fashion Holdings Limited

贏家時尚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

(formerly known as Koradior Holdings Limited 珂萊蒂爾控股有限公司)

DISCLOSEABLE TRANSACTION:

**PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
SHENZHEN HAOWEI FLAT SCREEN DISPLAY MATERIALS CO., LTD.#**

The Board announces that on 5 September 2019 (after trading hours), the Vendor and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement and the Debt Repayment Agreement, pursuant to which (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire equity interests of the Target for a total cash consideration of RMB401,134,629.32 (equivalent to approximately HK\$449,270,785) in two tranches; and (ii) the Purchaser has agreed to assume certain outstanding debt liabilities of the Target amounted to RMB188,865,370.68 (equivalent to approximately HK\$211,529,214).

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 5% but all the ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company subject to reporting and announcement requirements under the Listing Rules.

THE ACQUISITION

The Board announces that on 5 September 2019 (after trading hours), the Vendor and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement and the Debt Repayment Agreement, pursuant to which (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire equity interests of the Target for a total cash consideration of RMB401,134,629.32 (equivalent to approximately HK\$449,270,785) in two tranches; and (ii) the Purchaser has agreed to assume certain outstanding debt liabilities of the Target amounted to RMB188,865,370.68 (equivalent to approximately HK\$211,529,214).

ACQUISITION AGREEMENT

The salient terms of the Acquisition Agreement are as follows:

Date

5 September 2019

Parties

- | | |
|-------------------------|---|
| Vendor: | Shenzhen Western Urban Construction Investment Holding Group Co., Ltd.# (深圳市西部城建投資控股集團有限公司) |
| Purchaser: | Shenzhen Koradior Fashion Ltd# (深圳市珂萊蒂爾服飾有限公司) , an indirect wholly owned subsidiary of the Company |
| Vendor's Guarantors: | (i) Yao Jie, one of the ultimate beneficial owners of the Target
(ii) Yao Zhen, one of the ultimate beneficial owners of the Target
(iii) Yao Yongning |
| Purchaser's Guarantors: | (i) Jin Ming, the chairman of the Company and an executive Director
(ii) La Kordi Fashion (Shenzhen) Co., Ltd.# (拉珂帝服飾 (深圳) 有限公司) , an indirect wholly owned subsidiary of the Company
(iii) Shenzhen Jin Yuexin Investment and Development Company Limited (深圳市金悅鑫投資發展有限公司) , an indirect wholly owned subsidiary of the Company |

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (i.e. the Vendor's Guarantors) are Independent Third Parties.

Subject Matter

Subject to the terms of Acquisition Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire equity interests of the Target for a total cash consideration of RMB401,134,629.32 (equivalent to approximately HK\$449,270,785) in two tranches. It is also provided in the Acquisition Agreement that the Debt Repayment Agreement be entered into. The Vendor's Guarantors shall jointly guarantee the performance of the Vendor's obligations under the Acquisition Agreement. The Purchaser's Guarantors shall jointly guarantee the performance of the Purchaser's obligations under the Acquisition Agreement.

Consideration

The Consideration of RMB401,134,629.32 (equivalent to approximately HK\$449,270,785) shall be payable to the Vendor in cash in the following manner: (a) as to RMB230,000,000 (equivalent to approximately HK\$257,600,000) shall be deposited within 3 working days after an escrow account has been set up with Agricultural Bank of China Co., Ltd. Shenzhen Nanshan Branch and shall be released to the Vendor after the transfer of the First Tranche Sale Interests has been registered with the relevant PRC regulatory bodies; (b) as to RMB130,000,000 (equivalent to approximately HK\$145,600,000) shall be payable by the Purchaser to the Vendor on or before 31 July 2020 subject to the transfer of the Second Tranche Sale Interests having been registered with the relevant PRC regulatory bodies on or before 31 January 2020; and (c) as to the balance of RMB41,134,629.32 (equivalent to approximately HK\$46,070,785) shall be payable by the Purchaser to the Vendor on or before 31 December 2021.

In the event that RMB98,865,370.68 of the outstanding debt liability of the Target assumed by the Purchaser under the Debt Repayment Agreement and the balance of the Consideration referred to in (c) above are paid to the Vendor on or before 31 July 2020, the Consideration shall be reduced by RMB20 million (equivalent to approximately HK\$22,400,000) to RMB381,134,629.32 (equivalent to approximately HK\$426,870,785).

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser based on the estimated market value of the land and factory buildings held by the Target, which is in the range of RMB7,000 to RMB8,000 per square metre by reference to the prevailing market prices for properties of similar nature, quality and size located in the vicinity. Accordingly, the Directors consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition Agreement shall be conditional upon the Vendor demonstrating to the satisfaction of the Purchaser the following:

- (a) the Vendor having obtained written approval from its shareholders or the necessary shareholders' resolution approving the sale of the entire equity interests in the Target to the Purchaser upon the execution of the Acquisition Agreement;
- (b) there being no restriction on the Vendor or the Target, including but not limited to restrictions in the constitutional documents, resolutions, decisions, agreements, arrangements or undertakings, except bank loan agreements and guarantees, which restricts the Vendor from disposing of the entire equity interests in the Target to the Purchaser;
- (c) all transfers of the equity interests in the Target prior to the date of the Acquisition Agreement being legal and valid, and all such transfers having been duly registered with the relevant PRC regulatory bodies;
- (d) save as provided in the Acquisition Agreement, there being no outstanding mortgages or charges against or the liabilities of the Target which have not been previously disclosed to the Purchaser; and
- (e) the Target having complied with all requirements of its constitutional document and all applicable laws and regulations, and having obtained all permits and approvals required to carry out its business in accordance with its business licence.

In the event that the Vendor has failed to demonstrate to the satisfaction of the Purchaser any of the above conditions, the Purchaser may delay the completion of the Acquisition. If completion of the First Tranche Sale Interests does not take place within five months from the date of the Acquisition Agreement, the Purchaser may terminate the Acquisition Agreement and the Vendor shall refund to the Purchaser all sums paid by the Purchaser.

Completion of the Acquisition

Completion of the First Tranche Sale Interests shall take place after the entire equity interests of the Target held by the Vendor are released from an equity pledge in favour of Agricultural Bank of China and the First Tranche Sale Interests is registered in the name of the Purchaser with the relevant PRC regulatory bodies.

Completion of the Second Tranche Sale Interests shall take place on or before 31 January 2020 when the Second Tranche Sale Interests is registered in the name of the Purchaser with the relevant PRC regulatory bodies.

The Vendor shall procure the release of the Target from all third party guarantee obligations within three months after the completion of the transfer of the First Tranche Sale Interests and in the event that any of the guarantee obligations are not released within six months of the completion of the transfer of the First Tranche Sale Interests, the Purchaser may terminate the Acquisition Agreement and the Vendor shall compensate the Purchaser with an amount equals to 10% of the Consideration.

DEBT REPAYMENT AGREEMENT

The salient terms of the Debt Repayment Agreement are as follows:

Date

5 September 2019

Parties

- (i) The Vendor
- (ii) Shenzhen Western Urban Construction Engineering Co., Ltd.[#] (深圳市西部城建工程有限公司)
- (iii) The Target
- (iv) The Purchaser
- (v) Jin Ming, the chairman of the Company and an executive Director
- (vi) La Kordi Fashion (Shenzhen) Co., Ltd.[#] (拉珂帝服飾(深圳)有限公司), an indirect wholly owned subsidiary of the Company
- (vii) Shenzhen Jin Yuexin Investment and Development Company Limited[#] (深圳市金悦鑫投資發展有限公司), an indirect wholly owned subsidiary of the Company
- (viii) Yao Jie, one of the ultimate beneficial owners of the Target

- (ix) Yao Zhen, one of the ultimate beneficial owners of the Target
- (x) Yao Yongning

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, SWUCE and their respective ultimate beneficial owners are Independent Third Parties.

Subject Matter

As at the date of the Debt Repayment Agreement, the Target owes the Vendor RMB109,300,000 (equivalent to approximately HK\$122,416,000) and owes SWUCE RMB79,565,370.68 (equivalent to approximately HK\$89,113,215). As part of the Acquisition, the Purchaser has agreed to assume the liability of the indebtedness and repay the Vendor and SWUCE in accordance with the following schedule:

- (i) RMB90,000,000 (equivalent to approximately HK\$100,800,000) shall be deposited within 3 working days after an escrow account has been set up with Agricultural Bank of China Co., Ltd. Shenzhen Nanshan Branch and shall be released to the Vendor after the transfer of the First Tranche Sale Interests has been registered with the relevant PRC regulatory bodies and
- (ii) subject to the completion of the transfer of the Second Tranche Sale Interests to the Purchaser, the Purchaser shall repay RMB19,300,000 (equivalent to approximately HK\$21,616,000) and RMB79,565,370.68 (equivalent to approximately HK\$89,113,215) to the Vendor and SWUCE on behalf of the Target, respectively, on or before 31 December 2021.

As security for the performance of the Purchaser's repayment obligations under the Debt Repayment Agreement, the Purchaser has agreed to pledge the Second Tranche Sale Interests in favour of the Vendor upon the completion of the transfer of the Second Tranche Sale Interests. The equity pledge shall be released within 5 working days after the Purchaser has fully settled the repayment obligations under the Debt Repayment Agreement.

In the event that the Acquisition Agreement is terminated in accordance with its terms, the Purchaser is not obliged to make any repayment on behalf of the Target, and the Vendor and SWUCE shall refund all payments made by the Purchaser in full together with interests equivalent to the prevailing lending rate from PRC banks within 10 working days of such termination.

The Purchaser's Guarantors shall jointly guarantee the performance of the Purchaser's obligations under the Debt Repayment Agreement. The Vendor's Guarantors shall jointly guarantee the performance of the Vendor's and SWUCE's obligations under the Debt Repayment Agreement.

INFORMATION OF THE TARGET

The Target was established in 2006 with a registered capital of RMB30,000,000 and is the registered owner of certain land with an area of about 34,999 square metres and factory buildings with a gross floor area of about 90,371 square metres located in the Haowei New Material area of Pingshan Town at Shenzhen Industrial Zone# (深圳市工業區坪山鎮豪威新材料廠區).

Set out below is the financial information of the Target (based on generally accepted accounting practice in the PRC):

	For the year ended 31 December 2018 Unaudited (RMB'000)	For the year ended 31 December 2017 Unaudited (RMB'000)
Revenue	19,783	20,639
Net profit/(loss) before tax	3,489	(6,042)
Net profit/(loss) after tax	3,489	(6,042)

The unaudited net liabilities of the Target as at 30 April 2019 were approximately RMB172,000 (equivalent to approximately HK\$192,640).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group engages in the design, retail and wholesale of womenswear products of the Group's self-owned brands, namely "Koradior", "La Koradior", "Koradior elsewhere" and "De Kora" which target affluent ladies between the ages of 30 and 45 in the PRC. In addition, in 2016 the Group acquired 65% of Shenzhen Mondial Industrial Ltd, its "CADIDL" brand, which is positioned to offer our customers pursuit of artistic designs, and in 2017 the Group entered into an exclusive distribution and marketing agreement for a term of five years in relation to products under the brands "Obzee" and "O'2nd" which cover a wide range of high quality womenswear, which targets affluent ladies between the ages of 25 to 50. The long term objective of the Group is to be the top player of the high-end womenswear industry in the PRC.

The Target is currently holding an industrial complex on a parcel of land located in the Haowei New Material area of Pingshan Town at Shenzhen Industrial Zone# (深圳市工業區坪山鎮豪威新材料廠區). Some units of the property have been leased by the Target for rental income. Upon completion of the Acquisition, the Company intends to use the remaining units of the industrial complex as the Group's warehouse and logistics centre for general business purposes. The Board is of the view that this will meet the hasty logistics demand arising from the growing business of the Company, reduce the Group's future rental expenses and, if the remaining units of the industrial complex are not fully utilized by the Group, the Group may lease and obtain rental income from the property, thereby broadening its revenue base. The Acquisition also provides the Group with the opportunity to acquire a property in the Greater Bay Area at a lower price and may enjoy appreciation in value in the long run. Taking into account the above factors, the Directors consider that the terms and conditions of the Acquisition are fair and reasonable and are determined in accordance with the general commercial terms and are in the overall interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, the Target will become a subsidiary of the Company whose results, assets and liabilities will be consolidated into the books of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 5% but all the ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Group of the entire equity interests in the Target pursuant to the Acquisition Agreement
“Acquisition Agreement”	the share transfer agreement dated 5 September 2019 and entered into among the Vendor, the Purchaser, the Vendor’s Guarantors and the Purchaser’s Guarantors in relation to the Acquisition
“Board”	the board of Directors
“Company”	EEKA Fashion Holdings Limited (formerly known as Korador Holdings Limited), 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
“Consideration”	RMB401,134,629.32 (equivalent to approximately HK\$449,270,785), being the consideration for the Acquisition
“Debt Repayment Agreement”	the debt repayment agreement dated 5 September 2019 and entered into among the Vendor, the Purchaser, the Target, the Vendor’s Guarantors, the Purchaser’s Guarantors and SWUCE
“Director(s)”	the director(s) of the Company
“First Tranche Sale Interests”	60% of the equity interests in the Target
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Shenzhen Koradior Fashion Ltd.# (深圳市珂萊蒂爾服飾有限公司) , an indirect wholly owned subsidiary of the Company
“Purchaser’s Guarantors”	(i) Jin Ming, (ii) La Kordi Fashion (Shenzhen) Co., Ltd.# (拉珂帝服飾 (深圳) 有限公司) and (iii) Shenzhen Jin Yuexin Investment and Development Company Limited (深圳市金悅鑫投資發展有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Tranche Sale Interests”	40% of the equity interests in the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SWUCE”	Shenzhen Western Urban Construction Engineering Co., Ltd.# (深圳市西部城建工程有限公司) , a company established in the PRC with limited liability
“Target”	Shenzhen Haowei Flat Screen Display Materials Co., Ltd.# (深圳市豪威平板顯示材料有限公司) , a company established in the PRC with limited liability

“Vendor”	Shenzhen Western Urban Construction Investment Holding Group Co., Ltd. [#] (深圳市西部城建投資控股集團有限公司), an investment holding company established in the PRC with limited liability
“Vendor’s Guarantors”	(i) Yao Jie, (ii) Yao Zhen and (iii) Yao Yongning
“%”	per cent.

Unless otherwise specified, the conversion of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.12. No representation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or other rates or at all.

By order of the Board
EEKA Fashion Holdings Limited
JIN MING
Chairman

Hong Kong, 5 September 2019

[#] *The English name is just the transliteration of the Chinese name for reference only and shall not be regarded as its formal name.*

As at the date of this announcement, the Board comprises Mr. Jin Ming, Ms. He Hongmei and Mr. Jin Rui as executive Directors; and Mr. Zhong Ming, Mr. Zhou Xiaoyu and Mr. Zhang Guodong as independent non-executive Directors.