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Lever Style Corporation

利華控股集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1346)

DISCLOSABLE TRANSACTION ACQUISITION OF ASSETS

THE ASSET PURCHASE AGREEMENT

The Board is pleased to announce that on 12 September 2023, after trading hours, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Asset Purchase Agreement with the Vendor, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Assets at a consideration of US\$4,800,000 (equivalent to approximately HK\$37,440,000), subject to a downward adjustment.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the purchase of the Assets exceed 5% but is less than 25%, the Transaction constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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ASSET PURCHASE AGREEMENT

Date

12 September 2023 (after trading hours)

Parties involved

Vendor: Elegant Team Development Limited (添麗發展有限公司)

Purchaser: Lever Style Limited, 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 respective ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Asset Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Assets at a consideration of US\$4,800,000 (equivalent to approximately HK\$37,440,000). The Assets comprise mainly of (a) the Purchase Orders; (b) the Supplier Contracts; (c) the Inventory; and (d) the Sale AR.

Consideration

The consideration for the Assets shall be US\$4,800,000 (equivalent to approximately HK\$37,440,000), which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) An initial deposit of US\$3,360,000 (equivalent to approximately HK\$26,208,000), representing 70% of the consideration, shall be paid by the Purchaser to the Vendor upon the signing of the Asset Purchase Agreement; and
- (b) Subject to any adjustment and after deducting the value of the unusable Inventory and unrecoverable Sale AR during a period of 12 months from the Closing Date, the balance of the consideration shall be payable by the Purchaser to the Vendor within 60 Business Days after 12 months from the Closing Date.

Unusable Inventory shall mean those Inventory which are not utilized in any purchase orders upon the calendar day next following 12 months from the Closing Date and unusable Sale AR shall mean those Sale AR which are not recoverable upon the expiry of 60 days after their respective due date.

The total consideration of US\$4,800,000 (equivalent to approximately HK\$37,440,000) was arrived after arm's length negotiations between the Vendor and the Purchaser after taking into account the value (i) the Purchase Orders and Supplier Contracts; (ii) the Vendor's Inventory; and (iii) the Vendor's Sale AR as at the date of the Asset Purchase Agreement. The values

of the Assets, being approximately US\$5,500,000 in total is based on the latest management accounts provided by the Vendor to the Purchaser.

The consideration shall be funded by the internal resources of the Group and bank loans.

Adjustment of the Consideration

The Purchaser shall perform a count on the Inventory and review the Sale AR. The Vendor shall provide reasonable resources and convenience to assist the Purchaser with such count. On or before the 28th Business Day from the Closing Date, the Purchaser shall deliver to the Vendor a completion statement setting out a breakdown of any missing Inventory and the Purchaser's assessment of any discounts in value as a result of such absence as at the Closing Date. The balance of the consideration shall be adjusted downwards in an amount equivalent to such discounts in value.

The value of the unusable Inventory and unrecoverable Sale AR shall be recorded and computed by the Purchaser in a separate account using prevalent internal calculation methods adopted by the Purchaser. The Vendor shall provide all necessary information as requested by the Purchaser in order for the Purchaser to record and compute the value of the unusable Inventory and unrecoverable Sale AR in the separate account. The Purchaser shall provide such separate account to the Vendor on or before the 14th Business Day after 12 months from the Closing Date. The Purchaser and Vendor agree that the figures in the separate account provided by the Purchaser to the Vendor shall be final, binding and conclusive.

Conditions Precedent

Closing is subject to and conditional upon, amongst other things, certain conditions being satisfied before the Closing Date:

- (a) the Purchaser having completed and being satisfied with the due diligence review in its absolute discretion;
- (b) the Purchaser having obtained all necessary approvals required by the Purchaser in entering into the Transaction including but not limited to those as required under the Listing Rules;
- (c) the Vendor having entered into an agreement with a prospective buyer/operator for the purchase/operation of Elegant Team Manufacturer Limited Company, being the Vendor's wholly owned factory situated in I2-03, I2-04 in Lot I2, Que Vo Industrial Park (extended), Phuong Mao Ward Que Vo Town, Bac Ninh Province, Vietnam;
- (d) the Vendor having complied with all of its covenants under the Asset Purchase Agreement;

- (e) the warranties as set out in the Asset Purchase Agreement remaining true and correct in all material respects as of the Closing Date, and the Vendor having performed and complied in all respects with all covenants, undertakings and agreements under the Asset Purchase Agreement; and
- (f) the transfer of the Assets not being in breach of any applicable law and regulations, and all requisite government or regulatory approval having been obtained in respect of the transaction contemplated under the Asset Purchase Agreement.

The Purchaser may waive all the conditions at any time after the date of the Asset Purchase Agreement by notice in writing to the Vendor (except for conditions (b) and (c) which cannot be waived by the Purchaser). The Vendor may waive condition (c) at any time after the date of the Asset Purchase Agreement by notice in writing to the Purchaser. If any of the above conditions cannot be satisfied (or are not waived by the Purchaser or the Vendor (as the case may be)) on or before the Closing Date (except conditions (b) and (c) which cannot be waived by the Purchaser), the Purchaser at its sole discretion shall have the right to either (i) extend the Closing Date; (ii) negotiate an amendment to the Asset Purchase Agreement; or (iii) terminate the Asset Purchase Agreement whereupon the Vendor shall immediately release and refund to the Purchaser the deposit of US\$3,360,000 (equivalent to approximately HK\$26,208,000) in full.

Closing

Closing shall take place on the Closing Date, pursuant to which the Assets shall be transferred to the Purchaser by the Vendor.

INFORMATION OF THE VENDOR

Elegant Team Development Limited (添麗發展有限公司) is a private company incorporated in Hong Kong with limited liability and is principally engaged in the business of sourcing and manufacturing textiles and fashion apparel. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is ultimately controlled and beneficially owned as to 50% by Joachim Wolfgang Starke and 50% by Gigig Kwong Woon Ching Starke who are each an Independent Third Party.

REASONS FOR ENTERING INTO THE ASSET PURCHASE AGREEMENT

The Group has been principally engaged in providing supply chain solutions in multiple apparel categories for notable brands.

The entering into of the Asset Purchase Agreement will enable the Company to further expand its apparel category portfolio by acquiring the Assets in relation to the production of woven and knit products, outerwear jackets, knit jackets, pants, shorts, tops, dresses and skirts. The Board is of the view that this kind of technical product category requires special skill sets and technical know-how. Furthermore, the Company's expansion will further enable it to broaden its clientele and achieve synergies such as cross-selling, so as to further strengthen its

market position. It will also enable the Company to expand its customer base in Europe and production base in Bangladesh. The Board will stick to the strategy set out in the Company’s prospectus dated 31 October 2019 and will continue to explore appropriate merger and acquisition opportunities to gain market share by further expanding its apparel category portfolio and to create incremental profitability by achieving synergies such as cross-selling and economies of scale.

The Directors (including the independent non-executive Directors) consider that the terms of the Asset Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Asset Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the purchase of the Assets exceed 5% but is less than 25%, the Transaction constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Asset Purchase Agreement”	the asset purchase agreement dated 12 September 2023 entered into between the Vendor and the Purchaser in respect of the sale of Assets by the Vendor to the Purchaser;
“Assets”	(a) the Purchase Orders; (b) the Supplier Contracts; (c) the Inventory; and (d) the Sale AR;
“Board”	board of Directors;
“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong when banks are generally open the business;
“Closing”	completion of the sale and purchase of the Assets contemplated under the Asset Purchase Agreement;
“Closing Date”	a date falling within 18 days from the date of the Asset Purchase Agreement or 29 September 2023 (whichever is earlier);

“Company”	Lever Style Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1346);
“Director(s)”	the director(s) of the Company;
“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)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules;
“Inventory”	all raw materials, supplies, work in progress, parts and components, and finished goods held, used or owned by the Vendor and all related packaging material and supplies (including, without limitation, cartons and labels) as at the date of the Asset Purchase Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchase Orders”	a list of purchase orders of the Vendor as at the date of the Asset Purchase Agreement;
“Purchaser”	Lever Style Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Sale AR”	the trade account receivables of the Vendor as at the date of the Asset Purchase Agreement as at the date of the Asset Purchase Agreement;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier Contracts”	a list of supplier contracts of the Vendor as at the date of the Asset Purchase Agreement;
“Transaction”	the purchase of the Assets by the Purchaser as contemplated under the Asset Purchase Agreement;
“US\$”	United States dollar, the lawful currency of the United States of America;
“Vendor”	Elegant Team Development Limited (添麗發展有限公司); and
“%”	per cent.

By order of the Board
Lever Style Corporation
Szeto Chi Yan Stanley
Chairman and Executive Director

Hong Kong, 12 September 2023

As at the date of this announcement, the Board comprises (i) Mr. SZETO Chi Yan Stanley (Chairman), Dr. CHAN Yuk Mau Eddie, Mr. LEE Yiu Ming as executive Directors; and (ii) Mr. SEE Tak Wah, Mr. ANDERSON Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary as the independent non-executive Directors.