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**Lever Style Corporation**

**利華控股集團**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1346)**

## **DISCLOSEABLE TRANSACTION**

### **REMITTANCE AGREEMENT**

#### **THE REMITTANCE AGREEMENT**

The Board is pleased to announce that on 3 November 2020, after trading hours, LAL (an indirectly wholly-owned subsidiary of the Company) entered into a Remittance Agreement with Sand Shack and Hilldun, pursuant to which LAL has agreed to manufacture and ship to Sand Shack the Sand Shack Merchandise factored by Hildun pursuant to a Factoring Agreement by and between Hilldun and Sand Shack dated 2 December 2011. Pursuant to the Remittance Agreement, Hilldun has agreed to remit to LAL all sums in respect of the Sand Shack Factored Receivables not in excess of the Designated Limit.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Remittance Agreement and the transactions contemplated thereunder exceed 5% but is less than 25%, the entering into of the Remittance Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## **REMITTANCE AGREEMENT**

### **Date**

3 November 2020

### **Parties involved**

- (1) LAL, an indirectly wholly-owned subsidiary of the Company;
- (2) Sand Shack; and
- (3) Hilldun

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Sand Shack and Hilldun and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Subject matter**

Pursuant to the Remittance Agreement, Sand Shack has agreed to purchase from LAL, and LAL has agreed to manufacture and ship to Sand Shack the Sand Shack Merchandise.

In addition, Hilldun has agreed to remit all sums in respect of the Sand Shack Factored Receivables otherwise payable to Sand Shack in accordance with the Factoring Agreement to LAL, subject to the Designated Limit of US\$1,515,044.93 (equivalent to approximately HK\$11,817,351).

### **Term**

The Remittance Agreement shall become effective on 3 November 2020 and continue to be in effect for as long as the Sand Shack Factoring Agreement remains in force and effect unless otherwise terminated by any party by giving the other parties 10 days' advance written notice.

### **Consideration**

The consideration to be received by LAL under the Remittance Agreement shall not be in excess of US\$1,515,044.93 (equivalent to approximately HK\$11,817,351). The Designated Limit is arrived after arm's length negotiations between the LAL, Sand Shack and Hilldun, and is determined by taking into account the total value of all Sand Shack Merchandise expected to be ordered by Sand Shack pursuant to the Production Orders as of the date of the Remittance Agreement.

The purchase price payable by Sand Shack in respect of the Production Orders issued from time to time, shall be payable by Hilldun within five Business Days of receipt of a Production Invoice sent to Hilldun simultaneously when issued by LAL to Sand Shack.

### **Arrangements in respect of the Production Orders**

The parties agree that, in respect of the Production Orders issued by Sand Shack, LAL shall send to Hilldun simultaneously a duplicate copy of Production Invoices issued for such Production Orders, and Hilldun shall remit to LAL the lesser of:

- (a) the sum of the net amount payable to LAL as set forth on the Production Invoice plus the Catch-Up Amount, if any; and
- (b) the Sand Shack Net Proceeds.

Hilldun shall have no obligation to remit any amounts to LAL pursuant to the Remittance Agreement or otherwise in excess of the Designated Limit, and in no event shall Hilldun be required to remit to LAL any Catch-Up Amount to the extent that, when added to all prior and simultaneous remittances in accordance with the Agreement, would cause the total amount remitted to LAL to exceed the Designated Limit.

### **INFORMATION OF THE PARTIES**

LAL is a limited liability company established in Hong Kong and an indirectly wholly-owned subsidiary of the Company principally engaged in the business of garment trading.

Sand Shack is a Delaware limited liability company incorporated in the United States of America and principally engaged in, amongst others, the sale of eco-friendly outdoor wear.

Hilldun is a New York corporation principally engaged in the business of providing factoring and financing services to companies.

### **REASONS FOR ENTERING INTO THE REMITTANCE AGREEMENT**

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

The entering into of the Remittance Agreement will enable the Company to gain access to Sand Shack's customers and gain insight into the apparel category and business portfolio in the United States, providing a foundation for the Company to expand its business and further strengthen its market position. The Board will stick to the strategy set out in the Company's prospectus dated 31 October 2019 and will continue to identify appropriate opportunities to gain market share by further expanding its apparel category portfolio. The Company also considers that the transactions contemplated under the Remittance Agreement will reduce debtor turnover days and possibility of bad debt which in turn will facilitate cash management of the Group.

The Directors consider that the terms of the Remittance Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Remittance 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 Remittance Agreement and the transactions contemplated thereunder exceed 5% but is less than 25%, the entering into of the Remittance Agreement and the transactions contemplated thereunder constitute a discloseable 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 meanings set out below:

“Board”	board of Directors;
“Business Day”	a day other than a day when banks in New York City are permitted or required to close;
“Catch-Up Amount”	on any date, the excess, if any, of Sand Shack Net Proceeds then payable by Hilldun in respect of Sand Shack Factored Receivables over amounts previously remitted to LAL in accordance with the Remittance Agreement not exceeding the LAL Due Amount on that date;
“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);
“Designated Limit”	US\$1,515,044.93 (equivalent to approximately HK\$11,817,351), being the maximum consideration to be received by LAL under the Remittance Agreement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hilldun”	Hilldun Corporation, a New York Corporation;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“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;
“LAL”	Lever Apparel Limited (利華服裝有限公司), a limited liability company established in Hong Kong and an indirectly wholly-owned subsidiary of the Company;
“LAL Due Amount”	on any date, the total net amounts payable to LAL pursuant to invoices that have been received by Hilldun up to and including that date, less all amounts paid to LAL pursuant to the Remittance Agreement prior to (but not including) that date;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Production Invoice”	invoices issued by LAL to Sand Shack for the Production Orders;
“Production Orders”	the orders issued by Sand Shack to LAL to manufacture and ship Sand Shack Merchandise to Sand Shack and/or Sand Shack customers;
“Remittance Agreement”	The Remittance Agreement dated 3 November 2020 entered into between LAL, Sand Shack and Hilldun;
“Sand Shack”	Sand Shack LLC, a Delaware limited liability company incorporated in the United States of America;
“Sand Shack Factored Receivables”	purchase orders for Sand Shack Merchandise issued to Sand Shack from Sand Shack customers, or invoices for sales of Sand Shack Merchandise to Sand Shack customers issued by Sand Shack, which were factored by Hilldun pursuant to the Sand Shack Factoring Agreement;
“Sand Shack Factoring Agreement”	the Factoring Agreement entered into between Hilldun and Sand Shack dated 2 December 2011;
“Sand Shack Merchandise”	Sand Shack goods represented by purchase orders issued by Sand Shack customers or invoices issued by Sand Shack;

“Sand Shack Net Proceeds”	sums in respect of the Sand Shack Factored Receivables otherwise payable to Sand Shack in accordance with the Factoring 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;
“United States”	The United States of America;
“US\$”	United States dollar, the lawful currency of the United States of America;
“%”	per cent.

On behalf of the Board  
**Lever Style Corporation**  
**Szeto Chi Yan Stanley**  
*Chairman and Executive Director*

Hong Kong, 3 November 2020

*As at the date of this announcement, the Board comprises Mr. Szeto Chi Yan Stanley (Chairman), Dr. Chan Yuk Mau Eddie and Mr. Lee Yiu Ming as executive Directors, Mr. Kim William Pak as non-executive Director, and Mr. See Tak Wah, Mr. Auyang Pak Hong Bernard and Mr. Lee Shing Tung Tommy as the independent non-executive Directors.*