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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 TENANCY AGREEMENTS

TENANCY AGREEMENTS

The Board would like to announce that on 20 September 2020, LD Shenzhen (an indirect wholly-owned subsidiary of the Company) entered into the 1st & 3rd Floors Tenancy Agreements with the Landlord for the purposes of the leasing of the 1st & 3rd Floor Premises for a term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

The Board would like to announce that on 20 September 2020, HJY (an indirect wholly-owned subsidiary of the Company) entered into the 1st Floor Unit C2 Tenancy Agreement with the Landlord for the purposes of the leasing of the 1st Floor Unit C2 Premises for a term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

The Board would like to further announce that on 20 October 2020, LD Shenzhen (an indirect wholly-owned subsidiary of the Company) entered into the 1st Floor Tenancy Agreement with the Landlord for the purposes of the leasing of the 1st Floor Premises for a term of 59 months commencing from 20 October 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules. As the Tenancy Agreements were entered into with the Landlord within a 12-month period, the value of the right-of-use asset of the 1st & 3rd Floor Premises, 1st Floor Unit C2 Premises and the 1st Floor Premises ought to be aggregated under Rule 14.22 of the Listing Rules.

As one or more than one of the applicable percentage ratios in respect of the aggregated value of the right-of-use asset of the Premises under the Tenancy Agreements is more than 5% and below 25%, the entering into of the Tenancy Agreements constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

The Board would like to announce that on 20 September 2020, LD Shenzhen (an indirect wholly-owned subsidiary of the Company) entered into the 1st & 3rd Floors Tenancy Agreements with the Landlord for the purposes of the leasing of the 1st & 3rd Floor Premises for a term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

The Board would like to announce that on 20 September 2020, HJY (an indirect wholly-owned subsidiary of the Company) entered into the 1st Floor Unit C2 Tenancy Agreement with the Landlord for the purposes of the leasing of the 1st Floor Unit C2 Premises for a term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

The Board would like to further announce that on 20 October 2020, LD Shenzhen (an indirect wholly-owned subsidiary of the Company) entered into the 1st Floor Tenancy Agreement with the Landlord for the purposes of the leasing of the 1st Floor Premises for a term of 59 months commencing from 20 October 2020 and ending on 19 September 2025 (both dates inclusive) as its office in Shenzhen.

Set out below are the principal terms of the Tenancy Agreements.

1ST & 3RD FLOORS TENANCY AGREEMENTS

Date:

20 September 2020

Parties involved:

Landlord : Shenzhen Yikai Technology Co., Ltd.; and

Tenant : Lever Design (Shenzhen) Co. Ltd (an indirect wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

1st & 3rd Floor Premises:

- (i) Unit C-1, 1/F., Block 3, Tingwei Chanyeyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen; and
- (ii) Zone A and Zone F, 3/F., Block 3, Tingwei Chanyeyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen

Total gross floor area:

The total gross floor area of the 1st & 3rd Floor Premises is approximately 2,643 square metres.

Term:

A term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive).

Rent:

The total monthly rent under the 1st & 3rd Floors Tenancy Agreements is RMB290,900 (equivalent to approximately US\$42,176) per calendar month, exclusive of management fee, water charges, electricity charges, and all other outgoings. The monthly rent shall be subject to an increment of 8% each year commencing from 20 September 2021. The total rent payable under the 1st & 3rd Floors Tenancy Agreements for the entire term is therefore RMB17,828,854 (equivalent to approximately US\$2,584,904).

The rent payable under the 1st & 3rd Floors Tenancy Agreements was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market rental values for comparable premises in the vicinity of the 1st & 3rd Floor Premises.

Deposit:

A deposit of RMB581,800 (equivalent to approximately US\$84,352) being equivalent to two months' rent, shall be paid by the tenant to the Landlord as security deposit for the due observance and performance of its obligations under the 1st & 3rd Floors Tenancy Agreements.

Use:

The tenant shall not use or permit or suffer the 1st & 3rd Floor Premises or any part thereof to be used for any purpose other than as an office for commercial purpose only.

1ST FLOOR UNIT C2 TENANCY AGREEMENT

Date:

20 September 2020

Parties involved:

Landlord : Shenzhen Yikai Technology Co., Ltd.; and

Tenant : Han Jingyi Clothes (Shenzhen) 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 Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

1st Floor Unit C2 Premises:

Unit C-2, 1/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen

Total gross floor area:

The total gross floor area of the 1st Floor Unit C2 Premises is approximately 950 square metres.

Term:

A term of five years commencing from 20 September 2020 and ending on 19 September 2025 (both dates inclusive).

Rent:

The monthly rent under the 1st Floor Unit C2 Tenancy Agreement is RMB121,600 (equivalent to approximately US\$17,630) per calendar month, exclusive of management fee, water charges, electricity charges, and all other outgoings. The monthly rent shall be subject to an increment of 8% each year commencing from 20 September 2021. The total rent payable under the 1st Floor Unit C2 Tenancy Agreement for the entire term is therefore RMB7,430,453 (equivalent to approximately US\$1,077,299).

The rent payable under the 1st Floor Unit C2 Tenancy Agreement was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market rental values for comparable premises in the vicinity of the 1st Floor Unit C2 Premises.

Deposit:

A deposit of RMB243,200 (equivalent to approximately US\$35,260) being equivalent to two months' rent, shall be paid by the Tenant to the Landlord as security deposit for the due observance and performance of its obligations under the 1st Floor Unit C2 Tenancy Agreement.

Use:

The Tenant shall not use or permit or suffer the 1st Floor Unit C2 Premises or any part thereof to be used for any purpose other than as an office for commercial purpose only.

1ST FLOOR TENANCY AGREEMENT**Date:**

20 October 2020

Parties involved:

Landlord : Shenzhen Yikai Technology Co., Ltd.; and

Tenant : Lever Design (Shenzhen) Co. Ltd (an indirect wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

1st Floor Premises:

Zone A and Zone B, 1/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen

Total gross floor area:

The total gross floor area of the 1st Floor Premises is approximately 1,372.14 square metres.

Term:

A term of 59 months commencing from 20 October 2020 and ending on 19 September 2025 (both dates inclusive).

Rent:

The monthly rent under the 1st Floors Tenancy Agreement is RMB\$144,074.7 (equivalent to approximately US\$20,889) per calendar month, exclusive of management fee, water charges, electricity charges, and all other outgoings. The monthly rent shall be subject to an increment of 8% each year commencing from 20 October 2021. The total rent payable under the 1st Floor Tenancy Agreement for the entire term is therefore RMB8,420,220 (equivalent to approximately US\$1,220,799).

The rent payable under the 1st Floor Tenancy Agreement was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market rental values for comparable premises in the vicinity of the 1st Floor Premises.

Deposit:

A deposit of RMB288,149.4 (equivalent to approximately US\$41,777) being equivalent to two months' rent, shall be paid by the Tenant to the Landlord as security deposit for the due observance and performance of its obligations under the 1st Floor Tenancy Agreement.

Use:

The Tenant shall not use or permit or suffer the 1st Floor Premises or any part thereof to be used for any purpose other than as an office for commercial purpose only.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the Tenancy Agreements, the Premises leased under the Tenancy Agreements will be recognised as right-of-use asset for an amount of approximately RMB33,679,527 (equivalent to approximately US\$4,883,002), which is the present value of total consideration payable at the inception of the lease terms of the Tenancy Agreements.

INFORMATION OF THE LANDLORD

Shenzhen Yikai Technology Co., Ltd. is a company established in the People's Republic of China with limited liability. Its principal business includes property leasing and management.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENTS

The Premises will be occupied by the Group as its office premises in Shenzhen. The monthly rental of the Premises is comparatively lower than the other nearby premises with a similar total gross floor area of that of the Premises. The entering into of the Tenancy Agreements would enable the Company to lower its property rental expenses.

The Directors considered that the transactions contemplated under the Tenancy Agreements were entered into in the ordinary and usual course of business of the Group, and the Tenancy Agreements were entered into on normal commercial terms after arm's length negotiations between the parties, after taking into consideration the prevailing market rental value for comparable premises in the vicinity of the Premises, and the terms of the transactions contemplated under the Tenancy Agreements were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules. As the Tenancy Agreements were entered into with the Landlord within a 12-month period, the value of the right-of-use asset of the 1st & 3rd Floor Premises, 1st Floor Unit C2 Premises and the 1st Floor Premises ought to be aggregated under Rule 14.22 of the Listing Rules.

As one or more than one of the applicable percentage ratios in respect of the aggregated value of the right-of-use asset of the Premises under the Tenancy Agreements is more than 5% and below 25%, the entering into of the Tenancy Agreements constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

The late publication of this announcement was due to the inadvertent overlook of the implications of the Listing Rules arising from the implementation of HKFRS 16. In view of this incident, the Company will take a more robust approach to communicate with and seek advice from the Company's compliance advisor and legal advisor from time to time so as to maintain adherence to good corporate governance and compliance with the Listing Rules going forward.

DEFINITIONS

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

“1st Floor Premises”	Zone A and Zone B, 1/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen* (深圳市寶安區新安街道67區留芳路6號庭威產業園3號樓1樓A、B區);
“1st Floor Tenancy Agreement”	the tenancy agreement entered into between LD Shenzhen and the Landlord on 20 October 2020 for the leasing of the 1st Floor Premises;
“1st Floor Unit C2 Premises”	Unit C-2, 1/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen* (深圳市寶安區新安街道67區留芳路6號庭威產業園3號樓一樓1C-2單元);
“1st Floor Unit C2 Tenancy Agreement”	the tenancy agreement entered into between HJY and the Landlord on 20 September 2020 for the leasing of the 1st Floor Unit C2 Premises;
“1st & 3rd Floor Premises”	(i) Unit C-1, 1/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen* (深圳市寶安區新安街道67區留芳路6號庭威產業園3號樓一樓1C-1單元); and (ii) Zone A and Zone F, 3/F., Block 3, Tingwei Chanyeiyuan, No. 6 Liufang Road, Xinan Street 67 District, Baoan District, Shenzhen* (深圳市寶安區新安街道67區留芳路6號庭威產業園3號樓3樓A、F區);
“1st & 3rd Floors Tenancy Agreements”	the tenancy agreements entered into between LD Shenzhen and the Landlord on 20 September 2020 for the leasing of the 1st & 3rd Floor Premises;
“Board”	board of Directors;
“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);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HJY”	Han Jingyi Clothes (Shenzhen) Limited* (漢精益服裝(深圳)有限公司), an indirect wholly-owned subsidiary of the Company;
“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;
“Landlord”	Shenzhen Yikai Technology Co., Ltd. (深圳市易凱特科技有限公司), a company established in the People’s Republic of China with limited liability and an Independent Third Party, which, as at the date of the Tenancy Agreements and up to the date of this announcement, is ultimately owned by Ms. Yang Lirong, Mr. Wang Xunlong and Mr. Wang Teng as to 35%, 35% and 30% respectively;
“LD Shenzhen”	Lever Design (Shenzhen) Co. Ltd* (利華設計院(深圳)有限公司), an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Premises”	collectively, the 1st & 3rd Floor Premises, the 1st Floor Unit C2 Premises and 1st Floor Premises;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“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;

“Tenancy Agreements”	collectively, the 1st & 3rd Floors Tenancy Agreements, the 1st Floor Unit C2 Tenancy Agreement and the 1st Floor Tenancy Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 29 April 2021

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.

** English translation of names and addresses are for identification purposes only*