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Lever Style Corporation

利華控股集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1346)

SUPPLEMENTAL ANNOUNCEMENT ACQUISITION OF ASSETS

Reference is made to the announcements of Lever Style Corporation (the “**Company**”) dated 17 December 2025 (“**First Announcement**”) and 9 January 2026 (“**Further Announcement**”) and together with the First Announcement, the “**Announcements**”) with respect to the entering into of the Asset Purchase Agreement between the Purchaser and the Vendors. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Board would like to provide the following supplemental information in respect of the Valuation Report and the Asset Purchase Agreement. This supplemental announcement is intended solely to offer further clarity and context for our stakeholders. The Company aims to ensure that shareholders have access to comprehensive and detailed information.

SUPPLEMENTAL INFORMATION IN RESPECT OF THE VALUATION REPORT

In the Further Announcement, it was disclosed that the Valuer selected the comparable companies that are in the sportswear industry with an asset-light business model (without manufacturing or with only a small portion of manufacturing) as at 20 November 2025 (the shares of which are listed on the New York Stock Exchange (“**NYSE**”), NASDAQ, The Stock Exchange of Hong Kong Limited (“**HKEx**”) or the Frankfurt Stock Exchange).

To supplement, the quantitative benchmark to determine “a small portion of manufacturing” is as follows:

The Valuer performed search on the business model of each comparable company with reference to its latest available annual report, the company’s website or other public information to determine whether it is an asset-light or asset-heavy business model. Inhouse manufacturing of less than one-third is taken as the benchmark of asset-light business model. Company A, B, C and G primarily outsource their productions whereas Company D and F have about 10% and Company E has about 19.5% of inhouse apparel manufacturing.

No.	Name of Company	Disclosure on its self-produced apparel from company's latest available annual report or website
1	Company A	Nil
2	Company B	Nil
3	Company C	Nil
4	Company D	10.5%
5	Company E	19.5%
6	Company F	10%
7	Company G	Nil

In respect of the determining the “forward 1 year P/E ratio” of the comparables companies in the Further Announcement, the Forward P/E ratio for each comparable company is proprietary data from LSEG Workspace (formerly Refinitiv, a data platform operated by Thomson Reuters). According to LSEG Workspace, forward P/E is a valuation ratio of a company’s current share price relative to its estimated earnings per share.

In respect of the list of comparable companies, the Company would like to supplement that the Valuer performed initial search on LSEG Workspace using following criteria:

- (1) Industry classification of “Apparel & Accessories”;
- (2) Industry classification of “Footwear”;
- (3) Business description of the company contains the words “sports” or “outdoor” or “athletic”;

The search results of initial search comprise 147 companies. The Valuer further refined the list of companies by excluding companies with the following criteria:

- (1) such company’s main products are sports accessories or sports shoes only or non-sportswear, such as knitted fabrics, underwear, etc.
- (2) such company’s primary business is manufacturing.

After the above, the list of companies is further reduced to 14 companies. 1 company lacks sufficient information for comparison purposes and was therefore excluded. The Valuer noted that Sale Assets only have annual revenue of about US\$50 million and expected marginal growth, and therefore high Forward P/E Multiples may not be appropriate for a private and small company with expected stable operating performance. 6 comparable companies with Forward P/E Multiples exceeding 15 were further excluded even though they fulfil the selection criteria as stated above.. Hence, only 7 comparable companies were selected.

SUPPLEMENTAL INFORMATION IN RESPECT OF THE ASSET PURCHASE AGREEMENT

Initial Purchase Price

As stated in the First Announcement, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Assets at a purchase price equivalent to the total Earn Out Amounts. Since the total Earn Out Amounts can only be ascertained after the end of the Fourth Earn Out Period (that is, 24 months after the Closing Date), there would be adjustments to the Initial Purchase Price. The Purchaser and the Vendors have agreed to fix the initial purchase price at US\$13 million.

Earn Out Amounts

The Directors are confident that the total Earn Out Amounts will likely exceed US\$13 million based on the following: (i) drawing from experience in previous acquisitions undertaken by the Group in acquiring sale assets which were similar to the present transactions under the Asset Purchase Agreement, the Directors are able to form a view on the estimated revenue, expenses and profits to be generated; (ii) taking into account the historical amount of purchase orders of those Existing Customers (which have elected to place future orders with the Purchaser following Closing), the Directors are able to form a view on the estimated amount of purchase orders to be placed with the Purchaser; and (iii) having considered the Company's own assessment on the future market trend of the Products and the ability to cross-sell additional products to those Existing Customers. It is understood, per agreement, that the total Earn Out Amounts will not exceed US\$14.5 million. Despite the Vendors are not required to refund any shortfall under the Asset Purchase Agreement, the Directors are confident that the total Earn Out Amounts will likely exceed US\$13 million for reasons stated above and also in the First Announcement and therefore bring a favourable return to the shareholders of the Company.

The Directors would like to further supplement that they have also considered the average 1 year forward P/E multiple of the 7 selected companies (being 12.32 as per LSEG Workspace, which is 6.16 on a 24 month period basis) and have also taken into account the overall sentiment in the apparel industry. The much lower P/E multiples of 2 and 2.5 were eventually accepted by the Vendors after numerous rounds of negotiations. As such, the Directors are of the view that the Earn Out Amounts, being 2 to 2.5 times of the NPAT for a 24-month period, are fair and reasonable and in the interests of the Company and shareholders as a whole.

NPAT

The formula on the calculation of NPAT included in annexure I of the First Announcement refers to the calculation of the NPAT of the Sale Assets. The basis of determining (i) the calculation of the Earn Out Amounts is based on the estimated profits arising from the Sale Assets, which is made based on accounting principles, by deducting expenses and any tax payable; and (ii) the multiples to be applied to the NPAT are mutually agreed between the Vendors and the Purchaser.

The transactions giving rise to the subject revenue, expenses and profits for the calculation of the Earn Out Amounts will include the following (i) the revenue, expenses and profits of the AAG (AUS) Purchase Orders and AAG (US) Purchase Orders; (ii) the revenue, expenses and profits to be generated from the future purchase orders for the Products to be placed by the Existing Customers to the Purchaser given that those Existing Customers have elected to transfer their custom to the Purchaser and/or place orders with the Purchaser following Closing; and (iii) any additional revenue, expenses and profits generated by cross-selling additional products to those Existing Customers as set out in the section headed “Reasons for entering into the Asset Purchase Agreement” in the First Announcement. The Vendors will not continue doing business with the customers obtained through the acquisition of the AAG (AUS) Purchase Orders and AAG (US) Purchase Orders.

For each Earn Out Period, if the relevant Earn Out Statement is agreed or deemed to be accepted between the Vendors and the Purchaser, such relevant Earn Out Statement will not be subject to further review. In the event that the Vendors dispute an Earn Out Statement, then the Purchaser and the Vendors must seek in good faith to resolve the disputed matters. If the Purchaser and the Vendors are unable to resolve all of the disputed matters, the outstanding disputed matters will then be referred to an independent accountant for determination.

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

Hong Kong, 16 February 2026

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