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SIMPLICITY HOLDING LIMITED

倩碧控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8367)

SUPPLEMENTAL ANNOUNCEMENT ON GUARANTEED PROFITS AND 2022 ANNUAL REPORT

Reference is made to the announcements of Simplicity Holding Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) dated 4 August 2021, 6 August 2021, 17 August 2021 and 30 August 2021 in relation to the acquisition of Lucky State Investment Holdings Limited and its subsidiaries (the “**Lucky State Group**”) (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

In respect of the Guarantee Profits under the Agreement, as disclosed in the Company’s annual report for the year ended 31 March 2022, the actual profit of Lucky State Group has not been met for the First Relevant Period. The Company has considered that the Vendor has not fulfilled its obligation under the Guarantee Profits for the First Relevant Period as the actual profit before tax for the First Relevant Period was nil. Therefore, the Company is entitled to a compensation of HK\$14,250,000 (equivalent to 2.5 times the shortfall of HK\$5,700,000) (the “**Compensation**”) which is to be set off against the outstanding principal amount of the Promissory Note. The Board considered that the compensation and setoff is in accordance with the terms and conditions of the Agreement and is fair and reasonable and in the interest of the Company and its shareholders as a whole. Immediately after the annual report of the Company was published and the actual profit before tax for the First Relevant Period was determined and confirmed with the Vendor on 22 August 2022, the Company has taken actions to exercise its right to the Compensation. As at the date hereof, the Company has exercised its right to the Compensation and set off the same against the outstanding principal amount of the Promissory Note.

Reference is also made to the annual report of the Company for the year ended 31 March 2022 (“**2022 Annual Report**”). In note 30 to the financial statement on page 110 of the 2022 Annual Report, information relation to acquisition of Lucky State Group was disclosed. The Board would like to provide the above information relating to the Guarantee Profits in addition to those set out in the 2022 Annual Report.

By Order of the Board
Simplicity Holding Limited
Wong Suet Hing
Chairlady and Executive Director

Hong Kong, 25 August 2022

As at the date of this announcement, the executive Directors of the Company are Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony and Mr. Choi Pun Lap; and the independent non-executive Directors of the Company are Mr. Yeung Man Sun, Mr. Wong Hoyen Pegasus, Mr. Chan Wai Pun and Mr. Lo Cheuk Fei Jeffrey.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the date of its publication and posting and will be published and remains on the website of the Company at <http://www.simplicityholding.com>.

* *For identification purpose only*