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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)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF SUBSIDIARY**

DISPOSAL

The Board is pleased to announce that on 11 December 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into a Provisional Agreement for Sale and Purchase of the entire issued share capital of the Target Company with the Purchaser pursuant to which the Vendor intends to sell and the Purchaser intends to acquire the Sale Shares at the Consideration of HK\$21,500,000.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

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The Provisional Agreement for Sale and Purchase

Date: 11 December 2020

Vendor: Foodies Group Limited, a wholly-owned subsidiary of the Company

Purchaser: Li Kwok Wai

* For identification purpose only

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser is an independent third party not connected with the Company or its connected persons.

Asset to be disposed of

The Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares.

Consideration

The Consideration for the Disposal is HK\$21,500,000, which shall be settled in cash by the Purchaser in the following manners:

- (i) The Purchaser shall pay an initial deposit of HK\$500,000 within 7 days from the day of signing of the Provisional Agreement for Sale and Purchase; and
- (ii) The Purchaser shall pay the balance of the Consideration in the amount of HK\$21,000,000 on completion, which shall take place at the office of the Vendor's Solicitors on or before 11 June 2021 at or before 3:00 p.m.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account (i) the unaudited consolidated net asset value of the Target Group of approximately HK\$13,607,000 as at 30 November 2020; and (ii) the loss-making financial position of the Target Group.

Condition precedent

Completion is conditional upon the following:

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Company and being satisfied with the results thereof;
- (b) the Vendor, shall at the Vendor's own cost, procure the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong); and
- (c) all the representations, undertakings and warranties given by the Vendor under the Provisional Agreement for Sale and Purchase and the formal agreement to be entered are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

Completion

Completion shall take place at the office of the Vendor's Solicitors on or before 11 June 2021 at or before 3:00 p.m.

Information of the Target Group

The Target Company is a company incorporated under the laws of British Virgin Islands and is principally engaged in investment holding. As at the date of this announcement, the Target Company is directly wholly owned by the Vendor.

The subsidiaries of the Target Company includes C M of (Hong Kong) LCC Limited and Wealthy Development (Hong Kong) Limited. C M of (Hong Kong) LCC Limited is incorporated under the laws of Hong Kong and is principally engaged in investment holding. Wealthy Development (HK) Limited is incorporated under the laws of Hong Kong and is principally engaged in property investment in Hong Kong.

The unaudited consolidated financial results of the Target Group for the two financial years ended 31 March 2019 and 2020 are summarised below:

	For the year ended 31 March 2019 <i>HK\$'000</i>	For the year ended 31 March 2020 <i>HK\$'000</i>
Loss before tax	972,317	1,052,529
Loss after tax	972,317	1,066,934

The unaudited consolidated net asset value of the Target Group as at 30 November 2020 was approximately HK\$13,607,000.

Reasons for and benefits of the Disposal

The Company believes that the Disposal is one of the Company's restructuring strategies. Through the Disposal, the Company will be able to reallocate more financial resources to its core business and for future development.

The Board considers that the terms of the Provisional Agreement for Sale and Purchase are on normal commercial terms and the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial Implication

Upon Completion, the Company is expected to recognise a gain on disposal of approximately HK\$7,893,000 with reference to the Consideration and the consolidated net asset value of the Target Group attributable to the Company as at 30 November 2020.

Upon Completion, the Target Group will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the Company's forthcoming consolidated financial statements.

Use of Proceeds from the Disposal

The net proceeds from the Disposal (after deducting transaction costs, tax and professional expenses) will be approximately HK20,915,000.

The Company intends to use the net proceeds from the Disposal to strengthen the general working capital of the Company.

Listing Rules Implication

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Definitions

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	the board of Directors
“Company”	Simplicity Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM (stock code: 8367)
“Completion”	completion of the Disposal
“connected persons”	has the meaning as ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of the Disposal of HK\$21,500,000
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the Provisional Agreement for Sale and Purchase
“GEM”	GEM operated by the Stock Exchange
“GEM listing rule”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or their respective associates
“Property”	Unit 13, 8/F, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
“Provisional Agreement for Sale and Purchase”	the provisional agreement for sale and purchase dated 11th December 2020 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Li Kwok Wai
“Sale Shares”	10,000 shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date hereof
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Access Gear Investment Limited, a company incorporated under the laws of British Virgin Islands
“Target Group”	the Target Company, C M of (Hong Kong) LCC Limited and Wealthy Development (Hong Kong) Limited
“Vendor”	Foodies Group Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Simplicity Holding Limited
Wong Suet Hing
Chairman and Executive Director

Hong Kong, 11 December 2020

As at the date of this announcement, the Board comprises Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony, Mr. Ma Sui Hong and Mr. Wong Chi Chiu Henry as executive Directors; and Ms. Ng Yau Kuen Carmen, Mrs. Cheung Lau Lai Yin Becky and Mr. Yu Ronald Patrick Lup Man as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.simplicityholding.com.