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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)

- 1) DISCLOSEABLE TRANSACTION IN RELATION TO
AMOY PLAZA TENANCY OFFER LETTER;**
- 2) DISCLOSEABLE TRANSACTION IN RELATION TO
METRO TOWN TENANCY RENEWAL OFFER LETTER;**
- AND**
- 3) DISCLOSEABLE TRANSACTION IN RELATION TO
TUEN MUN TENANCY RENEWAL OFFER LETTER**

1) DISCLOSEABLE TRANSACTION IN RELATION TO AMOY PLAZA TENANCY OFFER LETTER

On 8 May 2019, Access Smart Corporation Limited (a subsidiary of the Company) as tenant and Hang Lung Real Estate Agency Limited as the landlord entered into the Amoy Plaza Tenancy Offer Letter in respect of the Amoy Plaza Restaurant Premises for a term of 5 years from 4 September 2019 to 3 September 2024 (both days inclusive).

2) DISCLOSEABLE TRANSACTION IN RELATION TO METRO TOWN TENANCY RENEWAL OFFER LETTER

On 27 June 2019, Sweetie Deli Garden Limited (a subsidiary of the Company) as tenant and Goodwell-Fortune Property Services Limited as the agent of the landlord entered into the Metro Town Tenancy Renewal Offer Letter for renewal of tenancy in respect of the Metro Town Restaurant Premises for a term of 3 years from 15 July 2019 to 14 July 2022 (both days inclusive).

3) DISCLOSEABLE TRANSACTION IN RELATION TO TUEN MUN TENANCY RENEWAL OFFER LETTER

On 1 September 2019, Wealth Step Enterprise Limited (a subsidiary of the Company) as tenant and Bloom View Investment Limited as the landlord entered into the Tuen Mun Tenancy Renewal Offer Letter in respect of the Tuen Mun Restaurant Premises for a term of 3 years from 1 September 2019 to 31 August 2022 (both days inclusive).

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Agreements with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transactions under the Agreements are regarded as acquisitions of assets by the tenants (i.e. lessees) for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Amoy Plaza Restaurant Premises under the Amoy Plaza Tenancy Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders’ approval requirement.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Metro Town Restaurant Premises under the Metro Town Tenancy Renewal Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders’ approval requirement.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Tuen Mun Restaurant Premises under the Tuen Mun Tenancy Renewal Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders’ approval requirement.

1) DISCLOSEABLE TRANSACTION IN RELATION TO AMOY PLAZA TENANCY OFFER LETTER

On 8 May 2019, Access Smart Corporation Limited (a subsidiary of the Company) as tenant and Hang Lung Real Estate Agency Limited as the landlord entered into the Amoy Plaza Tenancy Offer Letter in respect of the Amoy Plaza Restaurant Premises for a term of 5 years from 4 September 2019 to 3 September 2024 (both days inclusive).

Key Terms of the Amoy Plaza Tenancy Offer Letter

Date : 8 May 2019

Parties : (i) Hang Lung Real Estate Agency Limited as the landlord; and
(ii) Access Smart Corporation Limited (a subsidiary of the Company) as tenant.

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

Premises	:	Shop Nos. G234-237, G/F of Amoy Plaza of Amoy Gardens, Phase II, No. 77 Ngau Tau Kok Road, Kowloon, Hong Kong
Term	:	5 years from 4 September 2019 to 3 September 2024 (both days inclusive)
Total aggregate value of consideration payable	:	HK\$10,140,000 in aggregate for the term of 5 years, subject to additional turnover rent which may be imposed pursuant to the terms and conditions of the Amoy Plaza Tenancy Offer Letter (exclusive of rates, management fees and air-conditioning charges and other outgoings)

The value (unaudited) of the right-of-use asset recognised by the Company under the Amoy Plaza Tenancy Offer Letter amounted to approximately HK\$9,283,331, which is the present value of total consideration payable at the inception of the lease term under the tenancy offer letter in accordance with HKFRS 16. Discount rate of 3.19% is applied to compute the present value of total consideration payable under the Amoy Plaza Tenancy Offer Letter.

2) DISCLOSEABLE TRANSACTION IN RELATION TO METRO TOWN TENANCY RENEWAL OFFER LETTER

On 27 June 2019, Sweetie Deli Garden Limited (a subsidiary of the Company) as tenant and Goodwell-Fortune Property Services Limited as the agent of the landlord entered into the Metro Town Tenancy Renewal Offer Letter for renewal of tenancy in respect of the Metro Town Restaurant Premises for a term of 3 years from 15 July 2019 to 14 July 2022 (both days inclusive).

Key Terms of the Metro Town Tenancy Renewal Offer Letter

Date	:	27 June 2019
Parties	:	(i) Mega Gain Resources Limited as the landlord; (ii) Goodwell-Fortune Property Services Limited as the agent of the landlord; and (iii) Sweetie Deli Garden Limited (a subsidiary of the Company) as tenant.

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

Premises	:	Shop Nos. L2-027 & R03 on Level 2, Metro Town, 8 King Ling Road, Tseung Kwan O, New Territories, Hong Kong
Term	:	3 years from 15 July 2019 to 14 July 2022 (both days inclusive)
Total aggregate value of consideration payable	:	HK\$13,831,200 in aggregate for the term of 3 years, subject to additional turnover rent which may be imposed pursuant to the terms and conditions of the Metro Town Tenancy Renewal Offer Letter (exclusive of rates, management fees and air-conditioning charges and other outgoings)

The value (unaudited) of the right-of-use asset recognised by the Company under the Metro Town Tenancy Renewal Offer Letter amounted to approximately HK\$13,144,621, which is the present value of total consideration payable at the inception of the lease term under the tenancy renewal offer letter in accordance with HKFRS 16. Discount rate of 3.74% is applied to compute the present value of total consideration payable under the Metro Town Tenancy Renewal Offer Letter.

3) DISCLOSEABLE TRANSACTION IN RELATION TO TUEN MUN TENANCY RENEWAL OFFER LETTER

On 1 September 2019, Wealth Step Enterprise Limited (a subsidiary of the Company) as tenant and Bloom View Investment Limited as the landlord entered into the Tuen Mun Tenancy Renewal Offer Letter in respect of the Tuen Mun Restaurant Premises for a term of 3 years from 1 September 2019 to 31 August 2022 (both days inclusive).

Key Terms of the Tuen Mun Tenancy Renewal Offer Letter

Date	:	1 September 2019
Parties	:	(i) Bloom View Investment Limited as the landlord; and (ii) Wealth Step Enterprise Limited (a subsidiary of the Company) as tenant.

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

Premises	:	Shop A1 + A2 on G/F Tuen King Building, No. 8 Tsing Hoi Circuit, Tuen Mun, New Territories, Hong Kong
Term	:	3 years from 1 September 2019 to 31 August 2022 (both days inclusive)
Total aggregate value of consideration payable	:	HK\$3,240,000 in aggregate for the term of 3 years (inclusive of rate and management fees, but exclusive of air-conditioning charges and other outgoings)

The value (unaudited) of the right-of-use asset recognised by the Company under the Tuen Mun Tenancy Renewal Offer Letter amounted to approximately HK\$3,176,610, which is the present value of total consideration payable at the inception of the lease term under the tenancy renewal offer letter in accordance with HKFRS 16. Discount rate of 3.66% is applied to compute the present value of total consideration payable under the Tuen Mun Tenancy Renewal Offer Letter.

INFORMATION OF THE GROUP

The Group is principally engaged in restaurant operations in Hong Kong. The Group currently operates eleven casual dining full service restaurants in Hong Kong under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they are all situated across Hong Kong, Kowloon and the New Territories. In addition to the above restaurants, our group also owns and operates a central kitchen which supplies raw materials and consumables to our restaurants.

REASONS AND BENEFITS FOR THE AGREEMENTS

The Directors believe that the Premises are strategically located which presents continuous business opportunities. The terms of the Agreements were arrived at after arm’s length negotiation and the rentals were determined with reference to the prevailing market rental of similar comparable properties in the nearby areas. The Directors considered that the terms of the Agreements were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Agreements with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transactions under the Agreements are regarded as acquisitions of asset by the tenants (i.e. lessees) for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Amoy Plaza Restaurant Premises under the Amoy Plaza Tenancy Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders' approval requirement.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Metro Town Restaurant Premises under the Metro Town Tenancy Renewal Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders' approval requirement.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the Tuen Mun Restaurant Premises under the Tuen Mun Tenancy Renewal Offer Letter exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from shareholders' approval requirement.

The Company acknowledges that the notification and announcement in respect of the Transactions as required under Chapter 19 of the GEM Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to misunderstanding of the application of the HKFRS 16 which became effective since 1 April 2019 and the corresponding implications under the GEM Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges its inadvertent non-compliance with the GEM Listing Rules in relation to the adoption of HKFRS 16. To prevent similar non-compliance in relation to the adoption of HKFRS 16 from occurring in the future, the Company has taken the following measures and actions: (i) the Company's responsible management with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company's on-going compliance with the GEM Listing Rules in relation to the Group's lease arrangements; (ii) the Company should conduct an internal training session to explain the implications of the GEM Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transactions under the GEM Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek its external legal, accounting or other professional advice as to any action required to be taken in relation to any proposed lease transactions or events in the future. Going forward, the Company will make disclosure in a timely manner to ensure compliance with the GEM Listing Rules in this regard.

DEFINITION

“Agreements”	Amoy Plaza Tenancy Offer Letter, Metro Town Tenancy Renewal Offer Letter and Tuen Mun Tenancy Renewal Offer Letter
“Amoy Plaza Restaurant Premises”	the premises situated at Shop Nos. G234-237, G/F of Amoy Plaza of Amoy Gardens, Phase II, No. 77 Ngau Tau Kok Road, Kowloon, Hong Kong, for the Group’s operation of a Malaysian cuisine restaurant
“Amoy Plaza Tenancy Offer Letter”	the tenancy offer letter dated 8 May 2019 entered into between Access Smart Corporation Limited (a subsidiary of the Company) as tenant and Hang Lung Real Estate Agency Limited as the landlord
“Board”	the board of Directors
“Company”	Simplicity Holding Limited, a company established in the Cayman Islands with limited liability
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“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)”	a party independent of and not connected with the Company and its connected persons
“Metro Town Restaurant Premises”	the premises situated at Shop Nos. L2-027 & R03 on Level 2, Metro Town, 8 King Ling Road, Tseung Kwan O, New Territories, Hong Kong, for the Group’s operation of a Chinese cuisine restaurant and a Thai cuisine restaurant

“Metro Town Tenancy Renewal Offer Letter”	the tenancy renewal offer letter dated 27 June 2019 entered into between Sweetie Deli Garden Limited (a subsidiary of the Company) as tenant and Goodwell-Fortune Property Services Limited as the agent of the landlord
“Premises”	Amoy Plaza Restaurant Premises, Metro Town Restaurant Premises and Tuen Mun Restaurant Premises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Agreements
“Tuen Mun Restaurant Premises”	the premises situated at Shop A1 + A2 on G/F Tuen King Building, No. 8 Tsing Hoi Circuit, Tuen Mun, New Territories, Hong Kong, for the Group’s operation of a Chinese restaurant
“Tuen Mun Tenancy Renewal Offer Letter”	the tenancy renewal offer letter dated 1 September 2019 entered into between Wealth Step Enterprise Limited (a subsidiary of the Company) as tenant and Bloom View Investment Limited as the landlord
“%”	per cent

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

Hong Kong, 10 September 2019

As at the date of this announcement, the executive Directors of the Company are Ms. Wong Suet Hing (Chairman), Ms. Wong Sau Ting Peony (Chief Executive Officer), Mr. Wong Muk Fai Woody, Mr. Ma Sui Hong and Mr. Wong Chi Chiu Henry; and the independent non-executive Directors of the Company are Ms. Ng Yau Kuen Carmen, Mrs. Cheung Lau Lai Yin Becky and Mr. Yu Ronald Patrick Lup Man.

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 Company Announcements” 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