

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SIMPLICITY HOLDING LIMITED

倩碧控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8367)

SUPPLEMENTAL AGREEMENT IN RELATION TO DISCLOSEABLE TRANSACTION

Reference is made to the announcements of Simplicity Holding Limited (the “**Company**”) dated 4 and 6 August 2021 (the “**Announcements**”) in relation to the discloseable transaction of the Company relating to the acquisition of the entire issued share capital of the Target Company involving the issue of Promissory Note. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 17 August 2021 (after trading hours), the Purchaser and the Vendor entered into a supplemental agreement to amend certain terms of the Agreement.

Set out below are the principal amendments to the Agreement:

Conditions Precedent

The condition precedent to which Completion shall be conditional upon and subject to, namely, the valuation of the Target Group of the valuation report to be obtained by the Purchaser and issued by a qualified valuer appointed by the Purchaser, shall be revised from HK\$68,000,000 to HK\$63,000,000.

Consideration

The Consideration shall be revised from HK\$60,000,000 to HK\$58,000,000.

The revised Consideration of HK\$58,000,000 represents a discount of approximately 7.9% to the Valuation of the Target Group at HK\$63,000,000.

Promissory Note

The principal amount of the Promissory Note shall be amended from HK\$60,000,000 to HK\$58,000,000.

Save as disclosed above, there is no other material change to the terms of the Agreement and all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

CONFIRMATION

As the Valuation is based on the discounted cash method, the Valuation constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules and accordingly, the requirements under Rules 19.60A of the GEM Listing Rules are applicable.

Elite Partners CPA Limited, as reporting accountant of the Company in this transaction, has reviewed the calculations and compilations of the discounted future cash flows for the valuation made by the valuer.

Vinco Capital Limited, the financial adviser in connection with the profit forecast in respect of the Valuation, has confirmed that the profit forecast has been made after due and careful enquiry.

Letters from Elite Partners CPA Limited and Vinco Capital Limited are set out in appendices I and II respectively to this announcement in accordance with Rule 19.60A of the GEM Listing Rules.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants
Vinco Capital Limited	A licenced corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
B.I. Appraisals Limited	Professional valuer

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, neither Elite Partners CPA Limited, Vinco Capital Limited nor B.I. Appraisals Limited has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. As such, Elite Partners CPA Limited, Vinco Capital Limited and B.I. Appraisals Limited are Independent Third Parties.

Each of Elite Partners CPA Limited, Vinco Capital Limited and B.I. Appraisals Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and/or all reference to its name in the form and context in which it appears.

As the Completion is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.

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

Hong Kong, 17 August 2021

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. Wong Chi Chiu Henry; and the independent non-executive Directors of the Company are Mr. Yu Ronald Patrick Lup Man, Mrs. Cheung Lau Lai Yin Becky 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 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*

APPENDIX I – LETTER FROM ELITE PARTNERS CPA LIMITED RELATING TO THE PROFIT FORECAST

17 August 2021

The Directors
Simplicity Holding Limited
Unit 13, 8/F Vanta Industrial Centre
21-33 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

Dear Sirs,

Simplicity Holding Limited (the “Company”) and its subsidiaries (collectively referred to herein as the “Group”) Comfort letter on profit forecast

We have been engaged to report on the arithmetical calculations of the discounted future cash flows used in the valuation report dated 17 August 2021 prepared by B.I. Appraisal Limited in respect of the entire issued share capital of the Lucky State Investment Holdings Limited (the “**Target Company**”) and its subsidiaries (the “**Target Group**”) as at 3 August 2021 (the “**Valuation**”).

The Valuation is based upon discounted future cash flows and are regarded by the directors of the Company (the “**Directors**”) as a profit forecast under paragraph 61 of Chapter 19 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

Directors’ Responsibility for the Discounted Future Cash Flows

The Directors are solely responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to report, as required by paragraph 62(2) of Chapter 19 of the GEM Listing Rules, on the arithmetical calculations of the discounted future cash flows used in the Valuation.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We have re-performed the arithmetical calculations and compared the compilation of the discounted future cash flows with the bases and assumptions.

We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Group or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows do not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 62(2) of Chapter 19 of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the Directors as set out in the Valuation.

Other Matters

Without qualifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows do not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 62(2) of Chapter 19 of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,

Elite Partners CPA Limited

Certified Public Accountants

Hong Kong

APPENDIX II – LETTER FROM VINCO CAPITAL LIMITED RELATING TO THE PROFIT FORECAST

17 August 2021

Simplicity Holding Limited

Unit 13, 8th Floor, Vanta Industrial Centre
21-33 Tai Lin Pai Road,
Kwai Chung, New Territories
Hong Kong

For the Attention of the Directors

Dear Sirs/Madams,

Discloseable transaction – valuation of the entire equity interest of Lucky State Investment Holdings Limited (the “Target Company”) and its subsidiary (collectively, the “Target Group”) in relation to the acquisition of 100% equity interest in the Target Company

Reference is made to the announcements of the Company dated 4, 6 and 17 August 2021 (the “**Announcements**”) in respect of the acquisition of Lucky State Investment Holdings Limited. Unless defined otherwise, capitalized term used in this letter shall have the same meaning as ascribed to them in the Announcements.

We refer to the projection of the future cash flows of the Target Group, which are prepared preliminary on a discounted cash flow basis provided by the management of the Company and its subsidiaries (the “**Group**”), underlying the valuation prepared by B.I. Appraisals Limited (the “**Valuer**”) in relation to the valuation of the business of the Target Group as at 3 August 2021 (the “**Valuation**”). The Valuation is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules.

The Valuation, for which the directors of the Company (the “**Directors**”) are solely responsible, has been prepared based on, among other things, the projection of the future cash flows of the Target Group provided by the management of the Group (the “**Profit Forecast**”).

We have reviewed the Profit Forecast upon which the Valuation has been made and discussed with you on the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 17 August 2021 addressed to you from Elite Partners CPA Limited regarding its opinion on the discounted future estimated cash flows of the Valuation is based which, so far as the calculations and compilations are concerned, have been properly compiled in accordance with the bases and assumptions determined by the Directors in the Valuation.

On the basis of the foregoing and on the bases and assumptions made by you and the calculations adopted by you and reviewed by Elite Partners CPA Limited, we have formed the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

However, we express no opinion on whether the actual cash flows would eventually be achieved in correspondence with the Profit Forecast. We have not independently verified the computations leading to the Valuer's determination of the fair value and market value of the Target Group. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Target Group. Accordingly, save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value and market value of the Target Group as determined by the Valuer and set out in the valuation report issued by the Valuer or otherwise.

We further confirm that the assessment, review and discussion carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that it has, in arriving at its views, relied on information and materials supplied to it by the Valuer, the Group and the Target Group and opinions expressed by, and representations of, the employees and/or management of the Valuer, the Group and the Target Group. We have assumed that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcements, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcements and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review. Further, while the qualifications, bases and assumptions adopted by the Valuer are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Valuer.

Nothing in this letter should be construed as an opinion or view as to the fair value, market value or any other value of the Target Group or as an opinion or recommendation to any person as to whether they should acquire Shares. Shareholders are recommended to read the Announcements with care.

Our work in connection with the Profit Forecast has been undertaken solely for the strict compliance with Rule 19.61 of the GEM Listing Rules and for no other purposes. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

Yours faithfully,
Vinco Capital Limited
Alister Chung
Managing Director