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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 9 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, on a best efforts basis, to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.038 per Placing Share.

The maximum of 160,000,000 Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.038 per Placing Share represents (i) a discount of 2.56% to the closing price of HK\$0.039 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of 18.45% to the average of the closing prices per Share of HK\$0.0466 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$6,080,000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$5,882,600. The Company intends to use such net proceeds for the general working capital of the Group and improve the financial position of the Group which then can help establishing and strengthening the existing and future business of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the condition set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 9 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, on a best efforts basis, to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.038 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 9 September 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as the issuer; and
(ii) Pacific Foundation Securities Limited, as the placing agent.

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

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

The maximum of 160,000,000 Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 160,000,000 Placing Shares is HK\$1,600,000.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.038 per Placing Share represents (i) a discount of 2.56% to the closing price of HK\$0.039 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of 18.45% to the average of the closing prices per Share of HK\$0.0466 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition of the Placing

The Placing is conditional upon the Listing committee of the Stock Exchange granting listing of, and permission to deal in, the Placing Shares. If the above condition is not fulfilled by 23 September 2020 (or such later date as may be agreed by the parties in writing thereto), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and determine and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion of the Placing shall take place on a date falling within five Business Days after the day on which the condition set out in the Placing Agreement has been fulfilled (or such later date as may be agreed between the parties thereto).

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 160,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to 100.00% upon the allotment and issue of all the Placing Shares.

Termination

The Placing Agent shall be entitled by notice to the Company given prior to 8:00 a.m. on the day immediately preceding the date of Completion to terminate the Placing Agreement if:

- (i) any of the undertakings, warranties or representations contained herein becomes untrue or incorrect in any material respect; or
- (ii) if in the absolute opinion of the Placing Agent would be materially and adversely affected by: -
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (b) the occurrence of any local, national or international event or change, whether or not forming part of series of events or changes occurring or continuing before, and/or after the date hereof of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) there is any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) any suspension in the trading of the Company's shares on the Stock Exchange for more than five consecutive trading days; or
- (iii) any change in market conditions (including without limitation suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations in Hong Kong.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$6,080,000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$5,882,600, representing a net issue price of approximately HK\$0.0368 per Placing Share. The Company intends to use such net proceeds for the general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn establish and strengthen the existing and future business of the Group, enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after Completion) are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Marvel Jumbo Limited (<i>Note 1</i>)	540,000,000	67.50%	540,000,000	56.25%
Charm Dragon Investments Limited (<i>Note 2</i>)	60,000,000	7.50%	60,000,000	6.25%
The Placees	–	–	160,000,000	16.67%
Other public Shareholders	200,000,000	25.00%	200,000,000	20.83%
Total	800,000,000	100.00%	960,000,000	100.00%

Notes:

- (1) Marvel Jumbo Limited is owned as to (i) 31.0% by Ms. Wong Suet Hing; (ii) 31.0% by Ms. Chow Lai Fan; (iii) 18.7% by Ms. Wong Sau Ting Peony; (iv) 15.0% by Ms. Wong Suet Ching; and (v) 4.3% by Mr. Ma Sui Hong. Ms. Wong Suet Hing and Ms. Wong Sau Ting Peony being our executive Directors, are also directors of Marvel Jumbo Limited.
- (2) Charm Dragon Investments Limited is 100% owned by Mr. Cheung Wai Yin Wilson, as such, he is deemed under the SFO to be interested in all the shares in which Charm Dragon Investments Limited is interested. By virtue of being the spouse of Mr. Cheung Wai Yin Wilson, Ms. Lam Ka Wai is deemed to be interested in all the shares in which Mr. Cheung Wai Yin Wilson is interested pursuant to the SFO.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the condition set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associates”	has the meaning ascribed thereunder the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“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 placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“connected persons”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“Listing committee”	the listing sub-committee of the board of directors of the Stock Exchange

“GEM listing rule”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 September 2019, pursuant to which a maximum of 160,000,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“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
“Last Trading Day”	9 September 2020, being the last trading day for the Shares prior to the issue of this announcement
“Placing”	the placing, on a best efforts basis, of up to 160,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placees”	any person or entity by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Pacific Foundation Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 9 (asset management) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 9 September 2020 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.038 per Placing Share
“Placing Shares”	up to 160,000,000 new Shares to be placed under the Placing
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Specified Event”	means an event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 September 2020

As at the date of this announcement, the Board comprises Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony, Mr. Wong Muk Fai Woody, 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.