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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 TENANCY AGREEMENT FOR RESTAURANT PREMISES

THE TENANCY AGREEMENT

On 4 September 2024, Access Smart, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement as tenant with Hang Lung as an agent for and on behalf of the Landlord in respect of the lease of the Premises for a term of three years commencing on 4 September 2024 and expiring on 3 September 2027 (both days inclusive) for the operation of the Groups casual Thai restaurant under the trade name of “555 Thai Fusion”.

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$4.4 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

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

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Set out below is a summary of the principal terms of the Tenancy Agreement:

Date: 4 September 2024

Parties: (1) Access Smart (as tenant); and
(2) Hang Lung as an agent for and on behalf of the Landlord (as landlord).

To the best of the Directors knowledge, information and belief having made all reasonable enquiries, Hang Lung and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Premises: Shop Nos. G234-237, Ground Floor, Amoy Plaza, Amoy Gardens Phase II, No. 77 Ngau Tau Kok Road, Kowloon, Hong Kong.

Gross Area: 1,300 square feet

Use: For operating a restaurant in Thai style under the trade name of “555 Thai Fusion”.

Term: Three years fixed term commencing on 4 September 2024 and expiring on 3 September 2027 (both days inclusive).

Rent: Rent for the Term is as below:

Basic Rent throughout the Term is (i) the amount of HK\$132,300 per month for the period from 4 September 2024 to 3 September 2025 (the “**Basic Rent One**”), (ii) the amount of HK\$135,000 per month for the period from 4 September 2025 to 3 September 2026 (the “**Basic Rent Two**”) and (iii) the amount of HK\$137,700 per month for the period from 4 September 2026 to 3 September 2027 (the “**Basic Rent Three**”).

The Turnover Rent, (i) for the period from 4 September 2024 to 3 September 2025, which shall be the amount by which ten percent (10%) of the Gross Receipts of that month exceeds the Basic Rent One, (ii) for the period from 4 September 2025 to 3 September 2026, which shall be the amount by which ten percent (10%) of the Gross Receipts of that month exceeds the Basic Rent Two and (iii) for the period from 4 September 2026 to 3 September 2027, which shall be the amount by which ten percent (10%) of the Gross Receipts of that month exceeds the Basic Rent Three. If the amount of 10% of the Gross Receipts in any month does not exceed the monthly of the Basic Rent One, Basic Rent Two and Basic Rent Three for that calendar month, no Turnover Rent shall be payable for that month.

Access Smart is also responsible for payment of management fees, air-conditioning charges, utility and other charges and Government rates.

Total consideration under the Tenancy Agreement:

The total consideration payable under the Tenancy Agreement for the Term including the Basic Rent One, the Basic Rent Two and the Basic Rent Three (i.e. excluding the Turnover Rent, Government rates, management fees, air-conditioning charges and utility and other charges) by Access Smart is estimated to be approximately HK\$4.4 million.

The consideration payable under the Tenancy Agreement is expected to be funded by the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group is engaged in restaurant operations in Hong Kong.

The Directors believe that the Premises represent a prime location for food and beverages business.

The terms of the Tenancy Agreement, including the Basic Rent and Turnover Rent, were determined after arms length negotiation between Access Smart and Hang Lung after taking into account the prevailing market rent, lease terms of similar premises in the proximity of the Premises. The Directors are of the view that the entry of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and Access Smart

The Group is engaged in restaurant operations in Hong Kong.

Access Smart is an indirect wholly-owned subsidiary of the Company and is engaged in the operations of casual Thai restaurant under the trade name of 555 Thai Fusion.

Hang Lung

Hang Lung is a company established in Hong Kong and principally engaged in property agency services.

To the best of the Directors knowledge, information and belief having made all reasonable enquiries, Hang Lung and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

IMPLICATIONS OF THE GEM LISTING RULES

Pursuant to HKFRS 16, the entering into the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$4.4 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

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

DEFINITIONS

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

“Board”	the board of Directors;
“Access Smart”	Access Smart Corporation Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Company”	Simplicity Holding Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM (stock code: 8367);
“Director(s)”	the director(s) of the Company;
“GEM”	GEM of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“Hang Lung”	Hang Lung Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability;
“Government”	the government of Hong Kong;

“Gross Receipts”	the aggregate of all sums of money or other consideration billed or from all sources in the course of Access Smart’s business billed or received or receivable for all goods, foods, beverages, drinks sold, leased, hired or otherwise disposed of and for all services sold or performed and from all business of any nature whatsoever conducted at, in, from or upon the Premises by Access Smart;
“Group”	collectively, the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 Leases which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;’
“Independent Third Party(ies)”	a third party or third parties independent of an not connected with the Company and its subsidiaries and their respective connected persons (as defined in the GEM Listing Rules);
“Premises”	Shop Nos. G234-237, Ground Floor, Amoy Plaza, Amoy Gardens Phase II, No. 77 Ngau Tau Kok Road, Kowloon, Hong Kong.
“Tenancy Agreement”	the tenancy agreement dated 4 September 2024 and entered into between Access Smart as tenant and Hang Lung as an agent for and on behalf of the landlord in respect of the Premises;
“Term”	the term of three years commencing on 4 September 2024 and expiring on 3 September 2027 (both days inclusive); and
“ %”	per cent.

By order of the Board
Simplicity Holding Limited
Choi Pun Lap
Executive Director and Company Secretary

Hong Kong, 4 September 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Choi Pun Lap, Mr. Leung Wai Tai; and the independent non-executive Directors of the Company are Mr. Lo Cheuk Fei Jeffrey and Mr. Cheung Hiu Fung.

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 Stock Exchange's website at <http://www.hkexnews.hk> 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*