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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)

PROPOSED CAPITAL REORGANIZATION

The Board proposed to implement the Capital Reorganization involving (i) the consolidation of the Shares on the basis that every 20 issued Shares of par value HK\$0.01 each will be consolidated into one issued Consolidated Share of par value HK\$0.20 each; (ii) the capital reduction by rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the total number of Consolidated Shares in the issued share capital of the Company immediately following the share consolidation and the reduction of the par value of each issued Consolidated Share from HK\$0.20 to HK\$0.0001 and (iii) the sub-division of each authorized but unissued Share into 100 New Shares of par value HK\$0.0001 each.

The Capital Reorganization is conditional upon fulfillment of the respective conditions in respect of the Share Consolidation, the Capital Reduction and Sub-division as described in the section headed “Conditions for Capital Reorganization” in this announcement.

A circular containing further information on the Capital Reorganization and the notice to convene the EGM will be dispatched to Shareholders on or before 18 December 2024.

CAPITAL REORGANIZATION

The Board proposed to reorganize the share capital of the Company in the following manner:

1. the Shares will be consolidated on the basis that every 20 issued Shares of par value HK\$0.01 each will be consolidated into one issued Consolidated Share of par value HK\$0.20 each;

2. subject to and after the Share Consolidation becomes effective, to conduct a capital reduction by (i) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation and reducing the par value of each issued Consolidated Share of HK\$0.20 to HK\$0.0001 by cancelling the paid-up share capital to the extent of HK\$0.1999 on each issued Consolidated Share; and
3. upon the Capital Reduction becoming effective, each authorized but unissued Share will be sub-divided into 100 New Shares of par value HK\$0.0001 each.

Effects of the Capital Reorganization

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of par value HK\$0.01 each, of which 1,150,839,695 Shares are in issue and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased after the date of this announcement, after the Share Consolidation becoming effective but before the Capital Reduction and Sub-division becoming effective, the authorized share capital of the Company will be HK\$20,000,000 divided into 100,000,000 Consolidated Shares of par value HK\$0.20 each, of which 57,541,984 Consolidated Shares will have been issued and fully paid or credited as fully paid.

After the Capital Reduction and Sub-division becoming effective, the authorized share capital of the Company will be HK\$20,000,000 divided into 200,000,000,000 New Shares of par value HK\$0.0001 each, of which 57,541,984 New Shares will have been issued and fully paid or credited as fully paid.

Assuming no further Shares will be issued or repurchased after the date of this announcement, a credit of approximately HK\$11.50 million will arise as a result of the Capital Reduction. Such credit will be transferred to a distributable reserve account of the Company. The account will be applied by the Directors for such purposes permitted under the applicable laws.

The Consolidated Shares and New Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum and articles of association. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Capital Reorganization, the implementation thereof will not alter the underlying assets, business operations or management of the Company or the interests or rights of the Shareholders. The Board believes that the Capital Reorganization will not have any material adverse effect on the financial position of the Company.

Based on the board lot size of 10,000 which the Shares are currently trading and the closing price of the Shares of HK\$0.021 as at the date of this announcement, the expected board lot value immediately before and after the Share Consolidation becoming effective will be HK\$210 and HK\$4,200 respectively.

Conditions for Capital Reorganization

The Share Consolidation is conditional upon the following:

1. the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation; and
3. the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the fulfilment of the above conditions, the effective date of the Share Consolidation is expected to be Tuesday, 7 January 2025, being the second business day immediately following the fulfillment of the above conditions.

The Capital Reduction and Sub-division are conditional upon the following:

1. the Share Consolidation has become effective;
2. the passing of a special resolution to approve the Capital Reduction and the Share Subdivision by the Shareholders at the EGM;
3. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub division;
4. if required under the Companies Act, the Court granting an order confirming the Capital Reduction;

5. if applicable, compliance with any conditions which the Court may impose in relation to the Capital Reduction;
6. if required under the Companies Act, registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
7. the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisers to the Company (as to Cayman Islands Law) will, if required under the Companies Act, apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

On 11th March 2024, the Cayman Islands government issued the Companies (Amendment) Act, 2024 (the “**Amendment Act**”). The Amendment Act seeks to amend the Companies Act to address various matters, including the streamlining of the share capital reduction process. The Amendment Act introduces a new alternative method for share capital reduction in addition to the existing court-sanctioned procedure. A Cayman Islands exempted company, such as the Company, may reduce its share capital by a special resolution of members supported by a solvency statement from its directors. The solvency statement must be made no more than 30 days before the date of the special resolution for reducing share capital. The effective date of the Amendment Act is yet to be announced as of the date of the announcement. If the Amendment Act becomes effective before the Capital Reorganization takes effect, subject to compliance with the solvency requirement as described and any other applicable requirements, the Company may no longer be required to obtain the approval of the Court for the Capital Reduction. If this becomes the case, the Company will make further announcement on the implication of such changes to the Capital Reorganisation.

Listing Application

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares and New Shares arising from the Capital Reorganization.

REASONS FOR THE CAPITAL REORGANIZATION

According to GEM Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020 states that (i) market price of the Shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

In view of the prevailing trading prices of the Existing Shares, the Board proposes to implement the Capital Reorganization. It is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules. Based on the closing price of HK\$0.021 per Existing Share (equivalent to HK\$0.21 Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the expected market value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$4,200, which is greater than HK\$2,000 and complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”.

In addition, the Company is prohibited from issuing new shares at below their par value under the Company’s articles of association and the Companies Act. The Capital Reduction will give the Company greater flexibility in pricing any future issue of shares.

Although the Share Consolidation may lead to the creation of odd lots of Shares, the Company will appoint a securities firm as agent to provide matching services for odd lots of Shares for a period of not less than three weeks, which will alleviate the difficulties caused by the creation of odd lots of Shares.

In view of the above, the Board considers that the Capital Reorganization is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganization. Other than the proposed placing of new Shares announced by the Company on 18 November 2024, the Company does not have any concrete plan to conduct any fundraising activities in the next twelve months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fundraising exercises when suitable opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be dispatched to the Shareholders in relation to the Share Consolidation.

EXCHANGE OF SHARE CERTIFICATES

The new share certificates will be in the colour of purple in order to distinguish them from the existing share certificates which are green in colour. Subject to the Share Consolidation becoming effective, Shareholders may during the prescribed period submit share certificates for Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of twenty (20) existing Shares for one (1) Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganization:

Despatch of circular with notice of EGM On or before Wednesday,
18 December 2024

Latest time for lodging transfers of Shares in order to qualify for EGM	4:30 p.m. on Friday, 27 December 2024
Register of members closes (both days inclusive)	From Monday, 30 December 2024 to Friday, 3 January 2025
Latest time for lodging proxy form	2:30 p.m. on Wednesday, 1 January 2025
Record date for EGM	Friday, 3 January 2025
Date of EGM	2:30 p.m. on Friday, 3 January 2025
Announcement on results of EGM	Friday, 3 January 2025
Effective date for the Share Consolidation	Tuesday, 7 January 2025
First day for free exchange of existing share certificates for new share certificates	Tuesday, 7 January 2025
Dealing in Consolidated Shares commences	9:00 a.m. Tuesday, 7 January 2025
Original counter for trading in Shares in board lots of 10,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. Tuesday, 7 January 2025
Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. Tuesday, 7 January 2025
Original counter for trading in Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. Tuesday, 21 January 2025

Parallel trading in Consolidated Shares (in the form of
new share certificates and existing share certificates) commences 9:00 a.m. Tuesday,
21 January 2025

Designated broker starts to stand in the market to provide
matching services for odd lots of Consolidated Shares 9:00 a.m. Tuesday,
21 January 2025

Designated broker ceases to stand in the market to provide
matching services for odd lots of Consolidated Shares 4:00 p.m. Thursday,
13 February 2025

Temporary counter for trading in Consolidated Shares in
board lots of 500 Consolidated Shares (in the form of
existing share certificates) closes 4:10 p.m. Thursday,
13 February 2025

Parallel trading in Consolidated Shares in the form of
new share certificates and existing share certificates closes 4:10 p.m. Thursday,
13 February 2025

Last day for free exchange of existing share certificates for
new share certificates Monday, 17 February 2025

*The following events are conditional on the results of the EGM
and the approval of the Court to the Capital Reduction
(if required under the Companies Act). If approval of the
Court for the Capital Reduction is required under the Companies Act
, it may take approximately 2 to 3 months for the Company to
obtain hearing dates before the Court which will be subject to the
availability of the Court over which the Company has no control.
The dates are therefore tentative.*

Effective date for the Capital Reduction and Sub-division After 4:00 p.m. on Friday,
16 May 2025

ADJUSTMENTS TO SHARE OPTIONS

As at the date of this announcement, there are outstanding share options granted under the Terminated Option Scheme to subscribe for 80,000,000 new Shares. The auditor of the Company or an independent financial adviser will be engaged by the Company in accordance with the terms of the Terminated Option Scheme to certify in writing as to the adjustments (if any) required to be made in respect of the share options as a result of the Capital Reorganization. The Company will make further announcements about the adjustments in due course.

GENERAL

The Capital Reorganization is subject to the Shareholders' approval(s) at the EGM. A circular containing further information on the Capital Reorganization and the notice of the EGM will be dispatched to the Shareholders on or before 18 December 2024.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Capital Reduction”	the proposed share capital reduction by rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation and reducing the par value of each issued Consolidated Share from HK\$0.20 to HK\$0.0001 by cancelling the paid up share capital to the extent of HK\$0.1999 on each issued Consolidated Share
“Capital Reorganization”	the proposed capital reorganization of the Company's share capital involving (i) the Share Consolidation; (ii) the Capital Reduction and (iii) the Sub-division
“Company”	Simplicity Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM

“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Consolidated Shares”	new ordinary share(s) of par value HK\$0.20 each in the issued share capital of the Company after the Share Consolidation becoming effective but before the Capital Reduction and Sub-division becoming effective
“Court”	the Grand Court of the Cayman Islands
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Capital Reorganization
“Existing Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company before the Capital Reorganization becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“New Shares”	new ordinary share(s) of par value HK\$0.0001 each in the share capital of the Company after the Capital Reduction and Sub-division becoming effective
“Share(s)”	Existing Share(s) or Consolidated Share(s) or New Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Shares

“Share Consolidation”	the proposed consolidation of every twenty (20) issued Shares into one (1) Consolidated Share in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorized but unissued Share into 100 New Shares of par value HK\$0.0001 each
“Terminated Option Scheme”	the share option scheme adopted by the Company on 14 June 2013 and terminated on 18 January 2024

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

Hong Kong, 29 November 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