



# 倩碧控股有限公司

## Simplicity Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8367

## First Quarterly Report 2022

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Simplicity Holding Limited (the “**Company**”) and together with its subsidiaries, the “**Group**” or “**We**”) 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 (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 report 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 report misleading.*



## CONTENTS

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Notes to the Unaudited Condensed Consolidated Financial Statements	5
Management Discussion and Analysis	11
Other Information	17

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THREE MONTHS ENDED 30 JUNE 2022

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2022, together with the unaudited comparative figures for the corresponding period in 2021, are as follows:

		Unaudited Three months ended 30 June	
	NOTES	2022 HK\$'000	2021 HK\$'000
Revenue	3	15,283	24,516
Other income	4	341	120
Other gains	5	—	14,123
Raw materials and consumables used		(5,941)	(8,896)
Staff costs		(6,670)	(8,860)
Depreciation		(3,471)	(4,215)
Rental and related expenses		(769)	(859)
Utilities expenses		(806)	(1,091)
Other expenses		(7,265)	(2,910)
Finance costs	6	(203)	(337)
(Loss)/profit before tax	7	(9,501)	11,591
Income tax expense	8	—	—
(Loss)/profit for the period		(9,501)	11,591
(Loss)/profit for the period attributable to:			
– owners of the Company		(9,501)	11,595
– non-controlling interests		—	(4)
		(9,501)	11,591
(Loss)/profit for the period		(9,501)	11,591
Other comprehensive expenses:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(98)	—
		(9,599)	11,591
Total comprehensive (expense)/income for the period attributable to:			
– owners of the Company		(9,599)	11,595
– non-controlling interests		—	(4)
		(9,599)	11,591
(Loss)/earnings per share Basic (HK cents)	10	(0.99)	1.21



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THREE MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company								
	Share capital	Share premium	Share-based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2021									
(Audited)	9,600	88,381	-	(8,669)	-	(50,519)	38,793	(46)	38,747
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	-	-	11,595	11,595	(4)	11,591
As at 30 June 2021									
(Unaudited)	9,600	88,381	-	(8,669)	-	(38,924)	50,388	(50)	50,338
As at 31 March 2022									
(Audited)	9,600	88,381	-	(8,669)	24	(46,512)	42,824	(33)	42,791
Loss and total comprehensive expense for the period	-	-	-	-	(98)	(4,951)	(5,049)	-	(5,049)
Recognition of equity-settled share-based payment	-	-	(4,550)	-	-	-	(4,550)	-	(4,550)
As at 30 June 2022									
(Unaudited)	9,600	88,381	(4,550)	(8,669)	(74)	(51,463)	33,225	(33)	33,192

Share-based payment reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of the Stock Exchange (the "**Listing**") on 26 February 2018 (the "**Listing Date**"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 1, 24/F, Wealthy Industrial Building, Nos. 22–26 Wing Yip Street, Kwai Chung, New Territories, Hong Kong.

Its immediate holding company is Marvel Jumbo Limited ("**MJL**"), a private limited company incorporated in the British Virgin Islands ("**BVI**") with limited liability. MJL is 30.24% owned by Ms. Wong Suet Hing ("**Ms. SH Wong**"), 30.24% owned by Ms. Chow Lai Fan ("**Ms. LF Chow**"), sister-in-law of Ms. SH Wong, 18.2% owned by Ms. Wong Sau Ting Peony ("**Ms. ST Wong**"), daughter of Ms. SH Wong, 15% owned by Ms. Wong Suet Ching ("**Ms. SC Wong**"), sister of Ms. SH Wong, and 4.2% owned by Mr. Ma Sui Hong ("**Mr. SH Ma**"), the son of Ms. Wong Shuet Ying ("**Ms. SY Wong**"), sister of Ms. SH Wong.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations and sales of food ingredients in Hong Kong and sales of drug vending machines and related services in PRC.

## 2. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 June 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the unaudited condensed consolidated financial statements for the three months ended 30 June 2022 include applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2022 are the same as those followed in the Group's audited annual report dated 12 August 2022 (the "**2022 Annual Report**"), except for the adoption of the new and revised HKFRSs (the "**New and Revised HKFRSs**") (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA that are adopted for the first time for the current period's financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## 2. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES *(Continued)*

The adoption of the New and Revised HKFRSs has had no material effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2022 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2022.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2022 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee agreed with the accounting principles and practices adopted by the Company.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable for goods sold and services rendered by the Group during the period.

Information reported to the management of the Group, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group's restaurants to the customers.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Chinese cuisine — Operations of Chinese cuisine restaurants under the brand of "Marsino".
2. Thai cuisine — Operations of Thai cuisine restaurants under the brand of "Grand Avenue".
3. Malaysian cuisine — Operations of Malaysian cuisine restaurants under the brands of "Baba Nyonya".
4. Sale of food ingredients — Sale of food ingredients to external third parties.
5. Sales of drug vending machines — Sales of drug vending machines in PRC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue by operating and reportable segments:

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Chinese cuisine	5,293	6,003
Thai cuisine	3,748	7,104
Malaysian cuisine	4,806	8,712
Sale of food ingredients	1,436	2,697
	<u>15,283</u>	<u>24,516</u>

### 4. OTHER INCOME

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Other income		
Promotion income	3	6
Bank interest income	—	2
Subsidies income	300	100
Others	38	12
	<u>341</u>	<u>120</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 5. OTHER GAINS

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Gain on disposal of a property	—	11,992
Gain on disposal of subsidiaries	—	2,061
Rent concession	—	70
	<u>—</u>	<u>14,123</u>
	<u>—</u>	<u>14,123</u>

### 6. FINANCE COSTS

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interest expenses on bank borrowings	—	45
Interest expenses on lease liabilities	203	292
	<u>203</u>	<u>337</u>
	<u>203</u>	<u>337</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 7. (LOSS)/PROFIT BEFORE TAX

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
(Loss)/profit before tax have been arrived at after charging/(crediting):		
Staff costs (including director's emoluments):		
Salaries and other benefits	6,387	8,474
Contributions to retirement benefit scheme	283	386
	<b>6,670</b>	8,860
Gain on disposal of a property	–	(11,992)
Gain on disposal of subsidiaries	–	(2,061)
Share-based payment	4,550	–
Operating lease payments in respect of rented premises:		
– minimum lease payments	282	167
– contingent rentals ( <i>Note</i> )	10	2

*Note:*

The lease payments for certain restaurants are determined as the higher of a fixed rental or a predetermined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. INCOME TAX EXPENSE

For the three months ended 30 June 2022 and 2021, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% on the estimated assessable profits.

## 9. DIVIDENDS

The board of Directors (the "Board") does not recommend any payment of dividend in respect of the three months ended 30 June 2022 (2021: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share (2021: basis earnings per share) attributable to owners of the Company is based on the following data:

	Unaudited Three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
(Loss)/earnings for the period attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	<u>(9,501)</u>	<u>11,595</u>
	30 June 2022 '000	30 June 2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>960,000</u>	<u>960,000</u>

The computation of diluted loss per share for the three months ended 30 June 2022 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in loss per share. Therefore, the diluted loss per share is the same as the basic loss per share for the three months ended 30 June 2022.

No diluted earnings per share for the three months ended 30 June 2021 was presented as there was no potential ordinary shares in issue for the three months ended 30 June 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

According to the data released by the Census and Statistics Department of the Government of Hong Kong on 6 May 2022, the value of total receipts of the restaurants sector in the first quarter of 2022 was provisionally estimated at HK\$15.2 billion, representing a decrease of approximately 23.1% over a year earlier. Over the same period, the provisional estimate of the value of total purchases by restaurants decreased by approximately 18.9% to approximately HK\$5.2 billion.

Analysed by type of restaurant and comparing the first quarter of 2022 with the first quarter of 2021, total receipts of Chinese restaurants decreased by 33.5% in value and 35.4% in volume. Total receipts of non-Chinese restaurants decreased by 23.6% in value and 26.1% in volume. Total receipts of fast-food shops decreased by 11.3% in value and 13.9% in volume. Total receipts of bars decreased by 34.9% in value and 34.0% in volume. As for miscellaneous eating and drinking places, total receipts decreased by 12.9% in value and 15.1% in volume.

A Government spokesman said that business of restaurants deteriorated sharply in the first quarter of 2022 due to the fifth wave of local epidemic and the resultant restrictive measures. The value of total restaurant receipts fell visibly by 23.1% year-on-year despite a low base of comparison. On a seasonally adjusted quarter-to-quarter comparison, it plunged by 40.2%.

The spokesman pointed out that the easing local epidemic situation and gradual relaxation of social distancing measures, as well as the launch of a new round of Consumption Voucher Scheme, should provide support to business of restaurants in the coming months. Various other support measures rolled out by the Government should also help. It is essential for the community to work in unison to support the Government to further stabilise the local epidemic situation. The Government will continue to monitor the developments closely.

The outlook down the road depends critically on how the situation of the COVID-19 infection will evolve.

The Group will continue to monitor the developments closely and will be cautious in running our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

The economic downturn accompanied by the outbreak of the coronavirus pandemic in Hong Kong, had affected the operating environment for food and beverage business in Hong Kong. Notwithstanding that the degree of impact of the coronavirus pandemic will depend on the duration of the pandemic and the prevention and control measures taken by the Hong Kong government, the catering business in Hong Kong will still be facing a lot of uncertainties in the coming future. The Group expects that after the coronavirus pandemic has been under control, the revenue generated by the Group will be improved.

The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders. In view of the challenges faced by the Group, we will adopt a conservative and cautious approach to operate our businesses. Actions we have taken or are likely to take are:

- 1) Minimising our staff costs by reducing the usage of staff in our restaurants;
- 2) Negotiating with our landlords for rent concession;
- 3) Negotiating with our suppliers for purchase discounts and longer payment terms;
- 4) Expanding the take-away product line such as food pack and ready-to-eat products and increasing marketing efforts and sales stimulating measures;
- 5) Cooperating with food delivery companies to deliver our food to the customers;
- 6) Participating in food fairs to promote our take-away product lines;
- 7) Supplying food materials to a chain of restaurants in Hong Kong;
- 8) Opening new restaurants at lower costs; and
- 9) Refining business strategies to cope with the continuing challenges.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report, we are operating 7 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they are all situated across Hong Kong, Kowloon and the New Territories. Among these 7 restaurants, 6 of them are operated by our own whereas 1 of them is operated by a franchisee.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

“Marsino” had recorded revenue of approximately HK\$5.3 million during the three months ended 30 June 2022, which is equivalent to 34.6% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 11.8% mainly due to reduction of number of restaurants and the negative impacts brought by the COVID-19.

“Grand Avenue” had recorded revenue of approximately HK\$3.8 million during the three ended 30 June 2022, which is equivalent to 24.2% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 47.2% due to reduction of number of restaurant and the negative impacts brought by the COVID-19.

“Baba Nyonya” had recorded revenue of approximately HK\$4.8 million during the three ended 30 June 2022, which is equivalent to 31.4% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 44.8% due to reduction of number of restaurant and the negative impacts brought by the COVID-19.

In addition to the above restaurants, our Group also operates a central kitchen which supplies raw materials and consumables to our restaurants. We established our central kitchen as early as in 2007, and then we moved to the existing premises due to expansion. Our management believes that our central kitchen can continuously improve the efficiency of our operation.

The segment of “Sale of food ingredients” had recorded revenue of approximately HK\$1.4 million during the three ended 30 June 2022, which is equivalent to 9.8% of our total revenue. As compared to the last corresponding period, the segment of “Sale of food ingredients” has experienced an decrease in revenue by 46.8% due to the negative impacts brought by the COVID-19.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

For the three months ended 30 June 2022, the Group recorded revenue of approximately HK\$15.3 million (three months ended 30 June 2021: approximately HK\$24.5 million), representing a decrease of 37.6% compared with the same period of the previous financial year. The decrease in revenue was primarily attributed to reduction of the number of our restaurants as well as the severe economic downturn as caused by the Covid-19.

#### Raw materials and consumables used

The raw materials and consumables used mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants and central kitchen. The major food ingredients purchased by the Group include, but are not limited to, meat, seafood, frozen food, vegetables and beverages. Raw materials and consumables used are one of the major components of the Group's operating expenses which amounted to approximately HK\$5.9 million and HK\$8.9 million for each of the three months ended 30 June 2022 and 2021, respectively, representing approximately 38.6% and 36.3% of the Group's total revenue for the corresponding periods. Such increase was mainly contributed by the increase in additional marketing efforts for sales stimulating measures as well as higher food costs associated with launching new food menu at the initial stage.

#### Staff costs

Staff costs was approximately HK\$6.7 million for the three months ended 30 June 2022, representing a decrease of approximately 24.7% as compared to approximately HK\$8.9 million for the three months ended 30 June 2021. Such decrease was mainly due to reduction of the number of our restaurants and the tightened cost control.

#### Depreciation

Depreciation expenses were approximately HK\$3.5 million and HK\$4.2 million for each of the three months ended 30 June 2022 and 2021, respectively, representing approximately 22.9% and 17.1% of the Group's total revenue for the corresponding periods. Such decrease was mainly due to reduction of the number of our restaurants.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Rental and related expenses

Rental expenses remained stable and recorded approximately HK\$0.8 million and HK\$0.9 million for each of the three months ended 30 June 2022 and 2021, respectively.

### Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the three months ended 30 June 2022 and 2021, the total utility expenses amounted to approximately HK\$0.8 million and HK\$1.1 million, respectively.

### Other expenses

The Group's other expenses increased by approximately 151.7% from approximately HK\$2.9 million for the three months ended 30 June 2021 to approximately HK\$7.3 million for the three months ended 30 June 2022. Such increase was mainly due to increase in share-based payment.

### Finance costs

Finance costs of the Group decreased from approximately HK\$0.3 million for the three months ended 30 June 2021 to approximately HK\$0.2 million for the three months ended 30 June 2022 mainly due to the decreased of the bank borrowing costs.

### (Loss)/profit attributable to owners of the Company

For the three months ended 30 June 2022, the Group recorded loss attributable to owners of the Company of approximately HK\$9.5 million, as compared to the profit of approximately HK\$11.6 million for the three months ended 30 June 2021. The Board considered that the turnaround from profit to loss was mainly attributable to the decreased of revenue as a result of the outbreak of the COVID-19 and increase in share-based payment.

### Dividend

The Board does not recommend any payment of dividend for the three months ended 30 June 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN CURRENCY EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. The Directors of the Company have a positive attitude to regularly monitor the Group's exposure to foreign exchange so as to reduce the foreign exchange rate risk to a minimum level. To a larger extent, foreign exchange risks were minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant and no hedging measure had been undertaken by the Group.

The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

As at 30 June 2022, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over the-counter contingent forward transactions.

### CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any outstanding capital commitment.

### CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the three months ended 30 June 2022, there was no significant investment held, material acquisition and disposal of subsidiaries. There was no other plan for material investments or capital assets as at 30 June 2022.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2022.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of this report, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature	No. of shares held in the associated corporation	% of shareholding in the associated corporation
Ms. SH Wong	MJL	Beneficial interest	620	30.24%
Ms. ST Wong	MJL	Beneficial interest	374	18.24%



## OTHER INFORMATION

Saved as disclose above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executive of the Company, as at 30 June 2022, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or were directly or indirectly, to be 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

### Long positions in the shares of the Company

Name	Capacity/nature	No. of shares held in	Approximate % of shareholding
MJL (Note 1)	Beneficial interest	480,000,000	50.0%

*Note:*

- (1) MJL is owned as to (i) 30.24% by Ms. SH Wong; (ii) 30.24% by Ms. LF Chow; (iii) 18.24% by Ms. ST Wong; (iv) 14.64% by Ms. SC Wong; (v) 4.20% by Mr. SH Ma; and (vi) 2.44% by Linking World Limited. Ms. SH Wong and Ms. ST Wong being our executive Directors, are also directors of MJL.

## OTHER INFORMATION

### Long positions in other members of our Group

Name	Name of member of our Group	Capacity/nature	No. of shares held	Approximate % of shareholding
Linking World Limited	All Happiness Limited	Beneficial interest	1,000	10%

Save as disclosed above, as at 30 June 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

### DIRECTORS' INTEREST IN COMPETING BUSINESS

During the three months ended 30 June 2022, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## OTHER INFORMATION

### DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the three months ended 30 June 2022.

### SHARE OPTION SCHEME

The purpose of the Share Option Scheme is for our Group to attract, retain and motivate talented participants to strive for future developments and expansion of our Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of our Group and allow the participants to enjoy the results of our Company attained through their efforts and contributions.

Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V of the Prospectus.

On 20 April 2020 (the "**Date of Grant**"), the Company has granted a total of 33,600,000 share options (the "**Share Options**") to 4 eligible participants of the Company (the "**Grantees**") pursuant to the share option scheme of the Company (the "**Share Option Scheme**") adopted by the Company on 29 January 2018 to subscribe for an aggregate of 33,600,000 new ordinary shares of HK\$0.01 each (the "**Share(s)**") of the Company, subject to the acceptance of the Share Options by the Grantees. The total of 33,600,000 Shares to be subscribed under the Share Options represent approximately 3.5% of the existing issued share capital of the Company as at the Date of Grant and approximately 3.38% of the enlarged issued share capital of the Company, assuming the Share Options are fully exercised. Details are set out in the Company's announcement dated 20 April 2022.

As at 30 June 2022, there was 33,600,000 options outstanding in relation to the grant of share options on 20 April 2022 under the Share Option Scheme.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance by emphasising transparency, accountability, fairness and responsibility. The Company has adopted the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the Code during the three months ended 30 June 2022 and up to the date of this report.

### EVENTS AFTER THE REPORTING PERIOD

There was no significant events after the reporting period.

### AUDIT COMMITTEE

The Company has established an Audit Committee on 29 January 2018 with written terms of reference setting out the authorities and duties of the Audit Committee. The primary duties of the Audit Committee are mainly to:

- Make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor
- Review the adequacy of the Group's policies and systems regarding risk management and internal controls
- Review the financial reporting principles and practices applied by the Group in preparing its financial statements
- Before audit commencement, review external auditor's independence, objectivity, effectiveness of the audit process and the scope of the external audit, including the engagement letter
- Monitor integrity of the Group's financial statements and the annual, quarterly and interim financial reports, and review significant financial reporting judgements contained in them prior to approval by the Board

## OTHER INFORMATION

Currently, the Audit Committee comprises three independent non-executive Directors as follows:

Mr. Yeung Man Sun (*Chairman*)

Mr. Lo Cheuk Fei Jeffrey

Mr. Chan Wai Pun

Mr. Wong Hoyen Pegasus

The Group's unaudited condensed consolidated financial statements for the three months ended 30 June 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2022 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board

**SIMPLICITY HOLDING LIMITED**

**Wong Suet Hing**

*Chairlady and Executive Director*

Hong Kong, 12 August 2022

*As at the date of this report, the Board comprises Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony and Mr. Choi Pun Lap as executive Directors; and Mr. Yeung Man Sun, Mr. Lo Cheuk Fei Jeffrey, Mr. Chan Wai Pun and Mr. Wong Hoyen Pegasus as independent non-executive Directors.*