



麻酸樂  
MARSINO



麻孫樂  
Marsino

# 倩碧控股有限公司 Simplicity Holding Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8367

## INTERIM REPORT 2020

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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.*

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## CORPORATE INFORMATION

### Board of Directors

#### *Executive Directors*

Ms. Wong Suet Hing (*Chairlady*)  
Ms. Wong Sau Ting Peony  
Mr. Ma Sui Hong  
Mr. Wong Chi Chiu Henry  
Mr. Wong Muk Fai Woody  
(Retired on 24 September 2020)

#### *Independent non-executive Directors*

Ms. Ng Yau Kuen Carmen  
Mrs. Cheung Lau Lai Yin Becky  
Mr. Yu Ronald Patrick Lup Man

### Compliance Officer

Mr. Wong Chi Chiu Henry

### Authorised Representatives

Ms. Wong Sau Ting Peony  
Mr. Wong Chi Chiu Henry

### Company Secretary

Mr. Wong Chi Chiu Henry

### Audit Committee

Ms. Ng Yau Kuen Carmen (*Chairlady*)  
Mrs. Cheung Lau Lai Yin Becky  
Mr. Yu Ronald Patrick Lup Man

### Remuneration Committee

Mrs. Cheung Lau Lai Yin Becky (*Chairlady*)  
Ms. Ng Yau Kuen Carmen  
Mr. Yu Ronald Patrick Lup Man  
Ms. Wong Suet Hing  
Ms. Wong Sau Ting Peony

### Nomination Committee

Mr. Yu Ronald Patrick Lup Man (*Chairman*)  
Ms. Ng Yau Kuen Carmen  
Mrs. Cheung Lau Lai Yin Becky  
Ms. Wong Suet Hing  
Ms. Wong Sau Ting Peony

### Auditor

BDO Limited  
Certified Public Accountants  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

**Principal Bankers**

Shanghai Commercial Bank Limited  
Shanghai Commercial Bank Tower  
12 Queen's Road Central  
Hong Kong

The Hongkong and Shanghai  
Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

**Registered Office**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

**Headquarters and principal place  
of business in Hong Kong**

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Vanta Industrial Centre  
21-33 Tai Lin Pai Road  
Kwai Chung, New Territories  
Hong Kong

**Principal Share Registrar and  
Transfer Office**

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

**Hong Kong Share Registrar and  
Transfer Office**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Company Website**

[www.simplicityholding.com](http://www.simplicityholding.com)

**GEM Stock Code**

08367

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

THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2020

The unaudited condensed consolidated results of the Group for the three months ended and six months ended 30 September 2020, together with the unaudited comparative figures for the corresponding period in 2019, are as follows:

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	4	26,214	27,223	54,708	59,130
Other income	5	3,907	28	7,072	73
Other gains/(losses)	6	2,065	(117)	2,786	(4,974)
Raw materials and consumables used		(10,423)	(7,494)	(19,095)	(15,971)
Staff costs		(10,996)	(12,816)	(22,290)	(27,785)
Depreciation		(6,925)	(6,950)	(14,504)	(14,175)
Rental and related expenses		(1,055)	(853)	(1,900)	(2,287)
Utilities expenses		(1,368)	(1,750)	(2,826)	(3,453)
Other expenses		(2,440)	(2,395)	(4,813)	(5,118)
Finance costs	7	(569)	(642)	(1,273)	(1,241)
Impairment loss of interest in an associate		–	(2,637)	–	(7,366)
Loss before tax	8	(1,590)	(8,403)	(2,135)	(23,167)
Income tax expense	9	–	–	–	–
Loss and total comprehensive expense for the period		<u>(1,590)</u>	<u>(8,403)</u>	<u>(2,135)</u>	<u>(23,167)</u>
(Loss) profit and total comprehensive (expense) income for the period attributable to:					
– owners of the Company		(1,588)	(8,357)	(2,155)	(23,075)
– non-controlling interests		(2)	(46)	20	(92)
		<u>(1,590)</u>	<u>(8,403)</u>	<u>(2,135)</u>	<u>(23,167)</u>
Loss per share					
Basic (HK cents)	11	<u>(0.20)</u>	<u>(1.04)</u>	<u>(0.27)</u>	<u>(2.88)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		<b>Unaudited 30 September 2020 HK\$'000</b>	Audited 31 March 2020 HK\$'000
	<i>Notes</i>		
<b>Non-Current Assets</b>			
Property, plant and equipment	12	46,040	51,981
Right-of-use assets		42,390	53,544
Deferred tax assets		95	95
Deposits	14	8,054	7,652
Interest in an associate	13	—	—
		<hr/>	<hr/>
		<b>96,579</b>	113,272
		<hr/>	<hr/>
<b>Current Assets</b>			
Inventories		1,870	1,557
Trade and other receivables, deposits and prepayments	14	5,322	2,353
Amount due from an associate		—	1,500
Tax recoverable		422	508
Bank balances and cash		3,336	2,987
		<hr/>	<hr/>
		<b>10,950</b>	8,905
		<hr/>	<hr/>
<b>Current Liabilities</b>			
Trade and other payables and accruals	15	19,465	14,540
Contract liabilities		—	224
Provision for reinstatement		20	200
Lease liabilities		15,752	19,267
Bank borrowings	16	15,000	20,857
		<hr/>	<hr/>
		<b>50,237</b>	55,088
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(39,287)</b>	(46,183)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>57,292</b>	67,089
		<hr/> <hr/>	<hr/> <hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	<i>Notes</i>	<b>Unaudited 30 September 2020 HK\$'000</b>	Audited 31 March 2020 HK\$'000
<b>Non-current liabilities</b>			
Provisions for reinstatement		2,226	2,226
Lease liabilities		34,601	42,262
Deferred tax liabilities		703	703
		<u>37,530</u>	<u>45,191</u>
<b>Net assets</b>		<u>19,762</u>	<u>21,898</u>
<b>Capital and reserves</b>			
Share Capital	17	8,000	8,000
Reserves		11,732	13,889
<b>Equity attributable to owners of the Company</b>		<u>19,732</u>	21,889
<b>Non-controlling interests</b>		<u>30</u>	9
<b>Total equity</b>		<u>19,762</u>	<u>21,898</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to the owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2019 (Audited)</b>	8,000	81,662	(8,669)	(14,645)	66,348	541	66,889
Loss and total comprehensive expense for the period	-	-	-	(23,075)	(23,075)	(92)	(23,167)
<b>As at 30 September 2019 (Unaudited)</b>	8,000	81,662	(8,669)	(37,720)	43,273	449	43,722
<b>As at 31 March 2020 (Audited)</b>	8,000	81,662	(8,669)	(59,106)	21,887	10	21,897
(Loss) profit and total comprehensive (expense) income for the period	-	-	-	(2,155)	(2,155)	20	(2,135)
<b>As at 30 September 2020 (Unaudited)</b>	8,000	81,662	(8,669)	(61,261)	19,732	30	19,762

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 SEPTEMBER 2020

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>12,721</b>	1,721
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	–	20
Purchase of property, plant and equipment	<b>(176)</b>	(2,639)
Repayments from an associate	<b>3,000</b>	–
Advances to an associate	<b>(147)</b>	(1,500)
Increase in interest in an associate	–	(13,510)
Net cash outflow on disposal of subsidiaries	<b>(11)</b>	–
Repayments from related parties	–	312
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>2,666</b>	(17,317)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank borrowings	–	5,777
Repayments of bank overdrafts	<b>(5,857)</b>	–
Payment of lease liabilities	<b>(9,181)</b>	(8,134)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>15,038</b>	(2,357)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>349</b>	(17,953)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,987</b>	21,831
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>3,336</b>	3,878

# 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 Unit 13, 8/F, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, 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, 18.24% owned by Ms. Wong Sau Ting Peony ("**Ms. ST Wong**"), daughter of Ms. SH Wong, 14.64% owned by Ms. Wong Suet Ching ("**Ms. SC Wong**"), sister of Ms. SH Wong, 4.20% owned by Mr. Ma Sui Hong ("**Mr. SH Ma**"), the nephew of Ms. SH Wong, and 2.44% owned by Linking World Limited.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention.

In preparing the unaudited condensed consolidated interim results, the Directors have given careful consideration to the future liquidity of the Group. Notwithstanding that the Group's current liabilities exceeded its current assets as at 30 September 2020, the Directors are of the opinion that the Group has sufficient financial resources to meet its liabilities as and when the liabilities fall due. Therefore, the unaudited condensed consolidated interim financial statements are prepared on a going concern basis.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 March 2020, except for the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

In addition, the Group has early adopted the Amendments to HKFRS 16 “Covid-19-related Rent Concessions”.

The adoption of the new and revised HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

## 3. ESTIMATES

The preparation of interim unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

## 4. 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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. Japanese cuisine – Operations of Japanese cuisine restaurants under the brand of "Beefst" were ceased to operate since 30 June 2019
4. Malaysian cuisine – Operations of Malaysian cuisine restaurants under the brands of "HaHa Prawn Mee" and "Baba Nyonya" of which, "HaHa Prawn Mee" was ceased to operate since 30 June 2019
5. Sale of food ingredients – Sale of food ingredients to external third parties

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, results, assets and liabilities by operating and reportable segments:

#### Segment revenue and results

##### Six months ended 30 September 2020

	Chinese cuisine <i>HK\$'000</i> (Unaudited)	Thai cuisine <i>HK\$'000</i> (Unaudited)	Japanese cuisine <i>HK\$'000</i> (Unaudited)	Malaysian cuisine <i>HK\$'000</i> (Unaudited)	Sale of food ingredients <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>16,794</u>	<u>16,181</u>	<u>-</u>	<u>18,649</u>	<u>3,084</u>	<u>54,708</u>
Segment profit	<u>593</u>	<u>1,462</u>	<u>-</u>	<u>1,778</u>	<u>749</u>	<u>4,582</u>
Unallocated other income						875
Unallocated finance costs						(264)
Unallocated other corporate costs						<u>(7,328)</u>
Loss before taxation						<u>(2,135)</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

Six months ended 30 September 2019

	Chinese cuisine HK\$'000 (Unaudited)	Thai cuisine HK\$'000 (Unaudited)	Japanese cuisine HK\$'000 (Unaudited)	Malaysian cuisine HK\$'000 (Unaudited)	Sale of food ingredients HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	<u>21,654</u>	<u>21,317</u>	<u>809</u>	<u>15,350</u>	<u>-</u>	<u>59,130</u>
Segment (loss)/profit	<u>(136)</u>	<u>847</u>	<u>(2,053)</u>	<u>(2,883)</u>	<u>-</u>	<u>(4,225)</u>
Other income						73
Finance costs						(1,241)
Other corporate expenses						(10,408)
Share of results in an associate						(7,366)
Loss before taxation						<u>(23,167)</u>

#### Segment assets and liabilities

At 30 September 2020

	Chinese cuisine HK\$'000 (Unaudited)	Thai cuisine HK\$'000 (Unaudited)	Malaysian cuisine HK\$'000 (Unaudited)	Sale of food ingredients HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	<u>22,886</u>	<u>19,146</u>	<u>25,882</u>	<u>1,158</u>	69,072
Unallocated property, plant and equipment					31,395
Unallocated inventories					1,079
Unallocated other receivables and prepayments					2,130
Deferred tax assets					95
Tax recoverable					422
Bank balances and cash					3,336
Consolidated assets					<u>107,529</u>
Segment liabilities	<u>22,543</u>	<u>18,153</u>	<u>23,307</u>	<u>-</u>	64,003
Unallocated trade and other payables and accruals					8,058
Bank borrowings					15,000
Tax liabilities					3
Deferred tax liabilities					703
Consolidated liabilities					<u>87,767</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

At 31 March 2020

	Chinese cuisine HK\$'000 (Audited)	Thai cuisine HK\$'000 (Audited)	Malaysian cuisine HK\$'000 (Audited)	Sale of food ingredients HK\$'000 (Unaudited)	Total HK\$'000 (Audited)
Segment assets	<u>28,525</u>	<u>23,817</u>	<u>29,680</u>	<u>-</u>	82,022
Unallocated property, plant and equipment					32,880
Deferred tax assets					95
Unallocated inventories					1,236
Unallocated other receivables and prepayments					949
Amount due from an associate					1,500
Tax recoverable					508
Bank balances and cash					<u>2,987</u>
Consolidated assets					<u>122,177</u>
Segment liabilities	<u>27,958</u>	<u>19,843</u>	<u>25,815</u>	<u>-</u>	73,616
Unallocated trade and other payables and accruals					5,103
Bank borrowings					20,857
Deferred tax liabilities					<u>703</u>
Consolidated liabilities					<u>100,279</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. OTHER INCOME

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Other income				
Promotion income	20	14	21	24
Bank interest income	–	1	–	20
Subsidies income	3,803	–	6,104	–
Others	84	13	947	29
	<u>3,907</u>	<u>28</u>	<u>7,072</u>	<u>73</u>

### 6. OTHER GAINS/(LOSSES)

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss on disposal of fixed assets	(771)	(117)	(771)	(4,974)
Rent concession	537	–	1,258	–
Gain on disposal of a subsidiary	586	–	586	–
Gain on reversal of impairment loss of interest in an associate	1,500	–	1,500	–
Other	213	–	213	–
	<u>2,065</u>	<u>(117)</u>	<u>2,786</u>	<u>(4,974)</u>

### 7. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Interest expenses on bank borrowings	87	183	264	334
Interest expenses on lease liabilities	482	459	1,009	907
	<u>569</u>	<u>642</u>	<u>1,273</u>	<u>1,241</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. LOSSES BEFORE TAX

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:				
Staff costs (including director's emoluments):				
Salaries and other benefits	<b>10,496</b>	12,246	<b>21,285</b>	26,576
Contributions to retirement benefit scheme	<b>500</b>	570	<b>1,005</b>	1,209
Auditor's remuneration	<b>180</b>	251	<b>330</b>	470
Amortisation of intangible asset (included in other expenses)	–	9	–	34
Loss on disposal of items of property, plant and equipment	<b>771</b>	117	<b>771</b>	4,974
Operating lease payments in respect of rented premises:				
– short-term lease expenses	<b>238</b>	146	<b>238</b>	146
– contingent rentals ( <i>Note</i> )	–	5	–	7

*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

### 9. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

For the six months ended 30 September 2020 and 2019, 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.

### 10. DIVIDENDS

The board of Directors (the “**Board**”) does not recommend any payment of dividend in respect of the six months ended 30 September 2020 (2019: Nil).

### 11. LOSS PER SHARE

The calculation of the basic loss per share (2019: basis loss per share) attributable to owners of the Company is based on the following data:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(1,588)	(8,357)	(2,155)	(23,075)
	30 September 2020 '000	30 September 2019 '000	30 September 2020 '000	30 September 2019 '000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	800,000	800,000	800,000	800,000

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$0.2 million (30 September 2019: HK\$2.6 million).

### 13. INTEREST IN AN ASSOCIATE

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
<b>Non-current assets</b>		
Interest in an associate	12,010	13,510
Impairment loss of interest in an associate	(12,010)	(13,510)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>
<b>Current assets</b>		
Amount due from an associate	-	1,500
	<u>          </u>	<u>          </u>

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
Trade receivables	1,819	334
Rental deposits	6,289	5,817
Other deposits	3,135	2,423
Prepayments and other receivables	2,133	1,431
	<u>          </u>	<u>          </u>
Total	13,376	10,005
	<u>          </u>	<u>          </u>
Analysed for reporting purposes as:		
Non-current assets	8,054	7,652
Current assets	5,322	2,353
	<u>          </u>	<u>          </u>
	13,376	10,005
	<u>          </u>	<u>          </u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE AND OTHER PAYABLES AND ACCRUALS

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Trade payables	4,675	3,379
Salaries payables	5,134	4,839
Payable for acquisition of property, plant and equipment	1,230	3,098
Accruals and other payables	8,426	3,224
	<u>19,465</u>	<u>14,540</u>

### 16. BANK BORROWINGS

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Bank loans, do not contain repayment on demand clause repayable within one year (31 March 2020: more than one year)	15,000	15,000
Bank overdraft, repayment on demand	–	5,857
	<u>15,000</u>	<u>20,857</u>

### 17. SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
<b>Authorised:</b>		
As at 31 March 2020 and 30 September 2020	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
As at 31 March 2020 and 30 September 2020	<u>800,000,000</u>	<u>8,000</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

The food and beverage sector in Hong Kong has been hit hard by the serious and sustained impact of the coronavirus pandemic (the “**Covid-19**”), the Hong Kong government has been tightened up social distancing measures after the third wave of Covid-19 cases surged in Hong Kong since July 2020. The regulation and measures included the limit of the restaurant seating capacity be capped at 75 per cent, no more than six people were allowed per table and tables must be kept 1.5 metres apart and no dine-in services were allowed to provide after 2 a.m., the Hong Kong government may impose more stringent measures in case of the number of Covid-19 cases are increased.

According to the latest force statistics released recently by the Census and Statistics Department, the seasonally adjusted unemployment rate increased by 0.3% from June – August 2020 to 6.4% in July – September 2020, the highest in close to 16 years. Analysed by sector, the unemployment rate in food and beverage sector is even higher and which is soared to 15.2%.

## PROSPECTS

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; and
- 8) Opening new restaurants at lower costs.

## 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 10 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 10 restaurants, 9 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.

In May 2020, the Group has entered a franchise agreement with an independent third party (the “**franchisee**”) in which the Group has granted a franchise to the franchisee to operate a restaurant under the brand name of “Baba Nyonya”. In June 2020, the franchisee has opened a new restaurant, namely Tin Shui Wai Baba Nyonya which is serving Malaysian cuisine and it has been showing good performance since its establishment.

In August 2020, the Group has closed down a restaurant under the brand of “Marsino” at Tuen Mun due to its underperformance as affected by the Covid-19.

“Marsino” had recorded revenue of approximately HK\$16.8 million during the six months ended 30 September 2020, which is equivalent to 30.7% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 22.4% mainly due to the negative impacts brought by the Covid-19.

“Grand Avenue” had recorded revenue of approximately HK\$16.2 million during the six months ended 30 September 2020, which is equivalent to 29.6% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 24.1% due to reduction of number of restaurants and the negative impacts brought by the Covid-19.

## MANAGEMENT DISCUSSION AND ANALYSIS

“Baba Nyonya” had recorded revenue of approximately HK\$18.7 million during the six months ended 30 September 2020, which is equivalent to 34.1% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced an increase in revenue by 21.5% due to opening of a new “Baba Nyonya” restaurant at Ngau Tau Kok in November 2019.

In addition to the above restaurants, our Group also owns and 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.

Since the beginning of this financial year, our Group has started a new business to sell food ingredients to a restaurant group in which we are providing sourcing, storage and logistics services to our customer. The segment of sale of food ingredients had recorded revenue of approximately HK\$3.1 million during the six months ended 30 September 2020, which is equivalent to 5.6% of our total revenue. As this is a newly startup business, there is no corresponding period in 2019.

The cold storage’s business operated by the associate was slowed down due to the Covid-19 and the social instabilities, but we are still optimistic as to the prospect of the associate due to the fact that Hong Kong has limited number of sizable cold storage operators. Meanwhile, the associate are cooperated with several business partners to develop an online shopping platform and in which, the associate will provide storage services to its business partners once the online shopping website has been launched. This could provide an additional revenue stream towards the cold storage business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL RISKS AND UNCERTAINTIES

- 1) As we lease all of the properties for our restaurant operations, any attractive location will likely be subject to high demand from, among others, other food and beverage operators that compete directly with our Group for the same location. As such, there is no assurance that our Group would be able to find suitable premises that are commercially attractive for its restaurants with reasonable commercial terms in the event there is a need for relocation or our Group intends to open new restaurants. In addition, it is uncertain that all our leases can be renewed at all when they expire or on terms acceptable to us. Even if our Group is able to renew or extend its leases, the rental expenses may increase significantly, which could adversely affect our profitability.
- 2) We rely on our central kitchen to supply some of our semi-processed or processed food ingredients used in our restaurants and any disruption of operation at our central kitchen could adversely affect our business and operations.
- 3) If our suppliers fail to deliver food with an acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.
- 4) We require various approvals and licences to operate our business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business.
- 5) Labour shortages or increases in labour costs will increase our Group's operating costs and reduce our profitability.
- 6) Risks related to the spread of Covid-19 and other possible infectious disease which may adversely affect the business of the food and beverage sector.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 September 2020, the Group recorded revenue of approximately HK\$54.7 million (six months ended 30 September 2019: approximately HK\$59.1 million), representing a decrease of 7.5% 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 is one of the major components of the Group's operating expenses which amounted to approximately HK\$19.1 million and HK\$16.0 million for each of the six months ended 30 September 2020 and 2019, respectively, representing approximately 34.9% and 27.0% 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\$22.3 million for the six months ended 30 September 2020, representing a decrease of approximately 19.8% as compared to approximately HK\$27.8 million for the six months ended 30 September 2019. Such decrease was mainly due to reduction of the number of our restaurants and the tightened cost control.

#### Depreciation

Depreciation expenses remained stable and recorded approximately HK\$14.5 million and HK\$14.2 million for the six months ended 30 September 2020 and 2019 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Rental and related expenses

The rental expenses for the six months ended 30 September 2020 amounted to approximately HK\$1.9 million, representing a decrease of approximately 16.9% as compared with that of the six months ended 30 September 2019 which amounted to approximately HK\$2.3 million. Such decrease was mainly due to certain short-term lease payment, management fees and promotion levy were waived by landlords due to the Covid-19.

### Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the six months ended 30 September 2020 and 2019, the total utility expenses amounted to approximately HK\$2.8 million and HK\$3.5 million, respectively.

### Other expenses

The Group's other expenses decreased by approximately 6.0% from approximately HK\$5.2 million for the six months ended 30 September 2019 to approximately HK\$4.8 million for the six months ended 30 September 2020. Such decrease was mainly due to the decrease in demolishing expenses, legal and professional fees, printing and stationery expenses and so on.

### Finance costs

The Group's finance costs represented interest on bank borrowings and interest on lease liabilities after the HKFRS 16 coming into effect in 2019. Finance costs remained stable and recorded at approximately HK\$1.3 million for the six months ended 30 September 2020, as compared to approximately HK\$1.2 million for the six months ended 30 September 2019.

### Losses attributable to owners of the Company

For the six months ended 30 September 2020, the Group recorded a loss attributable to owners of the Company of approximately HK\$2.2 million, as compared to the loss of approximately HK\$23.1 million for the six months ended 30 September 2019. The reduction of such losses was mainly attributable to (i) there was no share of loss in an associate in this period but in the last corresponding period (ii) staff costs were reduced by approximately HK\$5.5 million in this period as compared to the last corresponding period (iii) loss on disposal of fixed assets in this period was reduced by approximately HK\$4.2 million as compared to the last corresponding period (iv) the Group received subsidies from the government and rent concessions from our landlords in this period but not in the last corresponding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Dividend

The Board does not recommend any payment of dividend for the six months ended 30 September 2020 (2019: Nil).

### COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2020 is set out below:

	<b>Business plan as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2020</b>
Expansion of restaurant network	<ul style="list-style-type: none"><li>– Opening of one new Grand Avenue restaurant</li><li>– Opening of four new Japanese ramen restaurants</li><li>– Opening of one new Marsino restaurant</li></ul>	<ul style="list-style-type: none"><li>– We have re-allocated the resources towards the opening of a Malay cuisine restaurant as set out in the announcement of the Company dated 18 April 2019 (the “<b>18 April 2019 Announcement</b>”) and which was opened in November 2019</li><li>– Two Japanese ramen restaurants were opened in May 2018 and in July 2018 respectively. We have re-allocated the remaining unutilised balances towards the Group's investment to an associate as set out in the 18 April 2019 Announcement (<i>Note</i>)</li><li>– We have opened a new Marsino restaurant at Chai Wan in November 2018</li></ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>Business plan as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2020</b>
Expanding the capacity of our central kitchen to support our business expansion plans	<ul style="list-style-type: none"><li>– Expanding our central kitchen storage facilities</li></ul>	<ul style="list-style-type: none"><li>– We have partially expanded the central kitchen by purchasing new equipment and renting additional storage facilities. We have re-allocated the remaining unutilised balances towards the Group's investment to an associate as set out in the 18 April 2019 Announcement</li></ul>
Upgrading our computer system	<ul style="list-style-type: none"><li>– Integrating our existing POS systems, installing a new human resources management system and purchasing new computer accessories, software and necessary licences</li></ul>	<ul style="list-style-type: none"><li>– New human resources management system has been put in place. We have also purchased some new computer accessories, software and necessary licences</li></ul>
Implementing marketing and promotional initiatives	<ul style="list-style-type: none"><li>– For continuous promotional and branding activities</li></ul>	<ul style="list-style-type: none"><li>– We have launched different marketing and promotional activities such as working with social media companies, shopping mall operators, credit card company and electric company to promote our brands and restaurants</li></ul>

*Note:* These two Japanese ramen restaurants were closed down subsequently in January 2019 and in June 2019 respectively.

## USE OF PROCEEDS FROM THE IPO

The Company's shares were listed on the GEM of the Stock Exchange on 26 February 2018. A total of 200,000,000 new shares with nominal value of HK\$0.01 each of the Company were issued at HK\$0.275 per share for a total of approximately HK\$55.0 million (the "IPO"). The net proceeds raised by the Company from the IPO were approximately HK\$32.6 million (the "IPO Proceeds").

## MANAGEMENT DISCUSSION AND ANALYSIS

On 18 April 2019, the Board resolved to change the use of the IPO Proceeds. Details of the original allocation of the IPO Proceeds, the revised allocation of the IPO Proceeds, the utilisation of the IPO Proceeds up to 18 April 2019 and the remaining unutilised balance after the revised allocation of the IPO Proceeds were set out in the 18 April 2019 Announcement.

	<b>Revised allocation of IPO Proceeds (as disclosed in the 18 April 2019 Announcement)</b> <i>HK\$'000</i>	<b>Utilised IPO Proceeds up to 30 September 2020</b> <i>HK\$'000</i>	<b>Unutilised IPO Proceeds up to 30 September 2020</b> <i>HK\$'000</i>
Opening of one new Marsino restaurant	4,400	4,400	–
Opening of 4 new Japanese ramen restaurants	10,060	10,060	–
Expansion of central kitchen storage facilities	1,543	1,543	–
Upgrade of computer system	1,300	1,300	–
Marketing and promotional activities	1,000	1,000	–
General working capital	500	500	–
Opening of one new Malay cuisine restaurant	4,400	4,400	–
Capital contribution to an associate	9,397	9,397	–
	<u>32,600</u>	<u>32,600</u>	<u>–</u>

The IPO Proceeds had been fully utilised as at 30 September 2020 and in accordance with the revised allocation of IPO Proceeds as disclosed in the 18 April 2019 Announcement.

## CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on the Listing Date. Save as disclosed in the paragraph headed “Events after the reporting period” below, there has been no change in the capital structure of the Group since the Listing Date. The capital of the Group only comprised of ordinary shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPOSED ISSUE OF SHARES UNDER THE GENERAL MANDATE

On 9 September 2020, the Company and Pacific Foundation Securities Limited as placing agent entered into a conditional placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 160,000,000 placing shares of the Company at the placing price of HK\$0.038 per share under general mandate. As disclosed in the announcement of the Company dated 21 September 2020, the conditions precedent under the placing agreement was not fulfilled on or before 23 September 2020, and as a result, the placing agreement has lapsed and such placing did not proceed.

### FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2020, current assets amounted to approximately HK\$11.0 million (as at 31 March 2020: approximately HK\$8.9 million), of which approximately HK\$3.3 million (as at 31 March 2020: approximately HK\$3.0 million) was bank balances and cash, approximately HK\$5.3 million (as at 31 March 2020: approximately HK\$2.4 million) was trade and other receivables, deposits and prepayments. The increase of the cash balance was because of the implementation of various costs control measures including but not limited to the request of suppliers' discounts, rent concessions, deferral of certain payments, caution in hiring casual workers and the grant of the government subsidies. We will expect a further benefit to be recorded upon completion of the collection of the remaining government subsidy. The Group's current liabilities amounted to approximately HK\$50.2 million (as at 31 March 2020: approximately HK\$55.1 million) which primarily consisted of bank borrowings, trade and other payables, accrued charges and lease liabilities. Current ratio (calculated based on the total current assets divided by total current liabilities) and quick ratio (calculated based on the total current assets less inventories divided by total current liabilities) were 0.2 and 0.2 respectively (as at 31 March 2020: 0.2 and 0.1 respectively). Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings and amounts due to related parties which are non-trade nature divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was 75.9% (as at 31 March 2020: 95.2%).

### FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with significant transactions are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL COMMITMENTS

As at 30 September 2020, the Group did not have any outstanding capital commitment.

### CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities.

### BORROWING

As at 30 September 2020, the total borrowing of the Group, which consisted of bank loans, all of which were denominated in Hong Kong dollar, amounted to approximately HK\$15.0 million (31 March 2020: the Group's borrowing consisted of bank loans and bank overdrafts, amounted to approximately HK\$20.9 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

### CHARGE ON GROUP ASSETS

At 30 September 2020, bank loans of HK\$15,000,000 were secured by leasehold land and building owned by the Group with the carrying amount of approximately HK\$30,176,000.

At 31 March 2020, bank loans of HK\$15,000,000 and bank overdrafts HK\$5,857,000 were secured by leasehold land and building owned by the Group with the carrying amount of approximately HK\$30,982,000.

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

On 1 April 2020, Foodies Group Limited, the direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Art Capital Limited, an indirect wholly-owned subsidiary of the Company, at a consideration of HK\$1. Art Capital Limited was a dormant company at the time when the above transaction has taken place.

Except for the above, there was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the six months ended 30 September 2020. There is no other plan for material investments or capital assets as at 30 September 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had 223 full-time and 99 part-time employees (as at 31 March 2020: 198 full-time and 77 part-time employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities.

The Directors are of view that employees are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relationships with its employees.

### 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 year ended 30 September 2020.

#### UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

In August 2020, Mr. Yu Ronald Patrick Lup Man was approved as a responsible officer of HAB Management Limited licensed to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance.

Mr. Wong Muk Fai Woody ("**Mr. MF Wong**") retired as an executive Director of the Company with effect from 24 September 2020.

Save as disclosed above, there has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

## OTHER INFORMATION

### 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%
Mr. SH Ma	MJL	Beneficial interest	86	4.20%
Mr. MF Wong (retired on 24 September 2020) (Note)	MJL	Interest of spouse	620	30.24%

*Note:* By virtue of being the spouse of Ms. LF Chow, Mr. MF Wong is deemed to be interested in Ms. LF Chow's shareholding in MJL.

Saved as disclose above, as at 30 September 2020, 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.

## OTHER INFORMATION

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

As at 30 September 2020, 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 who were directly or indirectly, to be 10% 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	Approximate % of shareholding
MJL ( <i>Note 1</i> )	Beneficial interest	540,000,000	67.5%
Charm Dragon Investments Limited ( <i>Note 2</i> )	Beneficial interest	60,000,000	7.5%
Mr. Cheung Wai Yin Wilson ( <i>Note 2</i> )	Interest in controlled corporation	60,000,000	7.5%
Ms. Lam Ka Wai ( <i>Note 2</i> )	Interest of spouse	60,000,000	7.5%

#### Notes:

- (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.
- (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.

## 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	
Mr. Yau Wai Leung	All Happiness Limited	Beneficial interest	1,000	10%	
Ms. Yim Wan Ying	Glory Fine Corporation Limited	Beneficial interest	20	20%	
Ms. Ng Siu Ying Christina	Glory Fine Corporation Limited	Beneficial interest	20	20%	

Save as disclosed above, as at 30 September 2020, 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 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 who were directly or indirectly, to be interested in 10% 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.

## OTHER INFORMATION

### DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 September 2020, 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.

### 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 September 2020.

### 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.

For the six months ended 30 September 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## 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 six months ended 30 September 2020 and up to the date of this report.

## OTHER INFORMATION

### EVENTS AFTER THE REPORTING PERIOD

- (i) The Group has closed down two restaurants, namely Tiu Keng Leng Marsino and Tiu Keng Leng Grand Avenue due to their performances were below our expectation.
- (ii) On 16 October 2020, the Company entered into a placing agreement under general mandate (the “**Placing Agreement**”) with Elstone Securities Limited as placing agent (the “**Placing Agent**”) pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best effort basis, to not less than six independent places up to 160,000,000 placing shares (the “**Placing Shares**”) at the placing price of HK\$0.052 per share (collectively, the “**Placing**”).

On 20 October 2020, the Company entered into a supplemental agreement to the Placing Agreement (the “**Supplemental Placing Agreement**”), pursuant to which the Placing Agent and the Company agree that the long stop date shall be changed from 13 November 2020 to 6 November 2020.

The completion of the Placing took place on 2 November 2020 after fulfillment of the conditions precedent set out in the Placing Agreement and the Supplemental Placing Agreement. A total of 160,000,000 of the Placing Shares had been successfully placed and issued under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 24 September 2020. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$8,150,000.

As at the date of this report, the net proceeds from the Placing have not been utilised and have been placed in licensed banks in Hong Kong.

For details of the transaction, please refer to the announcements of the Company dated 16 October 2020 and 20 October 2020.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this report.

## OTHER INFORMATION

### 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

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

Ms. Ng Yau Kuen Carmen (*Chairlady*)

Mr. Yu Ronald Patrick Lup Man

Mrs. Cheung Lau Lai Yin Becky

## OTHER INFORMATION

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2020 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 six months ended 30 September 2020 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, 6 November 2020

*As at the date of this report, the Board comprises Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony, 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.*