

SIMPLICITY HOLDING LTD:

THIS WAS, SIMPLY PUT, A MATTER OF NECESSITY

However, Stand By For More Calls For Cash !

Simplicity Holding Ltd () (Code: 8367, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) is a Wong Family enterprise that owns and operates a small nest of 10 restaurants in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

It is not the first company, in the past few years, engaged in a similar line of business that has raised money via the GEM, the secondary equity market of the territory; and, there is every reason to believe that Simplicity Holding Ltd will enjoy the same fate as its '*concept*' predecessors.

The Initial Public Offering (IPO) Of Simplicity Holding Ltd

Simplicity Holding Ltd published and disseminated its Share Offer Prospectus on February 6, 2018.

The Company Offered 200 million, one-cent Shares at the Indicative Offer Price Range of between 27 cents and 33 cents.

Investors of the HKSAR were Offered 20 million Shares and the remaining 180 million were reserved for Institutional/Professional/Well-heeled Investors by way of select tranches of Placing Shares.

On February 23, 2018, Management of Simplicity Holding Ltd announced that the Offer Price Per Share had been struck at 27.50 cents, very close to the minimum Offer Price that Management had stated that it would

be willing to accept.

The Allotment Results Announcement stated that the net proceeds of the IPO amounted to about \$HK32.60 million.

This relatively modest amount of money, one was told, was expected to be utilised for the following purposes:

- Approximately, \$HK17.50 million, that is about 53.80 percent of the net proceeds, *‘will be used to open four new Japanese ramen restaurants’*;
- Approximately, \$HK4.40 million, that is about 13.40 percent of the net proceeds, *‘will be used to open one new Grand Avenue restaurant’*;
- Approximately, \$HK4.40 million, that is about 13.40 percent of the net proceeds, *‘will be used to open one new Marsino restaurant’*;
- Approximately, \$HK3.50 million, that is about 10.80 percent of the net proceeds, *‘will be used to expand the Group’s central kitchen storage facilities’*;
- Approximately, \$HK1.30 million, that is about 4.00 percent of the net proceeds, *‘will be used to update the Group’s computer system’*;
- Approximately, \$HK1.0 million, that is about 3.20 percent of the net proceeds, *‘will be used to implement marketing and promotional initiatives’*; and,
- Approximately, \$HK0.50 million, that is about 1.40 percent of the net proceeds, *‘will be used for general working capital’*.

The Business Of Simplicity Holding Ltd

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