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## **Classified Group (Holdings) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8232)**

### **THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 ANNOUNCEMENT**

The board of directors (the “**Board**”) of Classified Group (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2019 (the “**Quarterly Results**”). This announcement contains the full text of the quarterly report of the Group for the nine months ended 30 September 2019 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Quarterly Results have been reviewed by the Board and the audit committee of the Board.

This results announcement is published on the websites of the Company ([www.classifiedgroup.com.hk](http://www.classifiedgroup.com.hk)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The quarterly report of the Company for the nine months ended 30 September 2019 will be delivered to shareholders of the Company and will also be available at the abovementioned websites in due course.

For and on behalf of the Board  
**Classified Group (Holdings) Limited**  
**WONG Arnold Chi Chiu**  
*Chairman and Executive Director*

Hong Kong, 8 November 2019

*As at the date of this announcement, the chairman and the executive director of the Company is Mr. WONG Arnold Chi Chiu, the executive directors of the Company are Mr. LO Yeung Kit Alan, Mr. PONG Kin Yee and Mr. MA Chun Fai; and the independent non-executive directors of the Company are Dr. CHAN Kin Keung Eugene, Mr. NG Chun Fai Frank and Mr. YUE Man Yiu Matthew.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at [www.classifiedgroup.com.hk](http://www.classifiedgroup.com.hk).*



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# **2019** **THIRD QUARTERLY REPORT**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Classified Group (Holdings) Limited (the “Company”), together with its subsidiaries, the “Group” collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.*

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	NOTES	Three months ended		Nine months ended	
		30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
<b>Continuing operations</b>					
Revenue	5	24,569	27,182	82,972	88,698
Other income	6	415	511	1,201	1,074
Other losses		(5)	(279)	(10)	(323)
Raw materials and consumable used		(6,814)	(6,019)	(20,603)	(19,831)
Staff costs		(12,102)	(13,464)	(37,128)	(40,546)
Depreciation		(3,919)	(1,468)	(13,212)	(4,334)
Property rental and related expenses		(3,088)	(6,569)	(8,267)	(19,345)
Utility expenses		(896)	(947)	(2,523)	(2,570)
Advertising and promotion expenses		(810)	(768)	(2,383)	(2,344)
Other expenses		(3,378)	(4,402)	(9,533)	(11,726)
Finance costs	7	(411)	–	(1,362)	–
Loss before taxation	8	(6,439)	(6,223)	(10,848)	(11,247)
Taxation	9	–	–	–	–
Loss for the period from continuing operations		(6,439)	(6,223)	(10,848)	(11,247)
<b>Discontinued operation</b>					
Loss for the period from discontinued operation	12	(29)	(318)	(84)	(4,397)
Loss and total comprehensive expense for the period attributable to the Owners of the Company		(6,468)	(6,541)	(10,932)	(15,644)
Loss per share					
From continuing and discontinued operations					
Basic (HK cents)	11	(1.45)	(1.47)	(2.45)	(3.51)
From continuing operations					
Basic (HK cents)	11	(1.44)	(1.40)	(2.43)	(2.52)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	
At 1 January 2019 (audited)	4,460	127,329	766	(41,629)	90,926
Loss and total comprehensive expense for the period	-	-	-	(10,932)	(10,932)
At 30 September 2019 (unaudited)	4,460	127,329	766	(52,561)	79,994
At 1 January 2018 (audited)	4,460	127,329	766	(15,691)	116,864
Loss and total comprehensive expense for the period	-	-	-	(15,644)	(15,644)
At 30 September 2018 (unaudited)	4,460	127,329	766	(31,335)	101,220

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 24 October 2014. The shares of the Company have been listed on the GEM (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing on 11 July 2016 (the “Listing”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 7/F., Remex Centre, 42 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong.

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 PRESENTATION

The unaudited condensed consolidated financial statement for the nine months ended 30 September 2019 has been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certificate Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The unaudited consolidated financial statements 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. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2019 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2018.

### **4. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has applied all new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2019.

The adopted HKFRSs are consistent with those of the previous financial year and corresponding interim reporting period, except for the application of HKFRS 16 “Leases” which is effective for the Group’s annual periods beginning on or after 1 January 2019. The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and comparative figures were not restated. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 December 2018. In addition, the Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the consolidated statement of financial position immediately before the date of initial application. The Group also decided not to apply HKFRS 16 to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognised as an expense from short-term lease.

## 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for services provided and goods sold and net of discount, during the period.

The financial information reported to executive directors of the Company, being the chief operating decision makers, for the purpose of assessment of segment performance and resources allocation focuses on types of services rendered and goods delivered. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are as follows:

- Casual restaurant operation ("Casual")

This segment derives its revenue from the operation of casual dining restaurants in which customers would place orders at the front desk and basic table service would be provided by the delivery of ordered food to the table. The casual restaurants aim to provide a more casual and relaxing atmosphere.

- Full service restaurant operation ("Full service")

This segment derives its revenue from the operation of a full service restaurant. Full table service is provided, including seating arrangements, order taking, delivery of food to the table, and payment processing. The full service restaurant aims to provide dining experience with full table services.

An operating segment regarding the production and sales of bakery products ("Bakery") was discontinued in August 2018. The segment information reported does not include any amounts for this discontinued operation, which are described in more detail in note 12.



## 5. REVENUE AND SEGMENT INFORMATION (continued)

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Casual	17,172	19,812	57,938	63,906
Full Service	7,397	7,370	25,034	24,792
Revenue from continuing operations	24,569	27,182	82,972	88,698

## 6. OTHER INCOME

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Promotion income	–	154	21	279
Franchise fee income	75	70	225	190
Interest income	302	220	792	523
Others	38	67	163	82
	415	511	1,201	1,074

## 7. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Interest on leases liabilities	411	–	1,362	–

## 8. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Loss before taxation from continuing operations has been arrived at after charging:				
Raw materials and consumables used in respect of Restaurant operations	<b>6,814</b>	5,895	<b>20,603</b>	18,470
Net loss on disposal of property, plant and equipment (included in other gains and losses)	<b>5</b>	283	<b>10</b>	332
Lease payments under operating leases in respect of leasehold land and building:				
– Short-term lease	<b>1,195</b>	–	<b>4,602</b>	–
– Minimum lease payments	–	5,653	–	16,468
– Contingent rents ( <i>note</i> )	<b>134</b>	95	<b>394</b>	493
	<b>1,329</b>	5,748	<b>4,996</b>	16,961

*Note:* The operating lease rentals 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.

## 9. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits for each of the nine months ended 30 September 2019 and 2018.

## 10. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the current period (nine months ended 30 September 2018: nil). The directors have determined that no dividend will be paid in respect of the current period.

## 11. LOSS PER SHARE

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

### From continuing and discontinued operations

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
<b>Loss:</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<b>(6,468)</b>	(6,541)	<b>(10,932)</b>	(15,644)
	<b>30 September 2019 '000</b>	30 September 2018 '000	<b>30 September 2019 '000</b>	30 September 2018 '000
<b>Number of shares</b>				
Number of ordinary shares for the purpose of basic loss per share	<b>446,000</b>	446,000	<b>446,000</b>	446,000

No diluted loss per share for the periods was presented as there were no potential ordinary shares in issue during each of the nine months ended 30 September 2019 and 2018.

## 11. LOSS PER SHARE (continued)

### From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Loss is calculated as follows:				
Loss for the period attributable to the owners of the Company	(6,468)	(6,541)	(10,932)	(15,644)
Add: loss for the period from discontinued operation	29	318	84	4,397
Loss for the purpose of basic loss per share from continuing operations	(6,439)	(6,223)	(10,848)	(11,247)

The denominators used are the same as those detailed above for basic loss per share.

### From discontinued operation

Basic loss per share for the discontinued operation is HK\$0.02 cents per share (2018: HK\$0.99 cents per share) for the nine months ended 30 September 2019 based on the loss for the period from the discontinued operations of approximately HK\$84,000 (2018: HK\$4,397,000). The denominators used are the same as those detailed above for basic loss per share.

## 12. DISCONTINUED OPERATION

Taking into consideration the adverse impact of the Bakery business on the Group's overall financial performance and other factors, the Company terminated this business in August 2018 and handed over the premise of the central kitchen to the landlord on 28 September 2018. Upon the handover of the central kitchen, the directors of the Company considered that the operation of Bakery is discontinued.

The result of and loss for the period from the discontinued operation for the nine months ended 30 September 2019 and 2018 are analysed as follows:

	Three months ended		Nine months ended	
	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	30 September 2018 HK\$'000 (unaudited)
Revenue	-	169	-	1,873
Gain on disposal of property, plant and equipment	-	295	-	-
Impairment loss for property, plant and equipment	-	-	-	(1,954)
Raw materials and consumable used	-	(178)	-	(1,096)
Staff costs	-	(177)	-	(1,238)
Depreciation	-	-	-	(571)
Property rental and related expenses	-	(112)	-	(326)
Utility expenses	-	(54)	-	(185)
Advertising and promotion expenses	-	-	-	(20)
Other expenses	(29)	(261)	(84)	(880)
Loss before taxation	(29)	(318)	(84)	(4,397)
Taxation	-	-	-	-
Loss for the period from discontinued operation	(29)	(318)	(84)	(4,397)

## 12. DISCONTINUED OPERATION (continued)

Loss before taxation from discontinued operation has been arrived at after charging (crediting):

	Three months ended		Nine months ended	
	30 September 2019 <i>HK\$'000</i> <i>(unaudited)</i>	30 September 2018 <i>HK\$'000</i> <i>(unaudited)</i>	30 September 2019 <i>HK\$'000</i> <i>(unaudited)</i>	30 September 2018 <i>HK\$'000</i> <i>(unaudited)</i>
Gain on disposal of property, plant and equipment	-	295	-	-
Raw materials and consumables used in respect of bakery products	-	(178)	-	(1,096)
Lease payments under operating leases in respect of minimum payments	-	(112)	-	(326)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview

During the nine months ended 30 September 2019, the business environment of the food and beverage industry remained challenging, dynamic, and competitive. Pressure from rising food costs, rental expenses, utilities expenses and labour costs are enduring, which further squeeze profit margin. The recent protests in Hong Kong also further reduced people's desire for restaurant consumption. They are more budget conscious and sensitive to the amounts they spend on food and the revenues of our restaurants were weaker than expected. The management believes the difficult situation may continue, which will adversely affect the food and beverage industry and Group's performance.

To operate in such a difficult macroeconomic environment, we need to be agile, flexible and adaptive. We will embrace changes with flexible marketing strategies and efficient operational discipline, continue to reshape our business model and make decisions necessary to enhance the profitability of the Group.

### Business Overview

During the nine months ended 30 September 2019, our Group operated eight restaurants under the "Classified" brand, one restaurant under "The Pawn" brand and three franchised restaurants in Indonesia.

"Classified" restaurants are a collection of casual European cafés specializing in artisan breads, cheeses and boutique wines, and are renowned for their breakfast and all-day dining menu. Offering casual seating areas in most locations, Classified encourages neighbourhood street-level interaction. It is our Group's flagship brand and contributes to over 69.8% of our total revenue. During the nine months ended 30 September 2019, Classified recorded revenue of approximately HK\$57.9 million (30 September 2018: HK\$63.9 million), representing a decrease of approximately 9.3% as compared to the last corresponding period. The drop in revenue was mainly because of a decrease in the number of customers due to the closure of restaurants. Two "Classified" restaurants located in Sai Wan and Sai Kung were closed in August 2019. For further details, please refer to the Company's announcement dated 22 July 2019 (the (1) Discloseable Transaction – Disposal of Assets (2) Business Update).

“The Pawn” is a full service restaurant located in one of Hong Kong’s iconic landmarks. It marries a contemporary dining and bar concept with a unique innovative space aiming to be more than just a dining experience. A communal social venue for an eclectic mix of groups and sub-cultures at any time of the day or night, celebrating retro-futurism, arts and design through casual-chic, alfresco and contemporary dining. During the nine months ended 30 September 2019, The Pawn recorded revenue of approximately HK\$25.0 million (30 September 2018: HK\$24.8 million), representing an increase of approximately 1.0% as compared to the last corresponding period.

In addition to the above restaurants, the Group also previously owned and operated a central kitchen which supplied bread, bakery and semi-finished food products to our restaurants and other corporate customers (the “Bakery Business”). Taking into consideration the adverse impact of the Bakery Business on the Group’s overall financial performance and other factors, the Company terminated this business in August 2018 and handed over the premise of the central kitchen to the landlord in September 2018. The Directors believed that the termination had no material impact on the Group’s operations as the Group’s individual restaurants were equipped to process and produce the food products (including bakery products) in their own kitchens. During the nine months ended 30 September 2019, no revenue was recorded (30 September 2018: HK\$1.9 million).

### **Future Prospects**

The food and beverage industry has always been a challenging industry with intense competition and high operating costs, such as rising rental expenses, food costs and labour costs. Our success is heavily dependent on the dining concepts and economic conditions of Hong Kong.

Our Group’s key risk exposures and uncertainties are summarised as follows:

- (1) our Group may fail to find commercially attractive locations for new restaurants and/or renew existing leases on commercially acceptable terms, and the aforesaid potential failure would have a material adverse effect on the Group’s business and future development;
- (2) the operation of the Group may be affected by the price of the food ingredients, including the price of the imported food ingredients which will be affected by the fluctuating exchange rate; and
- (3) there may be labour shortage in the future and competition for qualified individuals in the food and beverage industry may be intense.



To manage the Group's risks and to improve the Group's overall business, we currently plan to:

- (1) open four new restaurants and relocate one restaurant. We have identified potential locations for some new restaurants but have not signed any lease agreement for such new restaurants;
- (2) enhance and upgrade our existing restaurant facilities to attract more customers; and
- (3) closely monitor the quotations of our suppliers to ensure we obtain competitive prices for our food ingredients.

We believe our ongoing expansion and enhancement plans will improve our market share while we will continue to refine our business strategy to cope with the continuing challenges. We will also proactively seek potential business opportunities that will broaden our sources of revenue and enhance value to the shareholders.

## **FINANCIAL REVIEW**

For the nine months ended 30 September 2019, the Group's total unaudited turnover was approximately HK\$83.0 million and no revenue was recorded for discontinued operation (30 September 2018: Group's total unaudited turnover of approximately HK\$90.6 million, including revenue from continuing operations of HK\$88.7 million and revenue from discontinued operation of HK\$1.9 million), representing a decrease of approximately 8.4% compared with the last corresponding period. The decrease in revenue for the nine months ended 30 September 2019 was mainly due to the closure of "Classified" restaurants and the termination of the Company's Bakery Business in August 2018.

Total loss attributable to owners of the Company was approximately HK\$10.9 million, including loss from discontinued operation HK\$84,000 for the nine months ended 30 September 2019 (30 September 2018: Group's total loss HK\$15.6 million). The decrease in our loss attributable to owners of the Company was mainly due to the decrease in property rentals and related expenses, staff costs and other expenses, which were primarily attributable to the closure of the Bakery Business and "Classified" restaurants. Moreover, there was no impairment loss for property, plant and equipment or other expenses associated with the Bakery Business during the nine months ended 30 September 2019 (30 September 2018: HK\$2.0 million as a result of the termination of the Bakery Business).

### **Foreign Currency Exposure**

Most transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

### **Capital Commitments**

As at 30 September 2019, the Group did not have any material capital commitments.

### **Contingent Liabilities**

As at 30 September 2019, the Group did not have any contingent liabilities.

### **Significant Investments, Material Acquisitions or Disposals**

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2019.

### **Charge on Assets**

As at 30 September 2019, the Group did not have any charge on its assets.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the nine months ended 30 September 2019 and up to the date of this report, there has been no purchase, sale or redemption of any Company's listed securities by the Company or any of its subsidiaries.

### **Share Option Scheme**

No share options have been granted as at the date of this report.

## Interests and Short Positions of Directors in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 September 2019, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), 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 or short positions which they are 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 referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in the ordinary shares of the Company

Name of Directors	Capacity/ nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Wong Arnold Chi Chiu	interest in controlled corporation ( <i>Note 1</i> )	41,340,000	9.3%
Mr. Lo Yeung Kit Alan	interest in controlled corporation ( <i>Note 2</i> )	68,000,000	15.3%
Mr. Pong Kin Yee	interest in controlled corporation ( <i>Note 3</i> )	68,000,000	15.3%

#### Notes:

1. Mr. Wong beneficially owns 100% equity interest in Wiltshire Global Limited. Therefore, Mr. Wong is deemed to be interested in 41,340,000 shares held by Wiltshire Global Limited.
2. Mr. Lo beneficially owns 100% equity interest in Easy Fame Investments Limited. Therefore, Mr. Lo is deemed to be interested in 68,000,000 shares held by Easy Fame Investments Limited.
3. Mr. Pong beneficially owns 100% equity interest in Peyton Global Limited. Therefore, Mr. Pong is deemed to be interested in 68,000,000 shares held by Peyton Global Limited.

Save as disclosed above, as at 30 September 2019, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of 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 or short positions 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 referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 September 2019, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, 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 any member of the Group:

### Long positions in the ordinary shares of the Company

Name	Capacity/ nature of interest	Number of shares held	Approximate percentage of shareholding
Wiltshire Global Limited	Beneficial owner	41,340,000	9.3%
Ms. Lee Yuen Ching Charmaine	Interest of spouse ( <i>Note 1</i> )	41,340,000	9.3%
Easy Fame Investments Limited	Beneficial owner	68,000,000	15.3%
Ms. Wong Pui Yain	Interest of spouse ( <i>Note 2</i> )	68,000,000	15.3%
Peyton Global Limited	Beneficial owner	68,000,000	15.3%
Ms. Cheng Chi Man	Interest of spouse ( <i>Note 3</i> )	68,000,000	15.3%
Millennium Pacific Information Technology Limited	Beneficial owner	53,320,000	12.0%

#### Notes:

1. Mr. Wong beneficially owns 100% equity interest in Wiltshire Global Limited. Ms. Lee Yuen Ching Charmaine, the spouse of Mr. Wong, is deemed to be interested in all the shares Mr. Wong is interested in pursuant to the SFO.
2. Mr. Lo beneficially owns 100% equity interest in Easy Fame Investments Limited. Ms. Wong Pui Yain, being the spouse of Mr. Lo, is deemed to be interested in all the shares Mr. Lo is interested in pursuant to the SFO.
3. Mr. Pong beneficially owns 100% equity interest in Peyton Global Limited. Ms. Cheng Chi Man, the spouse of Mr. Pong, is deemed to be interested in all the shares Mr. Pong is interested in pursuant to the SFO.

Save as disclosed above, as at 30 September 2019, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, 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 any member of the Group.

### **Directors' Interests in Competing Business**

As disclosed in the Prospectus and as at the date of this report, Ms. Wong Pui Yin, the spouse of Mr. Lo Yeung Kit Alan, one of our executive Directors, was a controlling shareholder in Jia Group Holdings Limited (stock code: 8519) which is engaged in the business of restaurant operations in Hong Kong. As at 30 September 2019, the Jia Group Holdings Limited operated 11 full service restaurants in Hong Kong.

Save as disclosed in the Prospectus and above, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the period ended 30 September 2019.

### **Audit Committee**

The Audit Committee of the Company was established on 14 June 2016 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive Directors, namely Dr. Chan Kin Keung Eugene, Mr. Yue Man Yiu Matthew and Mr. Ng Chun Fai Frank. Mr. Yue Man Yiu Matthew is the chairman of the audit committee.

The Audit Committee of the Company has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2019, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

## **Directors' Securities Transactions**

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions as at the date of this report.

## **Corporate Governance**

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Save for the deviation from A.2.1 of the Corporate Governance Code, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules. Code Provision A.2.1 stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. During the period under review, Mr. Wong Arnold Chi Chiu was the chairman of the Company and the Company had no post of chief executive. Nevertheless, the Board considers that, in light of the size and nature of the Company's business, the absence of such post has not impaired the management of the Group. Decisions of the Company are made collectively by executive Directors who execute strategies set by the Board. Senior management responsible for the day-to-day operations of the Group also report back to the Board on a regular basis. The Board will review this structure from time to time and consider the segregation of the two roles at an appropriate time.

On behalf of the Board  
**Classified Group (Holdings) Limited**  
**WONG Arnold Chi Chiu**  
*Chairman and Executive Director*

Hong Kong, 8 November 2019

*As at the date of this report, the Company's executive Directors are Mr. WONG Arnold Chi Chiu, Mr. LO Yeung Kit Alan, Mr. PONG Kin Yee and Mr. MA Chun Fai; the independent non-executive Directors are Dr. CHAN Kin Keung Eugene, Mr. NG Chun Fai Frank and Mr. YUE Man Yiu Matthew.*

*This report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at [www.classifiedgroup.com.hk](http://www.classifiedgroup.com.hk).*