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Classified Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8232)

(1) CHANGE IN USE OF PROCEEDS RAISED FROM THE COMPANY'S LISTING BY WAY OF PLACING (2) INSIDE INFORMATION AND SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO TERMINATION OF BAKERY BUSINESS

(1) CHANGE IN USE OF PROCEEDS RAISED FROM THE COMPANY'S LISTING BY WAY OF PLACING

Reference is made to: (1) the prospectus of the Company dated 30 June 2016 (the "Prospectus"); and (2) the Company's announcement dated 1 November 2017 (the "Change in Use of Proceeds Announcement") regarding the change in the allocation of the use of net proceeds raised from the Company's listing on the GEM of The Stock Exchange of Hong Kong Limited on 11 July 2016 by way of placing (the "IPO Proceeds").

The Board announces that the Company has decided to further change the allocation of the IPO Proceeds. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus or the Change in Use of Proceeds Announcement.

Change in Use of Proceeds

The below table shows detailed information on the original allocation of the IPO Proceeds (as disclosed in the Prospectus), previous reallocation of the IPO Proceeds (as disclosed in the Change in Use of Proceeds Announcement), an analysis of the utilisation of the IPO Proceeds as at the date of this announcement, and the latest reallocation of any unutilised IPO Proceeds:

	Original allocation of IPO Proceeds (as disclosed in the Prospectus) <i>HK\$'000</i>	Revised allocation of IPO Proceeds (as disclosed in the Change in Use of Proceeds Announcement) <i>HK\$'000</i> (a)	Utilised IPO Proceeds as at the date of this announcement <i>HK\$'000</i> (b)	Unutilised IPO Proceeds as at the date of this announcement <i>HK\$'000</i> (a) – (b) = (c)	Revised allocation of unutilised IPO Proceeds (as disclosed in this announcement) <i>HK\$'000</i>
Opening new restaurants under "Classified" brand					
– First restaurant	4,993	3,771	(3,771)	–	–
– Second restaurant	4,993	4,993	(1,765)	3,228	–
– Third restaurant	–	–	–	–	4,993
Establishing a new central kitchen for Classified restaurants	4,438	4,000	(4,000)	–	–
Enhancement and upgrading existing restaurant facilities (namely, CEX, CTH and CHV)	8,655	4,209	(4,209)	–	–
Enhancement and upgrading existing restaurant facilities (other than CEX, CTH, CHV and CMB)	–	3,400	(42)	3,358	258
General working capital	1,996	4,702	(4,702)	–	1,335
Total	25,075	25,075	(18,489)	6,586	6,586

Reasons for the Change

The Company had planned to use approximately HK\$5.0 million of the IPO Proceeds to open the second “Classified” restaurant. This restaurant was opened in Kwun Tong, Kowloon on 5 June 2018, using only approximately HK\$1.8 million of the IPO Proceeds. This was primarily due to the fact that the previous tenant for this premise (also a restaurant operator) early terminated its lease and left behind various fixtures, equipment and other assets which can readily be used by the Company. This significantly reduced the investment cost necessary to open this restaurant.

Further, the Company had planned to use approximately HK\$3.4 million to enhance and upgrade the Company’s restaurant facilities (other than CEX, CTH, CHV and CMB) during the six months ending 30 June 2018. As at the date of this announcement:

- (1) for CRB: the Company had utilised approximately HK\$42,000 for such works, which was completed on schedule in March 2018; and
- (2) for CCR: the Company expects there to be a slight delay for completion from the second quarter to the third quarter of 2018, as the Company has been unable to secure satisfactory commercial terms for such works. Total IPO Proceeds required to complete such works is expected to only amount to approximately HK\$0.3 million, as the Company wishes to substantially reduce the extent of such works after consideration of the financial position and operating environment of the Group.

As a result, the Board has decided to reallocate the unutilised IPO Proceeds (which amounted to approximately HK\$6.6 million as at the date of this announcement) as follows:

- approximately HK\$5.0 million to open a third “Classified” restaurant. The Company has not yet identified a location with suitable commercial terms for this restaurant;
- as mentioned above, approximately HK\$0.3 million to complete the enhancement and upgrade works for the Company’s CCR restaurant during the third quarter of 2018; and
- approximately HK\$1.3 million for the Group’s general working capital.

The Board considers that such reallocation is in the interests of the Company and its Shareholders as a whole.

(2) **INSIDE INFORMATION AND SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO TERMINATION OF BAKERY BUSINESS**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is also made to the announcement of the Company dated 22 June 2018 (the “**Inside Information Announcement**”).

To supplement the Inside Information Announcement, the Company further confirms that:

- (a) it intends to carry on its existing businesses on both casual and full service restaurant operations. For example, the Company recently opened a new “Classified” restaurant in Kwun Tong, Hong Kong on 5 June 2018, and also renewed the lease for “The Pawn” restaurant with the landlord in May 2018. Further, the Company currently intends to renew existing leases for all of its restaurants on commercially acceptable terms and will commence negotiations with the relevant landlord at the appropriate time; and
- (b) other than the proposed termination of the Group’s central kitchen and bakery business (as detailed in the Inside Information Announcement), the Company has no intention, arrangement or understanding to dispose, scale-down or terminate its existing businesses and/or any major operating assets.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 10 July 2018

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. LAI Chik Fan and Mr. NG Chun Fai Frank.

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 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.