
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Classified Group (Holdings) Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "18. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the Shares and the Rights Shares in both their nil-paid and fully-paid forms may be settled through CCASS and you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on The Stock Exchange of Hong Kong Limited as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC. Settlement of transactions between participants of The Stock Exchange of Hong Kong Limited on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed "Notice" and the paragraph headed "Rights of the Overseas Shareholders (if any)" under the section headed "Letter from the Board" in this prospectus.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

Classified Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8232)

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) SHARES HELD ON RECORD DATE

Financial adviser to the Company

MESSIS 大有融資

Terms in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 4 October 2023. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 22 to 23 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to the Company served prior to 4:00 p.m. on Friday, 13 October 2023 to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this prospectus. If the Underwriters terminate the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

It should be noted that the Shares have been dealt in on an ex-rights basis from Monday, 11 September 2023. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 21 September 2023 to Thursday, 28 September 2023 (both days inclusive). Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 21 September 2023 to Thursday, 28 September 2023 (both days inclusive) will accordingly bear the risk that if the Underwriters terminate the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

19 September 2023

NOTICE

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the fulfilment of the conditions contained in the Underwriting Agreement and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Monday, 11 September 2023. Dealings in the Rights Shares in nil-paid form are expected to take from Thursday, 21 September 2023 to Thursday, 28 September 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares until all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that if the Underwriters terminate the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

DISTRIBUTION OF THE PROSPECTUS DOCUMENTS

Distribution of the Prospectus Documents (including this prospectus) in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) in possession of the Prospectus Documents should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

None of the Prospectus Documents will be registered under the securities laws of any jurisdiction other than Hong Kong and none of the Prospectus Documents will qualify for distribution under any of the relevant securities laws of any of the jurisdictions other than Hong Kong (save for any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions other

NOTICE

than Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions other than Hong Kong should refer to the paragraph headed “Rights of the Overseas Shareholders (if any)” under the section headed “Letter from the Board” in this prospectus. For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares in jurisdictions other than Hong Kong, please refer to this prospectus.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 6 July 2023 in relation to, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“Circular”	the circular of the Company dated 18 August 2023 in relation to, among other matters, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver
“Company”	Classified Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8232)

DEFINITIONS

“Compensatory Arrangements”	the arrangements involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected persons”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“EGM”	the extraordinary general meeting of the Company held on 5 September 2023 at which the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, were approved by the Shareholders or Independent Shareholders (as the case may be)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$8,000,000 divided into 800,000,000 Old Shares to HK\$40,000,000 divided into 4,000,000,000 Old Shares (or 200,000,000 Shares after the Share Consolidation became effective)
“Independent Shareholder(s)”	the Shareholder(s) other than: (i) the Underwriters and their respective associates; (ii) any parties acting in concert with each of the Underwriters; (iii) the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; and (iv) those who are involved in or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver, including but not limited to the Underwriters and parties acting in concert with any of them
“Independent Third Party(ies)”	any individual(s) or company(ies) not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Irrevocable Undertakings”	the irrevocable undertakings executed by Wiltshire Global and Peyton Global in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertakings” in this prospectus
“Last Trading Day”	6 July 2023, being the last trading day of the Old Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Placing Time”	4:00 p.m. on Thursday, 12 October 2023, or such later date and time as the Company may announce, being the latest date and time for the Placing Agent to execute the Compensatory Arrangements
“Latest Practicable Date”	12 September 2023, being the latest practicable date before the printing of this prospectus for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 4 October 2023 or such later time or date as may be agreed between the Company and the Underwriters in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Friday, 13 October 2023 or such later time or date as may be agreed between the Company and the Underwriters in writing, which shall be the latest time for termination of the Underwriting Agreement
“Mr. Pong”	Mr. Pong Kin Yee, who is an executive Director, and the sole owner of Peyton Global as at the Latest Practicable Date
“Mr. Wong”	Mr. Wong Arnold Chi Chiu, who is the chairman of the Board and an executive Director, and the sole owner of Wiltshire Global as at the Latest Practicable Date
“Net Gain”	the aggregate of any premium being the aggregate amount paid by the placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any Nil-Paid Rights at the time such Nil-Paid Rights are lapsed, or Non-Qualifying Shareholders (as the case may be)

DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Old Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation became effective
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Peyton Global”	Peyton Global Limited, a company incorporated in the British Virgin Islands, which is legal and beneficial owner of 3,400,000 Shares as at the Latest Practicable Date and is wholly owned by Mr. Pong
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with the Underwriters and their respective concert parties (including Mr. Wong and Mr. Pong) and/or any of the Company’s connected persons procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares by the Placing Agent to the Placees on the terms and subject to the conditions of the Placing Agreement under the Compensatory Arrangements

DEFINITIONS

“Placing Agent”	Aristo Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 6 July 2023 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis (as supplemented by the Supplemental Placing Agreement)
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“prospectus”	this prospectus (including any supplementary prospectus, if any) in connection with the Rights Issue
“Prospectus Documents”	this prospectus and the PAL(s)
“Prospectus Posting Date”	Tuesday, 19 September 2023, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Non-Qualifying Shareholder(s), this prospectus only)
“Public Float Requirement”	the public float requirement under Rule 11.23 of the GEM Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 18 September 2023, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of 33,450,000 Rights Shares at the Subscription Price on the basis of three (3) Rights Shares for every two (2) Shares held at the close of business on the Record Date payable in full on acceptance

DEFINITIONS

“Rights Shares”	up to 33,450,000 new Shares to be allotted and issued under the Rights Issue
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares or transferees of the Nil-Paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger non-compliance with the Public Float Requirement on the part of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value of HK\$0.2 each in the share capital of the Company after the Share Consolidation became effective
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Old Shares of HK\$0.01 each into one (1) Share of HK\$0.2 each, which became effective on 7 September 2023
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholders’ Loans”	the amount due from the Group to Mr. Wong and Mr. Pong from time to time, which amounted to approximately HK\$4.9 million and HK\$5.9 million respectively as at the Latest Practicable Date
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.426 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Supplemental Placing Agreement”	the supplemental agreement dated 25 July 2023 and entered into between the Company and the Placing Agent to amend certain terms of the Placing Agreement
“Supplemental Underwriting Agreement”	the supplemental agreement dated 25 July 2023 and entered into between the Company, the Underwriters, Mr. Wong and Mr. Pong to amend certain terms of the Underwriting Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriters”	Wiltshire Global and Peyton Global, each an “Underwriter”
“Underwriting Agreement”	the underwriting agreement dated 6 July 2023 and entered into between the Company, the Underwriters, Mr. Wong and Mr. Pong in relation to the Rights Issue (as supplemented by the Supplemental Underwriting Agreement)
“Underwritten Shares”	up to an aggregate of 25,249,500 Rights Shares to be underwritten by the Underwriters on fully underwritten basis pursuant to the terms and conditions of the Underwriting Agreement
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Unsold Rights Shares
“Untaken Rights Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Underwriters to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriters and parties acting in concert with them any of which would otherwise arise as a result of the taking up the Underwritten Shares

DEFINITIONS

“Wiltshire Global”	Wiltshire Global Limited, a company incorporated in the British Virgin Islands, which is legal and beneficial owner of 2,067,000 Shares as at the Latest Practicable Date and is wholly owned by Mr. Wong
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and Date (Hong Kong time)
Despatch of the Prospectus Documents to the Qualifying Shareholders (in the case of the Non-Qualifying Shareholders, this prospectus only)	Tuesday, 19 September 2023
First day of dealings in nil-paid Rights Shares	Thursday, 21 September 2023
Original counter for trading in the Shares in the board lot size of 5,000 Shares (in the form of new share certificates) reopens	9:00 a.m. on Thursday, 21 September 2023
Parallel trading in the Shares (in the form of both old share certificates and new share certificates) commences	9:00 a.m. on Thursday, 21 September 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Thursday, 21 September 2023
Latest time for splitting of the PAL(s)	4:00 p.m. on Monday, 25 September 2023
Last day of dealings in nil-paid Rights Shares	Thursday, 28 September 2023
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 4 October 2023
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 4 October 2023
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Monday, 9 October 2023
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Tuesday, 10 October 2023

EXPECTED TIMETABLE

Event	Time and Date (Hong Kong time)
Latest time of placing of Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Thursday, 12 October 2023
Designated broker ceases to provide matching services for odd lots of the Shares	4:00 p.m. on Thursday, 12 October 2023
Temporary counter for trading in the Shares in the board lot size of 250 Shares (in the form of old share certificates) closes	4:10 p.m. on Thursday, 12 October 2023
Parallel trading in the Shares (represented by both old share certificates and new share certificates) ends	4:10 p.m. on Thursday, 12 October 2023
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 13 October 2023
Latest time for free exchange of old share certificates for new share certificates for the Shares	4:00 p.m. on Monday, 16 October 2023
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares by the Placing Agent and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 20 October 2023
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any	Tuesday, 24 October 2023
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Wednesday, 25 October 2023
Payment of Net Gain to relevant No Action Shareholders (if any)	Wednesday, 8 November 2023

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Underwriting Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Wednesday, 4 October 2023, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

Each of the Underwriters may in its absolute discretion terminate the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination, if at or prior to such time:

- (A) such Underwriter becomes aware of the fact that there shall develop, occur, exist or come into effect:
 - (i) any new law or regulation or any change in existing laws or regulations in Hong Kong (being the place in which the Company conducts or carry on business) or the Cayman Islands (being the place of incorporation of the Company); or
 - (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
 - (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the reasonable opinion of such Underwriter, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

- (B) there comes to the notice of such Underwriter that the Company has committed any breach of or omits to observe any of its obligations or undertakings under the Underwriting Agreement, and such breach or omission would have a material and adverse effect of the business, financial or trading position or prospect of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If any of the Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by any of the Underwriters.

LETTER FROM THE BOARD

Classified Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8232)

Executive Directors:

Mr. WONG Arnold Chi Chiu (*Chairman*)

Mr. PONG Kin Yee

Mr. LI Kai Leung

Independent Non-executive Directors:

Dr. CHAN Kin Keung Eugene

Mr. NG Chun Fai Frank

Mr. YUE Man Yiu Matthew

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:*

2/F., Cheung Tak Industrial Building,

30 Wong Chuk Hang Road,

Wong Chuk Hang,

Hong Kong

19 September 2023

To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) SHARES HELD ON RECORD DATE

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver.

At the EGM held on Tuesday, 5 September 2023, the resolutions for approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver were duly passed by the Shareholders or Independent Shareholders (as the case may be). The Share Consolidation became effective on Thursday, 7 September 2023.

The purpose of this prospectus is to provide you with among other things, further details of the Rights Issue and certain financial information and other information in respect of the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.426 per Rights Share, to raise gross proceeds of approximately HK\$14.25 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date), by way of issuing 33,450,000 Rights Shares.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$12.75 million by issuing 33,450,000 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the number of Shares in issue on or before the Record Date).

The principal terms of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.426 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated expenses incurred in relation to the Rights Issue)	:	Approximately HK\$0.380 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	22,300,000 Shares
Number of Rights Shares to be issued	:	Up to 33,450,000 Rights Shares (assuming (i) no change in the total number of Shares in issue on or before the Record Date and (ii) full subscription under the Rights Issue)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 55,750,000 Shares (assuming (i) no change in the total number of Shares in issue on or before the Record Date and (ii) full subscription under the Rights Issue)

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Gross proceeds from the Rights Issue (before deducting the relevant expenses)	:	Up to approximately HK\$14.25 million (assuming (i) no change in the total number of Shares in issue on or before the Record Date and (ii) full subscription under the Rights Issue)
Net proceeds from the Rights Issue (after deducting the estimated relevant expenses)	:	Up to approximately HK\$12.75 million (assuming (i) no change in the total number of Shares in issue on or before the Record Date and (ii) full subscription under the Rights Issue)
Right of excess applications	:	As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue
Underwriters and number of underwritten Rights Shares	:	Pursuant to the Underwriting Agreement, Wiltshire Global and Peyton Global have conditionally agreed to underwrite, pro rata to their respective shareholding in the Company as at the date of the Underwriting Agreement, on fully underwritten basis, up to an aggregate of 25,249,500 Rights Shares (of which up to 9,546,500 Rights Shares and 15,703,000 Rights Shares will be underwritten by Wiltshire Global and Peyton Global respectively, assuming no other change in the total number of Shares in issue save for the Share Consolidation on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement

Assuming no changes in the number of issues Shares of the Company on or before the Record Date, the 33,450,000 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 150% of the total number of Shares in issue; (ii) 60% of the total number of issued Shares as enlarged by the issue of the Rights Shares immediately upon completion of the Rights Issue.

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Subscription Price

The Subscription Price is HK\$0.426 per Rights Share, which is payable in full upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of Nil-Paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 11.3% to the closing price of approximately HK\$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 15.0% to the adjusted closing price of approximately HK\$0.50 per Share based on the closing price of HK\$0.0250 per Old Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 15.0% to the adjusted average closing prices of approximately HK\$0.50 per Share based on the average closing price of approximately HK\$0.0250 per Old Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 15.0% to the adjusted average closing prices of approximately HK\$0.50 per Share based on the average closing price of approximately HK\$0.0250 per Old Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (v) a discount of approximately 17.1% to the adjusted average closing prices of approximately HK\$0.514 per Share based on the average closing price of approximately HK\$0.0257 per Old Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (vi) a discount of approximately 6.6% to the theoretical ex-entitlement price of approximately HK\$0.456 per Share based on the closing price of approximately HK\$0.025 per Old Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares and adjusted for the effect of the Share Consolidation;

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- (vii) theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 8.8%, represented by the theoretical diluted price of approximately HK\$0.456 per Share to the benchmarked price of approximately HK\$0.50 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Old Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Old Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (viii) a discount of approximately 53.3% to the adjusted audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$0.913 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$20,359,000 as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022 by the number of Shares as at the Latest Practicable Date; and
- (ix) a discount of approximately 49.2% to the adjusted unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.839 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$18,718,000 as at 30 June 2023 as set out in the unaudited management accounts of the Company for the six months ended 30 June 2023 by the number of Shares as at the Latest Practicable Date.

The Subscription Price was determined with reference to and having considered (i) the closing price of HK\$0.025 per Old Share as quoted on the Stock Exchange on the Last Trading Day; (ii) the current financial position of the Group; and (iii) the reasons for the Rights Issue and the use of proceeds as set out in the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this prospectus.

In determining the Subscription Price, which represents a discount of approximately 15.0% to the closing price of approximately HK\$0.50 per Share based on the closing price of HK\$0.0250 per Old Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation, the Directors have considered, including but not limited to, (i) the historical adjusted closing prices per Old Share since 31 December 2022 were in a general downtrend, as the average adjusted closing prices per Old Share for (a) the last 30 consecutive trading days up to and including the Last Trading Day; (b) the last 60 consecutive trading days up to and including the Last Trading Day; and (c) the period from 1 January 2023 up to and including the Last Trading Day were HK\$0.514, HK\$0.564 and HK\$0.698 per Old Share, respectively; (ii) the Company has recorded a net loss of approximately HK\$16.39 million, HK\$16.55 million and HK\$20.39 million for the year ended 31 December 2020, 2021 and 2022, respectively and its bank balances and cash was approximately HK\$1.7 million as at 31 December 2022, which makes it necessary for the Company to conduct fund raising activities

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to improve working capital for business operation; (iii) all Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment under the Rights Issue; and (iv) the Subscription Price represents a discount to the recent closing prices and to the consolidated net asset value per Share attributable to the Shareholders as set out above, which would encourage the Qualifying Shareholders to participate in the Rights Issue, which in turn allow them to maintain their shareholdings in the Company, thereby minimising the dilution impact of their shareholdings in the Company, and allow them to participate in the future growth and development of the Group.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as disclosed in the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this prospectus, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Subscription Rate

The subscription rate (i.e. three (3) Rights Shares for every two (2) Shares) was determined based on (i) estimated net proceeds from the Rights Issue after deducting all necessary expenses of approximately HK\$12.75 million that the Company proposes to raise; (ii) the reasons for the Rights Issue as disclosed in the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this prospectus; (iii) the effect of Share Consolidation together with the factors considered by the Company as set out in the section headed “Reasons for the Share Consolidation” in the Circular; and (iv) the Subscription Price and the factors considered in determining the Subscription Price as set out in the section headed “Subscription Price” in this prospectus.

Conditions Precedent

Please refer to the sub-section headed “Conditions Precedent of the Rights Issue and the Underwriting Agreement” in the section headed “The Underwriting Agreement” for the conditions precedent of the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

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Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, despatch this prospectus (without the PAL) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company at the close of business on the Record Date; and
- (ii) is not a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

The last day of dealing in the Shares on a cum-rights basis was Thursday, 7 September 2023 and the Shares have been dealt with on an ex-rights basis from Monday, 11 September 2023. The Latest Time for Acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Wednesday, 4 October 2023.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

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As at the Latest Practicable Date, there were 4 Overseas Shareholders with registered addresses situated in the PRC, holding a total of 10,250 Shares, representing approximately 0.04% of the total issued Shares of the Company. Having made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses (as shown in the register of members of the Company) in the jurisdiction set out above in compliance with Rule 17.41(1) of the GEM Listing Rules and taken into account the legal advice provided by the PRC legal adviser engaged by the Company, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC from the Rights Issue, and the Rights Issue will be offered to the Overseas Shareholders in the PRC.

As at the Latest Practicable Date, there were no Non-Qualifying Shareholders. Should there be any Non-Qualifying Shareholders that appear on the register of members of the Company on the Record Date, the Company will send this prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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Basis of provisional allotments

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements to the Rights Shares" below.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions precedent of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Tuesday, 24 October 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee (except HKSCC Nominees Limited) will receive one share certificate for all allotted fully-paid Rights Shares. If the Underwriting Agreement is terminated or not becoming unconditional, or if the Rights Issue is otherwise terminated, refund cheques will be posted on or before Tuesday, 24 October 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Procedures for acceptance and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than 4:00 p.m. on Wednesday, 4 October 2023. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Classified Group (Holdings) Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 4 October 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:00 p.m. on Monday, 25 September 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

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Scale-down of subscriptions to avoid the triggering of non-compliance with Public Float Requirement

To avoid the unwitting triggering of non-compliance of Public Float Requirements, all applications for Rights Shares whether under the PAL(s), or by transferees of nil-paid Rights Shares, or by the Underwriters will be made on the basis that the applications are to be scaled-down by the Company to a level which does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares will be refunded to the applicants, and the Scale-down PAL Shares will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriters to the extent Public Float Requirements are satisfied, pursuant to the terms of the Underwriting Agreement.

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any non-compliance of Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principle that where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders rather than an individual Qualifying Shareholder, the allocations of PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

The Underwriters shall use all reasonable endeavours to ensure that Public Float Requirements are complied with upon completion of the Rights Issue.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares (in both nil-paid and fully-paid forms).

Application for listing

The Company has made an application to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. The Rights Shares (in both nil-paid and fully-paid

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forms) will be traded in the board lots of 5,000 Rights Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt. Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

The Irrevocable Undertakings

As at the Latest Practicable Date, Wiltshire Global (which is wholly-owned by Mr. Wong) and Peyton Global (which is wholly-owned by Mr. Pong) are interested in 2,067,000 Shares and 3,400,000 Shares, which represent approximately 9.27% and 15.25% of the issued Shares respectively. Pursuant to the Irrevocable Undertakings, (i) Wiltshire Global has undertaken to the Company that it will subscribe for the 3,100,500 Rights Shares representing its full entitlement under the Rights Issue; (ii) Peyton Global has undertaken to the Company that it will subscribe for the 5,100,000 Rights Shares representing its full entitlement under the Rights Issue; and (iii) Wiltshire Global and Peyton Global have undertaken to the Company that they will not dispose of any of the 2,067,000 Shares and 3,400,000 Shares representing their respective shareholding in the Company, and such Shares remain beneficially owned by them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Nil-Paid Rights or Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as one of the Underwriters, Peyton Global, is a substantial shareholder of the Company, the Company must make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Unsold Rights Shares, by offering the Unsubscribed Rights Shares to Placees by way of a placing for the benefit of the relevant No Action Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to Placees on a best effort basis, and any Net Gain will be paid to the No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 12 October 2023, Placee(s), to subscribe for the Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded to the nearest cent) will be paid to the No Action Shareholders, including (i) the relevant Qualifying Shareholders whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and (ii) the relevant Non-Qualifying Shareholders with reference to their shareholding in the Company on the Record Date, as set out below on pro-rata basis:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

In order to comply with the GEM Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Rights Shares at the placing price. Any unplaced Unsubscribed Rights Shares will then be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

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THE PLACING AGREEMENT

On 6 July 2023 (after trading hours), the Company entered into the Placing Agreement (as supplemented by the Supplemental Placing Agreement) with the Placing Agent. Principal terms of the Placing Agreement are as follow:

Date : 6 July 2023 (after trading hours)

Placing Agent : Aristo Securities Limited

As at the Latest Practicable Date, (i) the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) the Placing Agent and its ultimate beneficial owner(s) are independent from and not acting in concert with any of the Underwriters.

Placing commission : The Company shall pay the Placing Agent fixed commission fee of HK\$38,000, irrespective of (i) whether or not any Unsubscribed Rights Shares are successfully placed; and (ii) the actual number of Unsubscribed Rights Shares which are successfully placed, by the Placing Agent.

Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are not Shareholders and are Independent Third Party(ies) and not acting in concert with the Underwriters and their respective concert parties and/or any of the Company's connected persons. The Placing Agent shall ensure that (i) the Placing is conducted in accordance with the GEM Listing Rules and none of the Placees shall be or become a substantial shareholder of the Company immediately upon completion of the Placing; and (ii) no Placees will be under an obligation to make a mandatory general offer under the Takeovers Code as a result of the Placing and the Placing will not have any implications under the Takeovers Code.

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- Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Placing condition : The Placing is conditional upon the fulfillment of the following conditions on or before the Latest Time for Termination (or such later date as may be agreed in writing between the Placing Agent and the Company): (i) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares; and (ii) all necessary consents and approvals to be obtained by the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.
- Placing period : The period from Tuesday, 10 October 2023 up to 4:00 p.m. on Thursday, 12 October 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Termination of the Placing Agreement

The Placing Agent may terminate the Placing Agreement by a notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or

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- (ii) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of despatch of share certificates for fully-paid Rights Shares and refund cheques (if any), which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement.

The Underwriters confirm that they and parties acting in concert with any of them (including Mr. Wong and Mr. Pong) will not be involved in the solicitation, screening and selecting of Placees in relation to the Unsubscribed Rights Shares.

The Placing Agent confirms that it is an Independent Third Party, each of it and its ultimate beneficial owner(s) is independent of and not connected or acting in concert with the Underwriters and any parties acting in concert with any of them (including Mr. Wong and Mr. Pong) and there is no other arrangement, agreement, understanding or undertaking with the Underwriters in relation to the Shares.

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The terms of the Placing Agreement (including the Placing commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of placing commission, as the terms (including the rate of placing commission) of the Placing Agreement are comparable to those of the placing agreements in the recent rights issue exercise undertaken by other Hong Kong listed issuers, and are on normal commercial terms. Further, taking into account (i) a fixed commission fee would provide certainty in respect of the amount of costs to be borne by the Company in the Placing; (ii) the Company is able to minimise the transaction costs if a substantial number of Rights Shares are placed by the Placing Agent, the Directors consider that a fixed placing commission is in line with market practice, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. The Directors consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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THE UNDERWRITING AGREEMENT

On 6 July 2023 (after trading hours), the Company, the Underwriters, Mr. Wong and Mr. Pong (each a “Party” and collectively, the “Parties”) entered into the Underwriting Agreement (as supplemented by the Supplemental Underwriting Agreement) in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

Underwriting Agreement

Date	:	6 July 2023 (after trading hours)
Issuer	:	The Company
Underwriters	:	(1) Wiltshire Global; and (2) Peyton Global.
Number of Rights Shares underwritten by the Underwriters	:	Up to an aggregate of 25,249,500 Rights Shares (of which up to 9,546,500 Rights Shares and 15,703,000 Rights Shares will be underwritten by Wiltshire Global and Peyton Global respectively, assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date), representing all the Rights Shares under the Rights Issue other than the 8,200,500 Rights Shares that have been undertaken to be subscribed by Wiltshire Global and Peyton Global pursuant to the Irrevocable Undertakings.
Underwriting Commission	:	The Underwriters will not receive any underwriting commission.

Subject to the fulfilment of all the conditions (or any waiver, as the case may be, by the Underwriters) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, if and to the extent that at the Latest Placing Time, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, Wiltshire Global and Peyton Global shall, on fully underwritten basis, subscribe for the Untaken Rights Shares in proportion to their respective shareholding in the Company as at the date of the Underwriting Agreement.

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The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriters taking into account prevailing market practices and terms for recent rights issue exercises undertaken by other Hong Kong listed issuers, and, in view of the recent trend of the Shares' trading price, the size of the Rights Issue and the market condition, it is possible that the Rights Shares will not be fully taken by the Qualifying Shareholders or placed by the Placing Agent, thus the arrangement under the Underwriting Agreement could secure the net proceeds from the Rights Issue as proposed by the Group to enhance its working capital and strengthen its financial position, as further set out under the subsection headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds". The Directors consider that the terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Information on the Underwriters

Wiltshire Global is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding. As at the Latest Practicable Date, Wiltshire Global, which is wholly-owned by Mr. Wong, the chairman of the Board and an executive Director, owns 2,067,000 Shares, representing approximately 9.27% of the total issued share capital of the Company. Mr. Wong is the sole director of Wiltshire Global.

Mr. Wong joined the Group in June 2005 and is one of the founders of the Group. He is primarily responsible for overseeing the overall financial matters of the Group. Mr. Wong graduated from St. Hugh's College, Oxford University, the United Kingdom with a Bachelor's degree in Jurisprudence in June 1996. Mr. Wong had three years and six years of experience in auditing and corporate finance, respectively.

Peyton Global is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding. As at the Latest Practicable Date, Peyton Global, which is wholly-owned by Mr. Pong, an executive Director, owns 3,400,000 Shares, representing approximately 15.25% of the total issued share capital of the Company, and is a substantial shareholder of the Company. Mr. Pong is the sole director of Peyton Global.

Mr. Pong joined the Group in June 2005 and is one of the founders of the Group. He is primarily responsible for the Group's business development. Mr. Pong graduated from the Massachusetts Institute of Technology, Cambridge, the United States of America with a Bachelor's degree in Materials Science and Engineering in June 2000. In March 1999, Mr. Pong and his father co-founded Altaya Wines Limited, a company that imports and distributes fine wines in Hong Kong.

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Mr. Pong also actively participates in various public advisory boards. In the arts, cultural and tourism sphere, Mr. Pong is the Chairman to the Board of Ocean Park Corporation; a Board Member of West Kowloon Cultural District Authority; a Board of Director of M+ Museum Ltd; the Governing Board Chairman of JCCAC; and a Trustee of the Museum of Art. Mr. Pong is also a Member of HKTDC Hong Kong-Europe Business Council; a Council Member & Executive Director of The Hong Kong Chinese Importers and Exporters Association; and a Board Member, Executive Committee Member and Campaign Committee Chairman of The Community Chest. He has been Justice of the Peace since July 2018.

As such, each of Wiltshire Global and Peyton Global is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Taking into account the following factors: (i) Wiltshire Global and Peyton Global constitute a closely allied group of Shareholders as defined in Rule 19.45 of the GEM Listing Rules, considering (a) Mr. Wong and Mr. Pong, the sole beneficial owners of the Wiltshire Global and Peyton Global respectively, are the co-founders of the Group, which was established in 2006, and have been directors and ultimate shareholders of the Company since its incorporation in 2014; and (b) Mr. Wong and Mr. Pong have voted in an unanimous manner (through Wiltshire Global and Peyton Global respectively) on the proposed shareholders' resolutions of the Company since of the listing of the Company's shares on GEM in 2016; (ii) Wiltshire Global and Peyton Global are parties acting in concert for the purposes of the Takeovers Code; (iii) Wiltshire Global and Peyton Global are subject to the same terms and conditions as the Underwriters pursuant to the Underwriting Agreement (save as to the number of Rights Shares underwritten by them respectively); and (iv) Wiltshire Global and Peyton Global own an aggregate of 5,467,000 Shares, representing approximately 24.52% of the total issued share capital of the Company, for the purpose of Rule 10.24A(2) of the GEM Listing Rules, the Underwriters are regarded as a group of substantial shareholders of the Company and therefore comply with 10.24A(2) of the GEM Listing Rules.

Conditions precedent of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (i) (a) the passing by the Shareholders at the EGM of ordinary resolutions to approve the Share Consolidation and the Increase in Authorised Share Capital; and (b) the passing by the Independent Shareholders at the EGM of (1) ordinary resolutions to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the GEM Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

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- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Companies Registry in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iv) the GEM Listing Committee granting and not having revoked, the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriters accept and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date, and such listing and permission to deal not having been withdrawn or revoked;
- (v) the Underwriting Agreement not having been terminated in accordance with its terms;
- (vi) the Company having complied with and performed all undertakings and obligations, and representations and warranties of the Company under the Underwriting Agreement;
- (vii) the Company having complied with the requirements under all applicable laws and regulations;
- (viii) the Company and the Underwriters having obtained all necessary board approval for entering into the Underwriting Agreement or the transactions contemplated therein;
- (ix) the Executive granting the Whitewash Waiver to the Underwriters and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (x) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect;

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- (xi) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (xii) the Underwriters receiving from the Company all the documents as set out in the Underwriting Agreement in such form and substance satisfactory to the Underwriters as soon as practicable after the date of the Underwriting Agreement, and not later than 4:00 p.m. on the Business Day immediately before the Prospectus Posting Date.

Apart from the conditions precedent as set out in (vi) and (xii) above which can be waived in whole or in part by the Underwriters unilaterally (but not by the Company) by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent are incapable of being waived. As at the Latest Practicable Date, the conditions precedent set out in (i) and (viii) have been fulfilled. The Company and the Underwriters shall use their respective best endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriters may agree in writing and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares (in their nil-paid or fully-paid forms) or to give effect to the Rights Issue and the arrangements contemplated in the Underwriting Agreement.

If any of the conditions precedent (save and except those having been waived in accordance with the above paragraph) are not satisfied in whole by the Latest Time for Termination or such other date as the Company and the Underwriters may agree in writing, the Underwriting Agreement shall terminate (save and except the clauses of indemnity and certain clauses which shall remain in full force and effect) and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise save for any antecedent breaches.

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Termination of the Underwriting Agreement

Each of the Underwriters may in its absolute discretion terminate the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination, if at or prior to such time:

- (A) such Underwriter becomes aware of the fact that there shall develop, occur, exist or come into effect:
 - (i) any new law or regulation or any change in existing laws or regulations in Hong Kong (being the place in which the Company conducts or carry on business) or the Cayman Islands (being the place of incorporation of the Company); or
 - (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
 - (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the reasonable opinion of such Underwriter, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

- (B) there comes to the notice of such Underwriter that the Company has committed any breach of or omits to observe any of its obligations or undertakings under the Underwriting Agreement, and such breach or omission would have a material and adverse effect of the business, financial or trading position or prospect of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If any of the Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by any of the Underwriters.

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REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is principally engaged in investment holding and the Group is principally engaged in restaurant operations in Hong Kong.

For the year ended 31 December 2022, the Group recorded an audited loss of approximately HK\$20.4 million and the financial performance of the Group was adversely affected by (i) decrease in revenue from existing restaurants as affected by repeated sporadic outbreak of COVID-19 which had a greater adverse impact than the previous year; (ii) impairment loss of certain property, plant and right-of-use assets associated to the restaurants; (iii) write-down of the inventories to net realisable values; and (iv) decrease in profit due to the discontinued operation.

The COVID-19 pandemic and government social distancing measures and restrictions on public gatherings have had significant adverse impact on Hong Kong's food and beverage industry. Following the reopening of the border with Mainland China, relaxation of COVID-19 restrictions and increase in tourist arrivals in Hong Kong, the management believes the restaurant business will recover gradually. However, the business environment of the food and beverage industry in Hong Kong remains challenging, dynamic, and competitive. Pressure from rising food costs, rental expenses, utilities expenses and labour costs is enduring, which further squeezes the Group's profit margin. Customers are more budget conscious and price sensitive to the amounts they spend on dining out 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 the Group's business performance.

Considering the uncertain market condition, the management considers that expanding the Group's current restaurant portfolio would be too risky and it is appropriate for the Group to enhance its working capital and financial position in order to improve the Group's operation by benefiting from the gradual recovery of the economy. The Directors believe that it is more suitable for the expansion plan of the Group to be carried out after improving the financial performance of the Group.

In order to maintain sufficient cash level for the Group's current operation, the Group had obtained short-term financing from Mr. Wong and Mr. Pong since 2021. The Shareholders' Loans are interest free, without maturity date and payable on demand. As at the Latest Practicable Date, the outstanding Shareholders' Loans owing to Mr. Wong and Mr. Pong amounted to approximately HK\$4.9 million and HK\$5.9 million respectively. As at 31 December 2022, the Group had the cash and cash equivalents of approximately HK\$1.74 million, which was not sufficient to settle the Shareholders' Loans.

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For the year ended 31 December 2022, the Group's total audited revenue was approximately HK\$37.5 million, including revenue from continuing operations of HK\$37.5 million and no revenue was recorded for discontinued operation, while for the year ended 31 December 2021, the Group's total audited turnover was approximately HK\$76.1 million, including revenue from continuing operations of HK\$59.9 million and revenue from discontinued operation of HK\$16.2 million, representing a decrease of approximately 50.7% as compared with the year ended 31 December 2021. The decrease in revenue for the year ended 31 December 2022 was mainly due to the closure of "The Pawn" in September 2021 and two "Classified" restaurants in February 2022 and July 2022, respectively, the outbreak of the fifth waves of the COVID-19 and the adverse impacts of anti-pandemic measures imposed by the Hong Kong Government. Total loss attributable to owners of the Company was approximately HK\$20.4 million for the year ended 31 December 2022, representing an increase of approximately HK\$3.8 million or 22.89% as compared to the Group's total loss of approximately HK\$16.6 million for the year ended 31 December 2021. The increase in loss attributable to owners of the Company was mainly due to the (i) decrease in revenue from existing restaurants as affected by repeated sporadic outbreak of COVID-19 which had a greater adverse impact than the previous year; (ii) impairment loss of certain property, plant and right-of-use assets associated to the restaurants; (iii) write-down of the inventories to net realisable values; and (iv) decrease in profit due to discontinued operation.

As at 31 December 2022, the Group's current assets amounted to approximately HK\$37.5 million, representing a decrease of approximately HK\$28.1 million or 42.8% as compared to the current assets of HK\$65.6 million as at 31 December 2021, of which approximately HK\$1.7 million was bank balances and cash, approximately HK\$31.2 million was inventory which mainly consists of wines and raw materials, as well as approximately HK\$3.9 million was trade and other receivables, deposits and prepayments. As at 31 December 2022, the Group's current liabilities amounted to approximately HK\$16.2 million, which mainly included lease liabilities in the amount of approximately HK\$4.5 million and trade and other payables and accrued charges in the amount of approximately HK\$9.1 million.

The management considers it is imperative to conduct the Rights Issue in order to repay the Shareholders' Loans and enhance the Group's working capital. The Shareholders' Loans (which were interest free and repayable on demand) were provided by both Mr. Wong and Mr. Pong to the Group in order to mitigate short-term financial difficulties and both Mr. Wong and Mr. Pong have expressed their intention to require the Group to repay the Shareholders' Loan as soon as practicable. As at 31 December 2022, since (i) the Group's bank balances and cash of approximately HK\$1.7 million; and (ii) the Group's inventory of approximately HK\$31.2 million, as well as trade and other receivables, deposits and prepayments of approximately HK\$3.9 million, cannot be considered as acceptable collateral by financial institutions to lend additional cash to the Group, the Group does not have sufficient financial resources to repay the Shareholders' Loans. In light of both Mr. Wong and Mr. Pong have expressed their intention to require the Group to repay the Shareholders' Loans as soon as practicable, there is an uncertainty that the Group may receive demand notes from Mr. Wong and Mr. Pong in relation to the immediate repayment of the Shareholders' Loans. As such, the management considers it is in the

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interest of the Group to maintain its ordinary business operation without expansion of business until both the financial position and the financial performance of the Group are improved. However, the current financial position restricts the Group's business operation and development.

The management considers it is not sustainable for the Group to rely on Shareholders' Loans in the long run and the Shareholders' Loans were only provided to the Group to mitigate short term financial difficulties. If the Group has sufficient financial resources, it is the top priority of the Group to repay the Shareholders' Loans. Following repayment of the Shareholders' Loans and improvement of the working capital and profitability of the Group, the Group can seek for external financial resources to carry out expansion plan. As such, the payment of Shareholders' Loans and improvement of the Group's working capital is the only option for the Group to consider for the use of proceeds under the Rights Issue.

As mentioned above, the management does not consider that expansion of the Group's current restaurant portfolio to be realistic at the moment as it involves substantial investment and such expansion would place the Group in a risky position before settlement of Shareholders' Loans and improvement of the working capital and profitability of the Group. In addition, since the settlement of Shareholders' Loans is important to the Group for its business development, the Company invited Mr. Wong and Mr. Pong to act as the Underwriters in relation to the Rights Issue for the potential conversion of the Shareholders' Loans into the Shares at the Subscription Price in the event that any Unsubscribed Rights Shares were not taken up by any Shareholders and/ or other potential investors. Mr. Wong and Mr. Pong have agreed to commit HK\$9.15 million in total in cash for the Rights Issue after deducting the repayment of Shareholders Loans to act as the Underwriters. In that case, assuming no Rights Shares are taken up by the Qualifying Shareholders (other than Wiltshire Global and Peyton Global pursuant to the Irrevocable Undertakings), the Company believes that given (i) the gross proceeds of approximately HK\$14.25 million before expenses (assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date); and (ii) the level of cash committed from Mr. Wong and Mr. Pong for the Rights Issue regarding their obligations under both the Irrevocable Undertakings and Underwriting Agreement, 40% of the net proceeds of HK\$12.75 million (assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date), being HK\$5.10 million, is the amount to be allocated for the repayment of the Shareholders Loans. Unless Mr. Wong and Mr. Pong agree to further commit capital, the Company would not be able to proceed with the Rights Issue if the Company intends to allocate less net proceeds for repayment of Shareholders' Loans and allocate more net proceeds for the working capital. Therefore, based on the above, the Company considers that the allocation of the use of proceeds under the Rights Issue is the best available option for the Group to enhance its working capital and strengthen its financial position.

Based on above, the management considers that the repayment of Shareholders' Loans and improvement of the Group's working capital as a necessity and is the only option for the Group to consider when formulating use of proceeds under the Rights Issue given that the Group is unable to obtain external financing. In view that (i) the Group does not have sufficient available

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cash to fulfil the repayment obligations of the Shareholders' Loans; (ii) the repayable on demand nature of the Shareholders' Loans creates uncertainty to Group's business development; (iii) the allocation under the use of proceed is the best available option for the Company to strengthen its working capital and financial position; (iv) as both Mr. Wong and Mr. Pong have expressed their intention to demand the repayment of the Shareholders' Loans, the Group may receive demand notes from Mr. Wong and Mr. Pong in relation to the immediate repayment of the Shareholders' Loans; (v) it is unsustainable and not appropriate for the Group to rely on Shareholders' Loans to maintain its operation in the long run; and (vi) it is the Group's objective to improve financial position and obtain facilities from financial institutions in the long run, the Directors consider that it is necessary to conduct fund raising activities to strengthen the financial position of the Group by repayment of the Shareholders' Loans and improvement of the Group's working capital. Thus, the Company considers that the Rights Issue together with the allocation of the use of proceeds is in the interest of the Company and Independent Shareholders as a whole.

Assuming all Rights Shares are taken up, the net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$1.5 million) are estimated to be approximately HK\$12.75 million (assuming no change in the number of Shares in issue save for the Share Consolidation on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately 40% (being approximately HK\$5.10 million) for repayment of the outstanding Shareholders' Loans;
- (ii) approximately 60% (being approximately HK\$7.65 million) as general working capital of the Group, of which:
 - (a) approximately 19% (being approximately HK\$2.4225 million) for payment for purchase of raw materials from suppliers for enhancing signature dishes in order to promote the brand name of restaurants;
 - (b) approximately 30% (being approximately HK\$3.825 million) for payment of future payroll and/or training of existing and additional staff; and
 - (c) approximately 11% (being approximately HK\$1.4025 million) for enhancement and upgrade of restaurant facilities.

As at the Latest Practicable Date, Mr. Wong, the ultimate shareholder of Wiltshire Global, and Mr. Pong, the ultimate shareholder of Peyton Global, do not intend to introduce any major change to the Group's business (including any re-deployment of the Group's fixed assets).

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Pursuant to the Underwriting Agreement, the Company intends to apply HK\$1.9282 million and HK\$3.1718 million from the net proceeds from the Rights Issue to repay part of the outstanding Shareholders' Loan owed to Mr. Wong and Mr. Pong, respectively, in the following manner:

- (i) Wiltshire Global, the Company and Mr. Wong agreed that the total amount of subscription monies payable by Wiltshire Global for the Rights Shares to which it is entitled to and/or is required to subscribe for under the Rights Issue and the Underwriting Agreement (“**Wiltshire Global Subscription Monies**”) would be (i) firstly offset on a dollar-to-dollar basis up to HK\$1.9282 million against the equivalent amount of the outstanding Shareholders' Loans owed by the Group to Mr. Wong on the completion date of the Rights Issue; and (ii) settled by cash, if there remains any outstanding Wiltshire Global Subscription Monies payable after the aforementioned set-off.
- (ii) Peyton Global, the Company and Mr. Pong agreed that the total amount of subscription monies payable by Peyton Global for the Rights Shares to which it is entitled to and/or is required to subscribe for under the Rights Issue and the Underwriting Agreement (“**Peyton Global Subscription Monies**”) would be (i) firstly offset on a dollar-to-dollar basis up to HK\$3.1718 million against the equivalent amount of the outstanding Shareholders' Loans owed by the Group to Mr. Pong on the completion date of the Rights Issue; and (ii) settled by cash, if there remains any outstanding Peyton Global Subscription Monies payable after the aforementioned set-off.
- (iii) The exact amount of the Shareholders' Loans to be offset depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the Places pursuant to the Compensatory Arrangements. The Company shall continue to assume its repayment obligations in respect of the balance of the Shareholders' Loans after the aforementioned set-offs. In the case where the amount of Wiltshire Global Subscription Monies is less than HK\$1.9282 million, the Company shall utilize part of the net proceeds from the Rights Issue in the amount of HK\$1.9282 million less the amount of Wiltshire Global Subscription Monies to repay the outstanding Shareholders' Loans to Mr. Wong. In the case where the amount of Peyton Global Subscription Monies is less than HK\$3.1718 million, the Company shall utilize part of the net proceeds from the Rights Issue in the amount of HK\$3.1718 million less the amount of Peyton Global Subscription Monies to repay the outstanding Shareholders' Loans to Mr. Pong.

The Rights Issue will be conducted on a fully underwritten basis pursuant to the terms of the Underwriting Agreement. The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriters by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions. It is not

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in the ordinary course of business of the Underwriters to underwrite issues of shares. The Underwriters' role as underwriters in respect of the Rights Issue, together with the Irrevocable Undertakings, signify their strong support to the Group and their confidence in the development of the Group. Save for the Underwriting Agreement and the Irrevocable Undertakings, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriters or any of their connected persons and their respective associates.

The Board has considered other fund-raising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. As debt financing would result in additional interest burden particularly in an ever interest rising environment and subject the Group to repayment obligations, the Board does not consider it to be beneficial to the Group. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, taking into account that (i) it is relatively smaller in scale as compared to fund raising through rights issue; (ii) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company; (iii) it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

The Board considers that the Rights Issue, when compared with other forms of equity fund raising, would offer the Qualifying Shareholders the opportunity to subscribe for Rights Shares in proportion to their existing shareholdings in the Company without having their relative shareholdings being diluted and the Board considers that the terms of the Rights Issue are fair and reasonable and in the best interest of the Independent Shareholders as a whole as it allows Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will improve the capital base of the Company. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

In the event that the Rights Issue is not approved by the Independent Shareholders and therefore does not proceed, the Company will have to attempt other forms of equity financing or debt financing to meet the expected funding needs for the next twelve months.

Having considered the above, the Directors consider that the Underwriters, who are willing to support the continuing growth of the Group, being the underwriters for the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole, and that the terms of

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the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no other change in the number of Shares in issue save for the Share Consolidation from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue:

	As at the Latest Practicable Date		Assuming all Rights Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the Rights Issue Assuming no Qualifying Shareholder (other than Wiltshire Global and Peyton Global pursuant to the Irrevocable Undertakings) takes up any of the Rights Shares and all the Unsubscribed Rights Shares are placed by the Placing Agent to independent placees		Assuming no Qualifying Shareholder (other than Wiltshire Global and Peyton Global pursuant to the Irrevocable Undertakings) takes up any of the Rights Shares and the Underwriters take up all Underwritten Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Wiltshire Global and its concert parties (Note 1)	2,067,000	9.27	5,167,500	9.27	5,167,500	9.27	14,714,000	26.39
Peyton Global and its concert parties (Note 2)	3,400,000	15.25	8,500,000	15.25	8,500,000	15.25	24,203,000	43.41
Subtotal of the Underwriters and parties acting in concert with any of them	5,467,000	24.52	13,667,500	24.52	13,667,500	24.52	38,917,000	69.8
VMS Investment Group Limited ("VMS") (Note 3)	3,400,000	15.25	8,500,000	15.25	3,400,000	6.10	3,400,000	6.10
Millennium Pacific Information Technology Limited ("Millennium") (Note 4)	2,666,000	11.96	6,665,000	11.96	2,666,000	4.78	2,666,000	4.78
Independent placees under the Placing (Note 5)	–	–	–	–	25,249,500	45.29	–	–
Other public Shareholders	10,767,000	48.28	26,917,500	48.28	10,767,000	19.31	10,767,000	19.31
Total	22,300,000	100.00	55,750,000	100.00	55,750,000	100.00	55,750,000	100.00

Notes:

- Wiltshire Global is wholly owned by Mr. Wong, the chairman of the Board and an executive Director, and is acting in concert with Peyton Global.
- Peyton Global is wholly owned by Mr. Pong, an executive Director, and is acting in concert with Wiltshire Global.
- VMS is wholly-owned by Ms. Mak Siu Hang, Viola.
- Millennium is indirectly wholly-owned by Mr. Yeung Shing Wai.
- Pursuant to the terms and conditions of the Placing Agreement, the Placing Agent shall ensure that no Placees will be under an obligation to make a mandatory general offer under the Takeovers Code as a result of the placing and the Placing will not have any implications under the Takeovers Code.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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Pursuant to the Underwriting Agreement, in the event of the Underwriters being called upon to subscribe for the Underwritten Shares, the Underwriters shall confirm with the Company the actual number of Underwritten Shares after completion of the Placing under the Compensatory Arrangements, and shall subscribe therefor.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

- (1) the 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;
- (3) there may be labour shortage in the future and competition for qualified individuals in the food and beverage industry may be intense;
- (4) the Group's success depends on its key personnel and its business may be harmed if the Group loses such key personnel to manage the Group's operations;
- (5) if the Group fails to obtain sufficient funding, its business and growth prospect may be adversely affected;
- (6) the Group's operations and financial results may not perform in the manner as it anticipates if the customers are unable to maintain their purchasing power under economic downturn, political and social instability; and
- (7) the Group's business depends on the macro-economic situation in Hong Kong and may be adversely affected by reductions in discretionary consumer spending as a result of downturns in the economy and increase in inflation.

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SUFFICIENCY OF WORKING CAPITAL

Mr. Wong and Mr. Pong have agreed to update their respective undertakings as disclosed in the annual report of the Company for the year ended 31 December 2022, pursuant to which Mr. Wong and Mr. Pong have agreed to provide adequate financial resources by way of equity and/or debt financings to the Group over the period up to 30 September 2024 (the “**Updated Undertakings**”).

The Directors, after due and careful enquiries and after taking into account (i) the present financial resources available to the Group including internally generated funds and the Updated Undertakings, to the extent that is necessary based on the cash flow forecast; and (ii) the estimated net proceeds from the Rights Issue, are of the opinion that, the Group has sufficient working capital for its present requirements for at least the 12 months from the date of this prospectus in the absence of any unforeseen circumstances.

Barring any unforeseen circumstances, assuming the Rights Issue will be duly completed, the Group expects that no additional debt financings from Mr. Wong and Mr. Pong are necessary for the twelve months from the date of this prospectus.

GEM LISTING RULES IMPLICATIONS

In accordance with Rule 10.29 of the GEM Listing Rules, as the Rights Issue will increase the number of issued Shares of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Rights Issue is conditional on approval by the Independent Shareholders at the EGM by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour.

As at the Latest Practicable Date, the Company has no Controlling Shareholder as defined under the GEM Listing Rules. Wiltshire Global (a corporation interested in 2,067,000 Shares, representing approximately 9.27% of the issued Shares and is wholly-owned by Mr. Wong, the chairman of the Board and an executive Director) and Peyton Global (a corporation interested in 3,400,000 Shares, representing approximately 15.25% of the issued Shares and is wholly-owned by Mr. Pong, an executive Director) and their respective associates were required to abstain, and had abstained, from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

As (i) Wiltshire Global is wholly-owned by Mr. Wong, the chairman of the Board and an executive Director; and (ii) Peyton Global is wholly-owned by Mr. Pong, an executive Director, and is interested in 3,400,000 Shares, representing approximately 15.25% of the total issued Shares and is therefore a substantial shareholder of the Company, each of Wiltshire Global and Peyton Global is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions of the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

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As at the Latest Practicable Date, the Underwriters do not have any other associates or concert parties which are shareholders of the Company.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of close of the Rights Issue; (ii) no Rights Shares are taken up by the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings); and (iii) no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, the aggregate shareholding of the Underwriters (which are parties acting in concert) and parties acting in concert with any of them in the Company upon the close of the Rights Issue will increase from the current level of approximately 24.52% to approximately 69.8% of the issued share capital of the Company as enlarged by the issue of the Rights Shares (of which Wiltshire Global's shareholding in the Company will increase from approximately 9.27% to approximately 26.39% and Peyton Global's shareholding in the Company will increase from approximately 15.25% to approximately 43.41%). In such circumstances as described above, the acceptance in full or such maximum number of Rights Shares by the Underwriters (which are acting in concert) pursuant to the Irrevocable Undertakings and the Underwriting Agreement will trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by them and parties acting in concert with any of them, unless the Whitewash Waiver is granted by the Executive.

An application has been made by the Underwriters to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, and the Underwriting Agreement and the transactions contemplated thereunder. Therefore, the Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and passing of resolutions by the Independent Shareholders at the EGM by way of poll approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Underwriting Agreement is not fulfilled, the Rights Issue will not proceed.

The Executive has, on 4 September 2023, granted the Whitewash Waiver, subject to the fulfilment of the conditions that: (1) (i) the Whitewash Waiver and (ii) the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder being separately approved by (a) at least 75% and (b) more than 50% respectively, of the

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independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at a general meeting of the Company, to be taken on a poll; and (2) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by the Underwriters and parties acting in concert with any of them between the date of the Announcement and the completion of the Rights Issue.

The aforementioned condition (1) imposed by the Executive has been duly fulfilled as at the Latest Practicable Date. The Underwriters and parties acting in concert with any of them, including Mr. Wong and Mr. Pong, have not acquired or disposed of any voting rights since the date of the Announcement and up to the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “Conditions precedent of the Rights Issue and the Underwriting Agreement” and “Termination of the Underwriting Agreement” in this prospectus). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the Nil-Paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Nil-Paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

By order of the Board
Classified Group (Holdings) Limited
WONG Arnold Chi Chiu
Chairman and Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of (i) the audited consolidated financial results of the Group for the year ended 31 December 2020, 2021 and 2022, respectively as extracted from the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022, respectively; and (ii) the unaudited consolidated interim results of the Group for the six months ended 30 June 2022 and 2023, respectively, as extracted from the interim reports of the Company for the six months ended 30 June 2022 and 2023, respectively.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	For the six months		For the year ended		
	ended 30 June		31 December		
	2023	2022	2022	2021	2020
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operation					
Revenue	18,104	20,607	37,465	59,898	57,481
Other income	1,150	4,375	6,095	1,596	7,507
Other gains and losses	(1)	473	764	(819)	712
Raw materials and consumables used	(4,404)	(6,470)	(10,247)	(15,063)	(13,417)
Staff costs	(9,423)	(11,585)	(21,616)	(30,580)	(29,899)
Loss before taxation	(1,641)	(3,025)	(20,392)	(17,006)	(4,360)
Income tax expense	–	–	–	(1,600)	(396)
Loss for the year/period from continuing operation	(1,641)	(3,025)	(20,392)	(18,606)	(4,756)
Discontinued operation					
Profit for the year from discontinued operation	–	–	–	2,053	(11,637)
Loss for the year/period	(1,641)	(3,025)	(20,392)	(16,553)	(16,393)
Loss and total comprehensive expense for the year/period attributable to owners of the Company					
	(1,641)	(3,025)	(20,392)	(16,553)	(16,393)
(Loss)/earnings per share from:					
Continuing operation – Basic (HK cents)	(0.37)	(0.68)	(4.57)	(4.17)	(1.07)
Discontinued operation – Basic (HK cents)	–	–	–	0.46	(2.61)
	<u>(0.37)</u>	<u>(0.68)</u>	<u>(4.57)</u>	<u>(3.71)</u>	<u>(3.68)</u>

The management discussion and analysis of the Company for the year ended 31 December 2020, 2021 and 2022, respectively, and for the six months ended 30 June 2022 and 2023, respectively, are disclosed in the annual reports of the Company for the year ended 31 December 2020, 2021 and 2022, and the interim reports of the Company for the six months ended 30 June 2022 and 2023 respectively. For each of the year ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023 respectively, no dividend or dividend per share has been declared by the Group. Save as disclosed above, there were no material items of income or expense for the year ended 31 December 2020, 2021 and 2022, respectively and for the six months ended 30 June 2022 and 2023. Unqualified audit opinion was issued by BDO Limited for the consolidated financial statements of the Group for the year ended 31 December 2020, 2021 and 2022, respectively.

According to the annual report of the Company for the year ended 31 December 2022, for the year ended 31 December 2022, the Group incurred a loss of approximately HK\$20,392,000. As of that date, the Group was in a cash position, comprising bank balances and cash, of approximately HK\$1,736,000 only in light of total current liabilities of approximately HK\$16,153,000. Although the Hong Kong Government has recently lifted up most restrictions relating to the containment of the COVID-19 pandemic, including those relevant to the catering industry, the aftermath of it has still posed uncertainties to the future prospect of the Hong Kong economy in general as well as the catering industry. These conditions may cast significant doubt on the Group's ability to continue as a going concern. A paragraph of material uncertainty related to going concern was included in the independent auditor's report for the year ended 31 December 2022. Audit opinion was not modified in respect of this matter.

According to the annual report of the Company for the year ended 31 December 2021, for the year ended 31 December 2021, the Group has incurred a net loss of HK\$16,553,000 and net cash outflow of HK\$8,335,000. The COVID-19 pandemic and the related measures imposed by government in Hong Kong to contain the spreading of COVID-19 pandemic had resulted in operating hours restriction and temporary closure of the restaurants during the year. These had negatively impacted the results of the Group during the reporting period and its liquidity position. There has been relaxation of certain of those measures but the situation in which the Group operates is still precarious. The above events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. A paragraph of material uncertainty related to going concern was included in the independent auditor's report for the year ended 31 December 2021. Audit opinion was not modified in respect of this matter.

The Company is required to set out or refer to in this prospectus the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”) (pages 49 to 111); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Annual Report**”) (pages 49 to 117); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”) (pages 49 to 115); (iv) the unaudited consolidated financial statement of the Group for the six months ended 30 June 2022 (the “**2022 Interim Report**”) (pages 4 to 21); and (v) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Report**”) (pages 5 to 20), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.classifiedgroup.com.hk). Please refer to the hyperlinks as stated below:

- 2020 Annual Report:
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032900936.pdf>
- 2021 Annual Report:
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0513/2022051301179.pdf>
- 2022 Annual Report:
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033103295.pdf>
- 2022 Interim Report:
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0811/2022081101422.pdf>
- 2023 Interim Report:
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081400044.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group had outstanding indebtedness of approximately HK\$13.4 million as follows:

Amounts due to Mr. Wong and Mr. Pong

As at 31 July 2023, the Group had amounts due to Mr. Wong and Mr. Pong of approximately HK\$4.9 million and HK\$5.9 million respectively. The balance is unsecured, unguaranteed and interest-free.

Lease liabilities

As at 31 July 2023, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$2.6 million.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments (guaranteed, unguaranteed, secured or otherwise), mortgages, charges, other material contingent liabilities or guarantees, as at 31 July 2023.

3. WORKING CAPITAL

Mr. Wong and Mr. Pong have agreed to update their respective undertakings as disclosed in the annual report of the Company for the year ended 31 December 2022, pursuant to which Mr. Wong and Mr. Pong have agreed to provide adequate financial resources by way of equity and/or debt financings to the Group over the period up to 30 September 2024 (the “**Updated Undertakings**”).

The Directors, after due and careful enquiries and after taking into account (i) the present financial resources available to the Group including internally generated funds and the Updated Undertakings, to the extent that is necessary based on the cash flow forecast; and (ii) the estimated net proceeds from the Rights Issue, are of the opinion that, the Group has sufficient working capital for its present requirements for at least the 12 months from the date of this prospectus in the absence of any unforeseen circumstances.

Barring any unforeseen circumstances, assuming the Rights Issue will be duly completed, the Group expects that no additional debt financings from Mr. Wong and Mr. Pong are necessary for the twelve months from the date of this prospectus.

4. MATERIAL CHANGE

Save as disclosed in the interim report of the Company for the six months ended 30 June 2023 that:

- (i) the Group recorded the revenue of approximately HK\$18.1 million for the six months ended 30 June 2023, representing a decrease of approximately 12.1% as compared with the revenue as generated of approximately HK\$20.6 million for the six months ended 30 June 2022, which was primarily due to the closure of the two “Classified” restaurants;
- (ii) the Group recorded other income of approximately HK\$1.2 million for the six months ended 30 June 2023, representing a decrease of approximately 73.7% as compared with the other income generated of approximately HK\$4.4 million for the six months ended 30 June 2022, which was mainly due to the reduction in government subsidies;
- (iii) the Group recorded other losses of HK\$1,000 for the six months ended 30 June 2023, representing a decrease of approximately 100.2% as compared with the other gains as recorded of approximately HK\$ 0.47 million for the six months ended 30 June 2022, which was primarily attributable to the reduction in rent concession related to COVID-19; and
- (iv) the Group recorded the loss attributable to owners of the Company of approximately HK\$1.6 million for the six months ended 30 June 2023 as compared to the loss attributable to owners of the Company of approximately HK\$3.0 million for the six months ended 30 June 2022, which was mainly attributable to the net effect of (i) the closure of two loss-making restaurants upon expiry of their respective tenancy agreements in 2022; (ii) better costs and expenses control; and (iii) more revenue generated from existing restaurants although there were significant reduction in government subsidies and rent concessions related to COVID-19,

the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS

The Company is principally engaged in investment holding and the Group is principally engaged in restaurant operations in Hong Kong. For the year ended 31 December 2022, the Group's total revenue from continuing and discontinued operations was approximately HK\$37.5 million, being 50.7% less than last year (2021: HK\$76.1 million). Loss for the year attributable to owners of the Company was HK\$20.4 million (2021: HK\$16.6 million). The increase in loss was mainly due to the (i) decrease in revenue from existing restaurants as affected by repeated sporadic outbreak of COVID-19 which had a greater adverse impact than the previous year; (ii) impairment loss of certain property, plant and right-of-use assets associated to the restaurants; (iii) write-down of the inventories to net realisable values; and (iv) decrease in profit from discontinued operation. Write-down of inventories relate to a write-down of approximately HK\$9.5 million in inventories after marking down their selling prices in light of recent market and economic conditions.

At present, the Group is operating six restaurants under the brands of Classified, Rise by Classified in Hong Kong and two franchised restaurants in Indonesia. There are four restaurants under "Classified" and two restaurants under "Rise by Classified" in Hong Kong. During the year ended 31 December 2022, the Group has closed two "Classified" restaurants in Hong Kong due to the expiry of tenancy agreement. The Directors believed the Group's restaurant revenue and profit margin had been adversely affected by the continuing of the Novel Coronavirus (COVID-19) pandemic, keen competition and rising operation costs. People are more budget conscious and price sensitive to the amounts they spend on dining out. The management believes the difficult situation will continue and will adversely influence the food and beverage industry as a whole and the Group's performance.

Looking ahead, the food and beverage industry will continue to face acute challenges due to intense competition. Success is heavily dependent on dining concepts amongst the Group's eating and prospective customers and economic conditions of Hong Kong in light of the border re-opening and removal of government imposed anti-infection measures. The Group will proactively seek potential business opportunities that will broaden its sources of income and enhance value to the shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

Capitalised terms used herein shall have the same meanings as those defined in this prospectus unless the context otherwise requires. The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 as if the Rights Issue had taken place on 30 June 2023.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2023, as extracted from the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 set out in the published interim report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 30 June 2023 or at any future date.

		Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 immediately after the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 before the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 immediately after the completion of the Rights Issue
	Estimated net proceeds from the Rights Issue				
	HK\$'000	HK\$'000	HK\$'000	HK\$	HK\$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on 33,450,000 Rights Shares to be issued at the Subscription Price of HK\$0.426 per Rights Share		18,718	12,750	31,468	0.84
					0.56

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 set out in the published interim report of the Company, which is based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2023.
2. The estimated net proceeds from the Rights Issue are based on 33,450,000 Rights Shares to be issued at the Subscription Price of HK\$0.426 per Rights Share, after deducting all necessary estimated expenses of approximately HK\$1,500,000 which are directly attributable to the Rights Issue.

Pursuant to the Irrevocable Undertakings, (i) Wiltshire Global has undertaken to the Company that it will subscribe for the 3,100,500 Rights Shares representing its full entitlement under the Rights Issue; (ii) Peyton Global has undertaken to the Company that it will subscribe for the 5,100,000 Rights Shares representing its full entitlement under the Rights Issue; and (iii) Wiltshire Global and Peyton Global have undertaken to the Company that they will not dispose of any of 2,067,000 Shares and 3,400,000 Shares upon representing their respective shareholding in the Company, and such Shares remain beneficially owned by them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Pursuant to the Underwriting Agreement, up to an aggregate of 25,249,500 Rights Shares (of which up to 9,546,500 Rights Shares and 15,703,000 Rights Shares will be underwritten by Wiltshire Global and Peyton Global respectively, assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date), representing all the Rights Shares under the Rights Issue other than the 8,200,500 Rights Shares that have been undertaken to be subscribed by Wiltshire Global and Peyton Global pursuant to the Irrevocable Undertakings. When no Qualifying Shareholders (save for Wiltshire Global and Peyton Global) take up their respective entitlements under the Rights Issue and no Unsubscribed Rights Shares are successfully placed out by the Placing Agent under the Compensatory Arrangements, Wiltshire Global and Peyton Global shall subscribe or procure subscription for up to an aggregate of 25,249,500 Rights Shares (assuming no other change in the number of Shares in issue save for the Share Consolidation on or before the Record Date). The Company intends to apply HK\$1.9282 million and HK\$3.1718 million from the net proceeds from the Rights Issue to repay part of the outstanding Shareholders' Loan owed to Mr. Wong and Mr. Pong, respectively, in the following manner, the total amount of subscription monies payable by Wiltshire Global and Peyton Global for the Rights Share to which it is entitled to and/or is required to subscribe for under the Rights Issue and the Underwriting Agreement would be (i) firstly offset on a dollar-to-dollar basis up to HK\$1.9282 million and HK\$3.1718 million against the equivalent amount of the outstanding Shareholders' Loans owed by the Group to Mr. Wong and Mr. Pong respectively on the completion date of the Rights Issue; and (ii) settled by cash, if there remains any outstanding subscription monies payable after the aforementioned set-off. The exact amount of the Shareholders' Loans to be offset depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the Placees pursuant to the Compensatory Arrangements. The Company shall continue to assume its repayment obligations in respect of the balance of the Shareholders' Loans after the aforementioned set-offs. In the case where the amount of Wiltshire Global Subscription Monies is less than HK\$1.9282 million, the Company shall utilise part of the net proceeds from the Rights Issue in the amount of HK\$1.9282 million less the amount of Wiltshire Global Subscription Monies to repay the outstanding Shareholders' Loans to Mr. Wong. In the case where the amount of Peyton Global Subscription Monies is less than HK\$3.1718 million, the Company shall utilise part of the net proceeds from the Rights Issue in the amount of HK\$3.1718 million less the amount of Peyton Global Subscription Monies to repay the outstanding Shareholders' Loans to Mr. Pong.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 before the completion of the Rights Issue is calculated based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately HK\$18,718,000 and 22,300,000 Shares in issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately HK\$31,468,000 and 55,750,000 shares in issue assuming the Rights Issue had been completed on 30 June 2023, which comprises (i) 22,300,000 Shares in issue before the Rights Issue; and (ii) 33,450,000 Rights Shares to be issued under the Rights Issue assuming the Rights Issue had been completed on 30 June 2023.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2023.

The following is the text of the independent reporting accountants' assurance report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Classified Group (Holdings) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Classified Group (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 and related notes as set out on pages II-1 to II-3 of Appendix II of the Company's prospectus dated 19 September 2023 (the “**Prospectus**”) in connection with the proposed rights issue of the Company on the basis of three rights shares for every two consolidated shares held on the record date (the “**Proposed Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page II-1 to II-3 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Right Issue on the Group's financial position as at 30 June 2023 as if the Proposed Right Issue had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31(7) of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong

19 September 2023

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company, assuming there is no further change in the number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue (i) as at the Latest Practicable Date; and (ii) immediately following the allotment and issue of the Rights Shares will be as follows:

(i) As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
200,000,000	Shares of HK\$0.2 each	40,000,000
<i>Issued and paid-up share capital:</i>		
22,300,000	Shares of HK\$0.2 each	4,460,000

(ii) Immediately after the completion of the Rights Issue (assuming no further change in the number of issued Shares from the Latest Practicable Date up to completion of the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
200,000,000	Shares of HK\$0.2 each	40,000,000
<i>Issued and paid-up share capital:</i>		
22,300,000	Shares of HK\$0.2 each	4,460,000
<u>33,450,000</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>6,690,000</u>
<u>55,750,000</u>	Shares of HK\$0.2 each in issue immediately after completion of the Rights Issue	<u>11,150,000</u>

The Rights Shares when allotted, issued and fully paid, will rank *pari passu* in all respect including, in particular, as to dividends, voting rights and return on capital with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company had no other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company 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) (i) 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the GEM Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code, were as follows:

Interests or short positions in Shares, underlying Shares of the Company

Name of director	Capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. Wong	Interest of controlled corporation (<i>Note 1</i>)	2,067,000	9.27%
Mr. Pong	Interest of controlled corporation (<i>Note 2</i>)	3,400,000	15.25%

Note 1: Mr. Wong beneficially owns 100% equity interest in Wiltshire Global. Therefore, Mr. Wong is deemed to be interested in 2,067,000 Shares held by Wiltshire Global.

Note 2: Mr. Pong beneficially owns 100% equity interest in Peyton Global. Therefore, Mr. Pong is deemed to be interested in 3,400,000 Shares held by Peyton Global.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or as required to be disclosed under the Takeovers Code.

Interests and short positions of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following person(s) (other than the Directors and the chief executive of the Company) has, or is deemed to have, interests or short positions in the Shares or underlying Shares, (a) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (b) who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such securities, details of which are set out as follows:

Long positions in the Shares and underlying Shares of the Company

Name of director	Capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Wiltshire Global	Beneficial owner	2,067,000	9.27%
Ms. Lee Yuen Ching Charmaine	Interest of spouse (Note 1)	2,067,000	9.27%
Peyton Global	Beneficial owner	3,400,000	15.25%
Ms. Cheng Chi Man	Interest of spouse (Note 2)	3,400,000	15.25%
VMS Investment Group Limited	Beneficial owner (Note 3)	3,400,000	15.25%
Millennium Pacific Information Technology Limited	Beneficial owner (Note 4)	2,666,000	11.96%

Note 1: Mr. Wong beneficially owns 100% equity interest in Wiltshire Global. 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.

Note 2: Mr. Pong beneficially owns 100% equity interest in Peyton Global. 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.

Note 3: Ms. Mak Siu Hang, Viola beneficially owns 100% equity interest in VMS Investment Group Limited.

Note 4: Mr. Yeung Shing Wai beneficially owns 100% equity interest in Millennium Pacific Information Technology Limited.

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, save for (i) the wine inventories disposed of by the Group to Altaya Wines, which Mr. Pong is beneficially interested in, in January 2023 in the amount of approximately HK\$78,000; and (ii) the wine purchased by the Group from Altaya Wines from January to May 2023 in the amount of approximately HK\$67,000, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS AND ARRANGEMENT

As at the Latest Practicable Date, save for (i) the Underwriting Agreement, the Supplemental Underwriting Agreement and the Irrevocable Undertakings; (ii) an agreement entered into in January 2022 between the Company and Altaya Wines, which is owned by Mr. Pong, with a term of three years for the supply of wines by Altaya Wines to the Group, under which the Group may make purchase requests to Altaya Wines from time to time subject to the Group's inventory level and customer demand, and the price of the wines supplied to the Group is based on the price list and quotations provided by Altaya Wines; and (iii) the Master Services Agreement (as defined in the announcement of the Company dated 16 September 2021), pursuant to which Press Room Group Management Limited, a wholly owned subsidiary of the Company, has been appointed by Canton Oriental Limited ("CANTON"), a company owned as to 50% by Mr. Wong and 50% by Mr. Pong, as the manager of a restaurant owned by CANTON for the provision of catering operations and management services to the restaurant, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinions, letters or advices included in this prospectus:

Name	Qualifications
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the Underwriting Agreement;
- (b) the Supplemental Underwriting Agreement;
- (c) the Placing Agreement; and
- (d) the Supplemental Placing Agreement.

11. EXPENSES

The expenses in connection with the proposed Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$1.5 million, which are payable by the Company.

12. CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office, headquarters and principal place of business in Hong Kong	2/F Cheung Tak Industrial Building 30 Wong Chuk Hang Road Wong Chuk Hang Hong Kong
Authorised representatives	Mr. WONG Arnold Chi Chiu Ms. LEUNG Yin Fai
Company secretary	Ms. LEUNG Yin Fai (HKICPA)
Legal adviser to the Company	Bird & Bird 6/F, The Annex Central Plaza 18 Harbour Road Hong Kong
Financial adviser	Messis Capital Limited Room 1001, 10/F OfficePlus @Wan Chai No. 303 Hennessy Road, Wan Chai Hong Kong
Reporting accountant	BDO Limited 25th floor, Wing On Centre 111 Connaught Road Central Hong Kong

Placing agent	Aristo Securities Limited 101, On Hong Commercial Building 145 Hennessy Rd, Wan Chai Hong Kong
Underwriters	Wiltshire Global Limited 2/F Cheung Tak Industrial Building 30 Wong Chuk Hang Road Wong Chuk Hang Hong Kong Peyton Global Limited 2/F Cheung Tak Industrial Building 30 Wong Chuk Hang Road Wong Chuk Hang Hong Kong
Principal share registrar	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong
Principal bankers	Hang Seng Bank Limited

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**Executive Directors**

Mr. WONG Arnold Chi Chiu, aged 49, is the Company's Chairman, an Executive Director and the compliance officer of the Company. Mr. Wong joined the Group in June 2005 and is also one of the founders of the Group. He is primarily responsible for overseeing the overall financial matters of the Group. Mr. Wong graduated from St. Hugh's College, Oxford University, the United Kingdom with a Bachelor's degree in Jurisprudence in June 1996. Mr. Wong had three years and six years of experience in auditing and corporate finance, respectively.

Mr. PONG Kin Yee, JP, aged 46, is an executive Director and is primarily responsible for the Group's business development. Mr. Pong joined the Group in June 2005 and is one of the founders of the Group. Mr. Pong graduated from the Massachusetts Institute of Technology, Cambridge, the United States of America with a Bachelor's degree in Materials Science and Engineering in June 2000. In March 1999, Mr. Pong and his father co-founded Altaya Wines Limited ("**Altaya Wines**"), a company that imports and distributes fine wines in Hong Kong. The Group was a catering service provider of Altaya Wines and a bread and cheese supplier of Etc Wine Shops Limited while Altaya Wines and Cubatabaco Limited were the suppliers of wine and cigars of the Group. Mr. Pong also actively participates in various public advisory boards. In the arts, cultural and tourism sphere, Mr. Pong is the Chairman to the Board of Ocean Park Corporation; a Board Member of West Kowloon Cultural District Authority; a Board of Director of M+ Museum Ltd; the Governing Board Chairman of JCCAC; and a Trustee of the Museum of Art. Mr. Pong is also a Member of HKTDC Hong Kong-Europe Business Council; a Council Member & Executive Director of The Hong Kong Chinese Importers and Exporters Association; and a Board Member, Executive Committee Member and Campaign Committee Chairman of The Community Chest. He has been Justice of the Peace since July 2018.

Mr. LI Kai Leung ("**Mr. Li**"), aged 50, was appointed as an executive Director on 16 September 2021. Mr. Li joined the Group in September 2012 as finance manager and was promoted to deputy financial controller in January 2014, further promoted to financial controller in February 2016 and Chief Operating Officer in July 2022. He is primarily responsible for overseeing the Group's overall operations, financial accounting and reporting as well as corporate finance matters. He is a member of the internal control committee. Mr. Li received a Bachelor's degree in Business Studies from The City University of Hong Kong in July 1997. He has been an associate member of the Hong Kong Society of Accountants since April 2002 and a qualified member of the Association of Chartered Certified Accountants since May 2008. Mr. Li has over 20 years of experience in accounting.

Independent Non-Executive Directors

Dr. CHAN Kin Keung Eugene (“**Dr. Chan**”) SBS, BBS, JP, aged 59, was appointed as an independent non-executive Director on 14 June 2016. Dr. Chan received a Bachelor’s degree in Dentistry from the University of Adelaide in Australia in May 1988 and a Fellowship Ad Eundem from the Royal College of Surgeons of England in February 2006. Dr. Chan is a registered dentist with The Dental Council of Hong Kong. Since 2007, Dr. Chan has been an honorary clinical associate professor of the Faculty of Medicine of The Chinese University of Hong Kong. Since 2011, Dr. Chan has also been a visiting professor of the Jinan University (暨南大學) in the PRC. Since 2010, Dr. Chan has been the member of the Board of Advisors of Radio Television Hong Kong and its Chairman from September 2016 to August 2020. Since 2011, Dr. Chan has been the Chairman of the Association of Hong Kong Professionals and its President since 2016. In 2013, he was appointed as a member of the Advisory Committee of School of Chinese Medicine of Hong Kong Baptist University. From January 2013 to December 2018, he was a member of Citizens Advisory Committee on Community Relations of Independent Commission Against Corruption and a member of Independent Police Complaints Council. Since December 2013, he has been a member of the Appeal Board on Public Meetings and Procession. Dr. Chan has also been a member of the Quality Education Fund Steering Committee from January 2015 to January 2021. In January 2019, Dr. Chan was appointed as a member of the Council of City University of Hong Kong, HKSAR Environmental Campaign Committee and HKSAR Witness Protection Review Board Panel. In 2020, Dr. Chan was appointed as a Member of the Hong Kong Housing Authority Subsidised Housing Committee. In 2021, Dr. Chan was appointed as a Member of Action Committee Against Narcotics and the Hong Kong Customs & Excise Department as the Executive Director of Executive Committee of Customs YES, youth engagement programme. Furthermore, the Hong Kong Police Force has appointed Dr. Chan as a member of Junior Police Call Central Advisory Board and a member of Animal Watchers Programme Central Advisory Board. In 2022, he was appointed as a member of the Management Board of the Institute of Human Communicative Research of The Chinese University of Hong Kong, a member Fight Crime Committee and a member of the Hospital Governing Committee of Tuen Mun Hospital. He was selected as an awardee of the Ten Outstanding Young Persons in 2004, appointed by the Government of the Hong Kong Special Administrative Region as a Justice of Peace in 2011 and was awarded Silver Bauhinia Star and Bronze Bauhinia Star in 2016 and 2021 respectively for his meritorious public and community service, particularly his contributions in youth development and the promotion of the Basic Law. Dr. Chan was an independent non-executive director of PuraPharm Corporation Limited (stock code: 1498) from January 2015 to May 2021.

Mr. NG Chun Fai Frank (“**Mr. Ng**”), aged 52, was appointed as an independent non-executive Director on 14 June 2016. Mr. Ng holds a Bachelor of Science degree in Economics from University College London, United Kingdom, a Bachelor of Laws degree from City University London, United Kingdom and a Postgraduate Diploma in Legal Practice from the College of Law, United Kingdom, and was admitted as a solicitor of the High Court of Hong Kong in November 1997 and the Supreme Court of England and Wales in July 1998. Mr. Ng has over 20 years of experience in the legal and finance industries. Mr. Ng was the General Counsel and Head of Compliance of the Heung Kong Financial Group, a group that provides financial services ranging from securities brokerage, research, corporate finance, asset management and fintech, where he oversaw all of the group’s legal, compliance and company secretarial matters; and has held senior management positions in several other financial institutions including Crosby, JPMorgan and Merrill Lynch. He is a Fellow of the Hong Kong Institute of Directors, a member of the Guidance Committee of the Law Society of Hong Kong and of the International Compliance Association.

Mr. YUE Man Yiu Matthew (“**Mr. Yue**”), aged 61, was appointed as an independent non-executive Director on 19 October 2018. Mr. Yue obtained a Bachelor’s degree in business administration from the Chinese University of Hong Kong in December 1984. He has been a fellow of the Association of Chartered Certified Accountants since September 1992, a fellow of the Hong Kong Institute of Certified Public Accountants since February 2005 and a member of the Hong Kong Securities Institute since April 1999. Mr. Yue has been the chief financial officer of Ko Shi Wai Holdings Limited since September 2009. He has been an independent non-executive director of Royale Home Holdings Limited (stock code: 1198) since November 2011 and he was an independent non-executive director of Asia Cassava Resources Holdings Limited (stock code: 841) from January 2009 to September 2019 and China Suntien Green Energy Corporation Limited (stock code:956) from June 2010 to June 2019. Mr. Yue has over 33 years of experience in accounting, financial control, project analysis and management functions.

Company Secretary

Ms. LEUNG Yin Fai (“**Ms. Leung**”), aged 58, was appointed as the Company’s company secretary on 14 November 2018. Ms Leung is a director of K E Corporate Services Limited (a company secretarial services provider), a fellow member of the Association of Chartered Certified Accountants, a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Leung also holds a Master’s degree in Commerce from the University of New South Wales, Australia.

The business address of the Directors and senior management is the same as the Company’s head office and principal place of business in Hong Kong located at 2/F Cheung Tak Industrial Building, 30 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong.

14. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprises all of the independent non-executive Directors, namely, Dr. Chan Kin Keung Eugene, Mr. Ng Chun Fai Frank and Mr. Yue Man Yiu Matthew. The Audit Committee is chaired by Mr. Yue Man Yiu Matthew. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of our Company.

15. MISCELLANEOUS

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

If there is any inconsistency in this prospectus between the Chinese and English versions, the English version shall prevail.

16. DOCUMENTS ON DISPLAY

Pursuant to paragraph 42 of Appendix 1B to the GEM Listing Rules, the issuer shall set out in the listing document the details of a reasonable period of time (being not less than 14 days) during which the documents as required under the paragraph are published on the Stock Exchange’s website and the issuer’s own website.

Accordingly, copies of the following documents will be published on the websites of the Company (www.classifiedgroup.com.hk) and the Stock Exchange (www.hkexnews.hk) and from the date of this prospectus for at least 14 days:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the years ended 31 December 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 June 2023;
- (iii) the accountants’ report on the unaudited pro forma financial information of the Group issued by BDO Limited, the text of which is set out in Appendix II to this prospectus;
- (iv) the written consent of the expert referred to in the section headed “9. Expert and consent” in this appendix;
- (v) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix;
- (vi) the Irrevocable Undertakings; and
- (vii) the Prospectus Documents.

17. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

18. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).