

# **Classified Group (Holdings) Limited**

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

**(Stock Code: 8232)**

## **ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

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

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017*

		Three months ended		Nine months ended	
	NOTES	30.9.2017	30.9.2016	30.9.2017	30.9.2016
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	5	30,271	37,857	99,952	128,588
Other income	6	347	237	871	418
Other losses		–	(30)	–	(177)
Impairment loss for property, plant and equipment		–	–	(6,529)	–
Allowance for rental deposits		–	–	(1,868)	–
Raw materials and consumable used		(7,688)	(8,266)	(24,306)	(27,352)
Staff costs		(16,739)	(15,792)	(50,002)	(48,740)
Depreciation		(1,962)	(1,992)	(7,083)	(6,200)
Property rental and related expenses		(7,699)	(7,750)	(22,549)	(23,573)
Utility expenses		(1,162)	(1,202)	(3,196)	(3,391)
Advertising and promotion expenses		(645)	(610)	(2,104)	(2,191)
Other expenses		(6,051)	(4,471)	(15,235)	(22,322)
Finance costs	7	(107)	(154)	(444)	(470)
<b>Loss before taxation</b>	8	<b>(11,435)</b>	<b>(2,173)</b>	<b>(32,493)</b>	<b>(5,410)</b>
Taxation	9	–	–	–	(1,118)
<b>Loss and total comprehensive expense for the period</b>		<b><u>(11,435)</u></b>	<b><u>(2,173)</u></b>	<b><u>(32,493)</u></b>	<b><u>(6,528)</u></b>
Loss and total comprehensive expense for the period attributable to:					
– Owners of the Company		(11,435)	(2,015)	(32,493)	(6,326)
– Non-controlling interests		–	(158)	–	(202)
		<b><u>(11,435)</u></b>	<b><u>(2,173)</u></b>	<b><u>(32,493)</u></b>	<b><u>(6,528)</u></b>
Loss per share					
Basic (HK cents)	11	<b><u>(2.86)</u></b>	<b><u>(0.51)</u></b>	<b><u>(8.12)</u></b>	<b><u>(1.84)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2017 (audited)	4,000	45,296	766	20,281	70,343	-	70,343
Loss and total comprehensive expense for the period	-	-	-	(32,493)	(32,493)	-	(32,493)
At 30 September 2017 (unaudited)	4,000	45,296	766	(12,212)	37,850	-	37,850
At 1 January 2016 (audited)	-	10,000	1,512	33,355	44,867	(542)	44,325
Loss and total comprehensive expense for the period	-	-	-	(6,326)	(6,326)	(202)	(6,528)
Issue of shares	800	43,200	-	-	44,000	-	44,000
Capitalisation issue	3,200	(3,200)	-	-	-	-	-
Transaction costs directly attributable to issue of shares	-	(4,238)	-	-	(4,238)	-	(4,238)
At 30 September 2016 (unaudited)	4,000	45,762	1,512	27,029	78,303	(744)	77,559

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017*

**1. GENERAL**

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 24 October 2014. The shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing on 11 July 2016 (the “Listing”).

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations and production and sales of bakery products in Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), which is also the functional currency of the Company.

**2. BASIS OF PREPARATION AND PRESENTATION**

The unaudited condensed consolidated financial statement for the nine months ended 30 September 2017 has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certificate Public Accountants (“HKICPA”) and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities in the GEM of the Stock Exchange.

The unaudited consolidated financial statements have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

**3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has applied all new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2017.

The application of the new amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

**4. PRINCIPAL ACCOUNTING POLICIES**

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2017 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2016.

## 5. REVENUE AND SEGMENT INFORMATION

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

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

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

- Casual restaurant operation ("Casual")

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

- Full service restaurant operation ("Full service")

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

- Production and sales of bakery products ("Bakery")

This segment derives its revenue from the production and sales of bakery products.

### Segment revenue and results

#### Nine months ended 30 September 2017

	Three months ended		Nine months ended	
	30.9.2017 <i>HK\$'000</i>	30.9.2016 <i>HK\$'000</i>	30.9.2017 <i>HK\$'000</i>	30.9.2016 <i>HK\$'000</i>
Casual	20,466	19,547	65,100	64,913
Full Service	9,000	16,440	31,957	56,681
Bakery	1,884	2,191	6,233	8,187
	<u>31,350</u>	<u>38,178</u>	<u>103,290</u>	<u>129,781</u>
Inter-segment transaction elimination	<u>(1,079)</u>	<u>(321)</u>	<u>(3,338)</u>	<u>(1,193)</u>
Total	<u><u>30,271</u></u>	<u><u>37,857</u></u>	<u><u>99,952</u></u>	<u><u>128,588</u></u>

## 6. OTHER INCOME

	Three months ended		Nine months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Promotion income	178	–	513	–
Franchise fee income	60	66	182	174
Others	108	171	172	244
Interest income	1	–	4	–
	<u>347</u>	<u>237</u>	<u>871</u>	<u>418</u>

## 7. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The finance costs represent interest on bank borrowings	107	154	444	470

## 8. LOSS BEFORE TAXATION

	Three months ended		Nine months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:				
Listing expenses	–	99	–	8,184
Raw materials and consumables used in respect of:				
– Restaurant operations	6,115	7,390	19,318	24,239
– Bakery products	1,573	876	4,988	3,113
	<u>7,688</u>	<u>8,266</u>	<u>24,306</u>	<u>27,352</u>
Loss on disposal of property, plant and equipment (included in other losses)	–	30	–	177
Lease payments under operating leases in respect of:				
– Minimum payments	6,394	6,505	18,430	19,512
– Contingent rents ( <i>note</i> )	206	125	672	661
	<u>6,600</u>	<u>6,630</u>	<u>19,102</u>	<u>20,173</u>

*Note:* The operating lease rentals for certain restaurants are determined as the higher of a fixed rental or a predetermined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements.

## 9. TAXATION

	Three months ended		Nine months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax:				
Current tax	-	-	-	554
Deferred taxation	-	-	-	564
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

## 10. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the current period (nine months ended 30 September 2016: nil). The directors have determined that no dividend will be paid in respect of the current period.

## 11. LOSS PER SHARE

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

	Three months ended		Nine months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss:</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(11,435)</u>	<u>(2,015)</u>	<u>(32,493)</u>	<u>(6,326)</u>
	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>30.9.2017</b>	<b>30.9.2016</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>				
Number of ordinary shares for the purpose of basic loss per share	<u>400,000</u>	<u>391,304</u>	<u>400,000</u>	<u>343,942</u>

The number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2016.

No diluted loss per share for the periods was presented as there were no potential ordinary shares in issue during the periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview

The business environment of food and beverage industry is always challenging, dynamic with keen competitions. Pressures from rising food costs, rental expenses, utilities expenses and labour costs are enduring, which further squeeze profit margin. People are more budget conscious and sensitive to the amounts they spend on food and the revenues of our restaurants, especially for our full service restaurants, were weaker than expected. The management believes the difficult situation will continue for the whole year, which will adversely affect the food and beverage industry and Group's performance.

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

### Business Overview

“Classified” restaurants are a collection of casual European cafés specialising in artisan breads and cheeses, boutique wines and are renowned for their breakfast & all-day dining menu. Offering casual seating areas in most locations, Classified encourages neighbourhood street-level interaction. It is our flagship brand and contributes over 65.1% of our total revenue. During the nine months ended 30 September 2017, Classified had recorded revenue of approximately HK\$65.1 million representing an increase of 0.29% as compared to the last corresponding period.

“The Pawn” is a full-service restaurant located in one of Hong Kong's most iconic landmarks. It marries a brand new dining and bar concept with a unique innovative space aiming to be more than just a dining experience. A communal social venue for an eclectic mix of groups and sub-cultures at any time of the day or night, celebrating retro-futurism, arts and design through casual-chic, alfresco and contemporary dining. During the nine months ended 30 September 2017, The Pawn had recorded revenue of approximately HK\$24.4 million, representing a decrease of 33.6% as compared to the last corresponding period.

“The Fat Pig” was a full service restaurant with a pork-based concept by British Chef, Tom Aikens. The Fat Pig's financial performance was below our expectation due to the decrease in the number of visitors and shoppers and spending of customers, which the Directors believe was caused by the sluggish economy. Given the adverse impact of The Fat Pig's financial performance on the Group's overall financial performance, the Directors considered that it was in the best interest of the Shareholders to close down The Fat Pig and divert the Group's existing resources to the remaining brands, being “Classified” and “The Pawn”. As such, The Fat Pig was closed on 7 September 2017. During the nine months ended 30 September 2017, The Fat Pig had recorded revenue of approximately HK\$7.6 million, representing a decrease of 62.0% as compared to the last corresponding period.

In addition to the above restaurants, our group also owns and operates a central kitchen which supplies bread, bakery and semi-finished food products to our restaurants and other corporate customers. Our central kitchen commenced its operation in October 2016. Management believes our central kitchen can improve our operation efficiency in future. We had a food factory, which had ceased operation in October 2016 and its operation had been partially taken over by our central kitchen. During the nine months ended 30 September 2017, our central kitchen had recorded revenue of approximately HK\$6.2 million, representing a decrease of 23.9% as compared to the last corresponding period.

### **Future Prospects**

F&B industry is always a challenging industry with intense competition and success is heavily dependent on the dining concepts and economic conditions of Hong Kong. In order to improve the overall business of the Group, we currently plan to:

- (1) open four new restaurants, with at least two to be opened in Kowloon in order to establish our business presence in Kowloon. We have identified potential locations for most of these planned openings and received various tenancy offered from the relevant landlords. We are still negotiating terms with the relevant landlords and have not yet signed any lease agreement for such planned openings;
- (2) enhance and upgrade our existing restaurant facilities; and
- (3) enhance our premium food and fine wine programme in order to entice new higher spending customers to visit our restaurants. We believe that there would be a greater demand for fine wine in the forthcoming Christmas, New Year and Chinese New Year. We are negotiating with a supplier (who is a third party independent from us and our connected persons (as defined under the GEM Listing Rules)) on the terms of the purchase agreement.

Further details have been set out in our announcement dated 1 November 2017.

Our ongoing expansion and enhancement plans will improve our market share while we will continue to refine our business strategy to cope with the continuing challenges.

### **FINANCIAL REVIEW**

Loss attributable to owners of the Company was HK\$32.5 million (nine months ended 30 September 2016: loss of approximately HK\$6.3 million) for the nine months ended 30 September 2017. The increase in our loss attributable to owners of the Company was mainly due to (i) a decrease in our revenue; and (ii) the impairment loss for property, plant and equipment incurred by the closure of “The Fat Pig” restaurant.

For the nine months ended 30 September 2017, the Group recorded revenue of approximately HK\$100.0 million (nine months ended 30 September 2016: approximately HK\$128.6 million), representing a decrease of 22.3% compared with the same period of the previous financial year. The decrease in revenue was mainly due to the decrease in revenue from our existing restaurants as affected by the sluggish economy and keen competitions.

During the nine months ended 30 September 2017, the Group recorded an impairment loss for property, plant and equipment of approximately HK\$6.5 million as a result of the Closure for The Fat Pig restaurant in September 2017. The Group also recorded an allowance for rental deposits of approximately HK\$1.9 million which represented the security deposit in full held by the landlord of The Fat Pig premises and approximately HK\$1.2 million as compensation paid to the landlord in respect of the early termination of the Lease.

Other expenses decreased significantly to approximately HK\$15.2 million for the nine months ended 30 September 2017 (nine months ended 30 September 2016: approximately HK\$22.3 million), which was mainly because the corresponding period of the previous year recorded non-recurring listing expenses.

### **Foreign Currency Exposure**

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

### **Capital Commitments**

As at 30 September 2017, the Group did not have any material capital commitments.

### **Contingent Liabilities**

As at 30 September 2017, the Group did not have any contingent liabilities.

## **OTHER INFORMATION**

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

During the nine months ended 30 September 2017 and up to the date of this announcement, there has been no purchase, sale or redemption of any Company's listed securities by the Company or any of its subsidiaries.

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

As at 30 September 2017, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Capacity/nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Wong Arnold Chi Chiu	Interest in controlled corporation ( <i>Note 1</i> )	41,340,000	10.3%
Mr. Lo Yeung Kit Alan	Interest in controlled corporation ( <i>Note 2</i> )	68,000,000	17.0%
Mr. Pong Kin Yee	Interest in controlled corporation ( <i>Note 3</i> )	68,000,000	17.0%

#### Notes:

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

Save as disclosed above, as at 30 September 2017, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

As at 30 September 2017, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Name	Capacity/nature of interest	Number of shares held	Approximate percentage of shareholding
Wiltshire Global Limited	Beneficial owner	41,340,000	10.3%
Ms. Lee Yuen Ching Charmaine	Interest of spouse ( <i>Note 1</i> )	41,340,000	10.3%
Easy Fame Investments Limited	Beneficial owner	68,000,000	17.0%
Ms. Wong Pui Yain	Interest of spouse ( <i>Note 2</i> )	68,000,000	17.0%
Peyton Global Limited	Beneficial owner	68,000,000	17.0%
Ms. Cheng Chi Man	Interest of spouse ( <i>Note 3</i> )	68,000,000	17.0%
Millennium Pacific Information Technology Limited	Beneficial owner	53,320,000	13.3%
Mr. Chung Wai Sum	Beneficial owner	27,010,000	6.8%
Huge China Holdings Limited	Beneficial owner	25,075,000	6.3%

#### Notes:

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

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## **Competing Interests**

Save as disclosed in the section headed “Directors’ Interests in Competing Business” in the 2016 annual report, as at the date of this announcement, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

## **Interests of the Compliance Adviser**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited (“Guotai Junan”) to be its compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 26 February 2016.

## **Audit Committee**

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

The Audit Committee of the Company has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2017, and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

## **Directors’ Securities Transactions**

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

## Corporate Governance

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code (the “Code Provisions”) contained in Appendix 15 of the GEM Listing Rules.

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

Hong Kong, 13 November 2017

*As at the date of this announcement, the Company’s executive Directors are Mr. WONG Arnold Chi Chiu, Mr. LO Yeung Kit Alan, Mr. PONG Kin Yee and Mr. MA Chun Fai; the independent non-executive Directors are Dr. CHAN Kin Keung Eugene, Mr. CHUM Kwan Yue Desmond and Mr. NG Chun Fai Frank.*

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