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Classified Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8232)

DISCLOSEABLE TRANSACTION TENANCY AGREEMENT FOR RESTAURANT PREMISES

THE TENANCY AGREEMENT

On 1 September 2020, Classified Limited, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement as tenant with Hongkong Land as landlord in respect of the lease of the Premises for a term of three years commencing on 1 August 2020 and expiring on 31 July 2023 (both days inclusive) for the operation of the Group's casual European café under the trade name of "Classified".

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$3.2 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE TENANCY AGREEMENT

On 1 September 2020, Classified Limited as tenant entered into the Tenancy Agreement with Hongkong Land as landlord in respect of the lease of the Premises for a term of three years commencing on 1 August 2020 and expiring on 31 July 2023 (both days inclusive) for the operation of the Group's casual European café under the trade name of "Classified".

Set out below is a summary of the principal terms of the Tenancy Agreement:

Date: 1 September 2020

Parties: (1) Classified Limited (as tenant); and
(2) Hongkong Land (as landlord).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hongkong Land and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement

Premises: Shop 313, 3/F., Exchange Square Podium, 8 Connaught Place, Central.

Gross Area: 1,194 square feet

Use: For operating a café in European style under the trade name and style of "Classified"

Term: Three years commencing on 1 August 2020 and expiring on 31 July 2023 (both days inclusive).

Rent: Rent for the Term includes a Basic Rent and a Turnover Rent.

Basic rent ("**Basic Rent**") throughout the Term is in the amount of HK\$95,000 per month.

The Turnover Rent ("**Turnover Rent**") for a calendar month shall be the sum equivalent to the difference between 12% of the aggregate of the Gross Receipts (the "**Reference Amount**") during the relevant calendar month and the monthly Basic Rent for that calendar month. If the Reference Amount does not exceed the monthly Basic Rent for that calendar month, no Turnover Rent shall be payable for that month.

Classified Limited is also responsible for payment of management charge, promotion charge, government rates and other outgoings.

Total consideration under the Tenancy Agreement: The total consideration payable under the Tenancy Agreement for the Term including the Basic Rent (i.e. excluding the Turnover Rent), management charge, promotion charge, government rates and other outgoings payable by Classified Limited is estimated to be approximately HK\$4.2 million.

The consideration payable under the Tenancy Agreement is expected to be funded by the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group is principally engaged in restaurant operations in Hong Kong.

The Premises have been rented to Classified Limited since August 2010 to operate the Group's casual European café under the trade name of "Classified". The existing tenancy agreement for the Premises expired on 31 July 2020. The Directors believe that the Premises represent a prime location for food and beverages business in Central.

The terms of the Tenancy Agreement, including the Basic Rent and Turnover Rent, were determined after arms' length negotiation between Classified Limited and Hongkong Land after taking into account the prevailing market rent, lease terms of similar premises in the proximity of the Premises and the terms of the previous tenancy agreement entered into by Classified Limited in respect of the Premises. The Directors are of the view that the entry of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and Classified Limited

The Group is principally engaged in restaurant operations in Hong Kong.

Classified Limited is an indirect wholly-owned subsidiary of the Company and is engaged in the operations of casual European cafés under the trade name of "Classified".

Hongkong Land

Hongkong Land is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding and property investment. Based on the 2019 annual report of Hongkong Land Holdings Limited, Hongkong Land is ultimately owned by Hongkong Land Holdings Limited, whose shares are listed on the London Stock Exchange. Hongkong Land Holdings Limited is a member of the Jardine Matheson Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hongkong Land and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

IMPLICATIONS OF THE GEM LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$3.2 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Classified Limited”	Classified Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Company”	Classified Group (Holdings) Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM (stock code: 8232);
“Director(s)”	the director(s) of the Company;
“GEM”	GEM of the Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“Government”	the government of Hong Kong;
“Gross Receipts”	the aggregate amount of all sums (less any sale refund/return) received and receivable for all goods sold, leased, hired, or otherwise disposed of, for services rendered in or from upon the Premises and for the use and/or occupation of the Premises by Classified Limited
“Group”	collectively, the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hongkong Land”	The Hongkong Land Property Company, Limited, a company incorporated in Hong Kong with limited liability
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive, substantial shareholders of the Company, our subsidiaries or any of their respective associates (as defined in the GEM Listing Rules);
“Premises”	Shop 313, 3/F., Exchange Square Podium, 8 Connaught Place, Central
“Tenancy Agreement”	the tenancy agreement dated 1 September 2020 and entered into between Classified Limited as tenant and Hongkong Land as landlord in respect of the Premises;
“Term”	the term of three years commencing on 1 August 2020 and expiring on 31 July 2023 (both days inclusive); and
“%”	per cent.

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

Hong Kong, 1 September 2020

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

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

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