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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

Reference is made to the announcement of the Company dated 29 May 2020 in relation to the lease of the Premises under the Expired Tenancy Agreement. On 2 November 2023, Classified Limited, an indirect wholly-owned subsidiary of the Company, exercised an option to renew under the Expired Tenancy Agreement and entered into the Tenancy Agreement as tenant with Gold Shine as landlord in respect of the lease of the Premises for a term of two years commencing with retrospective effect on 6 October 2023 and expiring on 5 October 2025 (both days inclusive) for the operation of the Group’s casual European cafe 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\$2.5 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

Reference is made to the announcement of the Company dated 29 May 2020 in relation to the lease of the Premises under the Expired Tenancy Agreement. On 2 November 2023, Classified Limited as tenant exercised an option to renew under the Expired Tenancy Agreement and entered into the Tenancy Agreement with Gold Shine as landlord in respect of the lease of the Premises for an additional term of two years commencing with retrospective effect on 6 October 2023 and expiring on 5 October 2025 (both days inclusive) for the operation of the Group’s casual European cafe under the trade name of “Classified”.

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

Date: 2 November 2023

Parties: (1) Classified Limited (as tenant); and
(2) Gold Shine (as landlord).

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

Premises: Shop No. 107, Level 1, The Pulse, 28 Beach Road, Repulse Bay, Hong Kong.

Gross Area: 2,574 square feet

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

Term: Two years fixed term commencing with retrospective effect on 6 October 2023 and expiring on 5 October 2025 (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\$110,000 per month.

The Turnover Rent ("**Turnover Rent**") for a calendar month shall be the sum equivalent to the difference between 12% of the Gross Receipts during the relevant calendar month and the monthly Basic Rent for that calendar month. If the amount of 12% of the Gross Receipts in any month 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 fees, air-conditioning charges, promotional charges and Government rates.

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), Government rates, management fees, air-conditioning charges and promotional charges by Classified Limited is estimated to be approximately HK\$3.6 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 October 2014 to operate the Group's casual European cafe "Classified". The existing tenancy agreement for the Premises had expired on 5 October 2023. The Directors believe that the Premises represent a prime location for food and beverages business in the Repulse Bay and had good performance in revenue and profitability in spite of the outbreak of the Novel Coronavirus (COVID-19) epidemic in recent years.

The terms of the Tenancy Agreement, including the Basic Rent and Turnover Rent, were determined after arms' length negotiation between Classified Limited and Gold Shine 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 cafes under the trade name of "Classified".

Gold Shine

Gold Shine is a company established in Hong Kong and principally engaged in property investment.

Based on the 2022/2023 annual report of Emperor International Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00163)), Gold Shine is wholly owned by Emperor International Holdings Limited. The ultimate holding company of Emperor International Holdings Limited is Albert Yeung Holdings Limited, a limited liability company incorporated in the British Virgin Islands which is in turn held by a trustee of The Albert Yeung Discretionary Trust, the settlor and founder of which is Dr. Yeung Sau Shing, Albert.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Gold Shine 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\$2.5 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;
“Expired Tenancy Agreement”	the tenancy agreement dated 29 May 2020 entered into between Classified Limited as tenant and Gold Shine as landlord in respect of the lease of the Premises for an initial term of three years commencing on 6 October 2020 and expiring on 5 October 2023 (both days inclusive);
“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;
“Gold Shine”	Gold Shine Investment Limited, a company incorporated in Hong Kong with limited liability;
“Government”	the government of Hong Kong;

“Gross Receipts”	the aggregate of all sums of money or other consideration billed or from all sources in the course of Classified Limited’s business billed or received or receivable for all goods, foods, beverages, drinks sold, leased, hired or otherwise disposed of and for all services sold or performed and from all business of any nature whatsoever conducted at, in, from or upon 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 include 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;
“Independent Third Party(ies)”	a third party or third parties independent of an not connected with the Company and its subsidiaries and their respective connected persons (as defined in the GEM Listing Rules);
“Premises”	Shop No. 107, Level 1, The Pulse, 28 Beach Road, Repulse Bay, Hong Kong;
“Tenancy Agreement”	the tenancy agreement dated 2 November 2023 and entered into between Classified Limited as tenant and Gold Shine Investment Limited as landlord in respect of the Premises;
“Term”	the term of two years commencing with retrospective effect on 6 October 2023 and expiring on 5 October 2025 (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, 2 November 2023

As at the date of this announcement, the executive directors of the Company are Mr. WONG Arnold Chi Chiu, Mr. PONG Kin Yee and Mr. LI Kai Leung 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 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 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 “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.classifiedgroup.com.hk.