

Classified Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8232



INTERIM REPORT
2016

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

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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 report, for which the directors (the “Directors”) of Classifield 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 report 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 report misleading.

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CORPORATE INFORMATION

| | |
|---|--|
| BOARD OF DIRECTORS | <i>Executive Directors</i> Mr. WONG Arnold Chi Chiu (<i>Chairman</i>) Mr. LO Yeung Kit Alan Mr. PONG Kin Yee <i>Independent non-executive Directors</i> Dr. CHAN Kin Keung Eugene Mr. CHUM Kwan Yue Desmond Mr. NG Chun Fai Frank |
| COMPLIANCE OFFICER | Mr. Wong Arnold Chi Chiu |
| AUTHORIZED REPRESENTATIVES | Mr. Wong Arnold Chi Chiu Mr. Li Kai Leung |
| Company Secretary | Mr. Li Kai Leung (<i>HKICPA</i>) |
| Audit Committee Members | Mr. Chum Kwan Yue Desmond (<i>Chairman</i>) Dr. Chan Kin Keung Eugene Mr. Ng Chun Fai Frank |
| Remuneration Committee Members | Dr. Chan Kin Keung Eugene (<i>Chairman</i>) Mr. Chum Kwan Yue Desmond Mr. Ng Chun Fai Frank |
| Nomination Committee Members | Mr. Ng Chun Fai Frank (<i>Chairman</i>) Dr. Chan Kin Keung Eugene Mr. Chum Kwan Yue Desmond |
| Auditors | Deloitte Touche Tohmatsu <i>Certified Reporting Accountants</i> |
| Legal Advisers to the Company | Robertsons |
| Principal Bankers | Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited |
| 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 | Unit B, 23/F 38 Heung Yip Road Wong Chuk Hang Hong Kong |
| Hong Kong Share Registrars and Transfer Office | Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong |
| Company Website | www.classifiedgroup.com.hk |
| GEM Stock Code | 8232 |

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2016 increased by approximately 2% to approximately HK\$ 90,731,000 (2015: HK\$88,728,000).
- Loss attributable to the owners of the Company for the six months ended 30 June 2016 was HK\$4,257,000 (2015: Profit of HK\$2,035,000).

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF
CLASSIFIED GROUP (HOLDINGS) LIMITED**

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Classified Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 23, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market Listing of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2015, and the condensed consolidated statements of profit or loss and other comprehensive income for each of the three-month periods ended 30 June 2016 and 2015 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | NOTES | Three months ended | | Six months ended | |
|--|-------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | 30.6.2016 HK\$'000 (unaudited) | 30.6.2015 HK\$'000 (unaudited) | 30.6.2016 HK\$'000 (unaudited) | 30.6.2015 HK\$'000 (unaudited) |
| Revenue | | 44,613 | 45,544 | 90,731 | 88,728 |
| Other income | 6 | 126 | 294 | 181 | 466 |
| Other losses | | — | (5) | (147) | (5) |
| Raw materials and consumable used | | (9,551) | (10,626) | (19,086) | (20,893) |
| Staff costs | | (16,428) | (15,555) | (32,948) | (31,829) |
| Depreciation | | (2,020) | (1,848) | (4,208) | (3,922) |
| Property rental and related expenses | | (7,857) | (7,241) | (15,823) | (14,424) |
| Utility expenses | | (1,174) | (1,338) | (2,189) | (2,442) |
| Advertising and promotion expenses | | (840) | (726) | (1,581) | (1,617) |
| Other expenses | | (7,324) | (6,326) | (17,851) | (10,948) |
| Finance costs | 7 | (158) | (112) | (316) | (220) |
| (Loss) profit before taxation | 8 | (613) | 2,061 | (3,237) | 2,894 |
| Taxation | 9 | (447) | (524) | (1,118) | (861) |
| (Loss) profit and total comprehensive (expense) income for the period | | <u>(1,060)</u> | <u>1,537</u> | <u>(4,355)</u> | <u>2,033</u> |
| (Loss) profit and total comprehensive (expense) income for the period attributable to: | | | | | |
| – Owners of the Company | | (1,016) | 1,546 | (4,257) | 2,035 |
| – Non-controlling interests | | (44) | (9) | (98) | (2) |
| | | <u>(1,060)</u> | <u>1,537</u> | <u>(4,355)</u> | <u>2,033</u> |
| (Loss) earnings per share | 11 | | | | |
| Basic (HK cents) | | <u>(0.32)</u> | <u>0.48</u> | <u>(1.33)</u> | <u>0.64</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

| | NOTES | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|---|-------|--------------------------------------|-------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 28,219 | 31,828 |
| Deposits | 13 | 9,706 | 8,789 |
| Deferred tax assets | | 2,211 | 2,775 |
| | | 40,136 | 43,392 |
| Current assets | | | |
| Inventories | | 3,480 | 3,650 |
| Trade and other receivables, deposits and prepayments | 13 | 17,560 | 10,914 |
| Amounts due from related companies | | 168 | 398 |
| Amounts due from directors | | — | 17,823 |
| Tax recoverable | | 1,139 | 1,139 |
| Bank balances and cash | | 25,493 | 17,062 |
| | | 47,840 | 50,986 |
| Current liabilities | | | |
| Trade and other payables and accrued charges | 14 | 17,625 | 20,794 |
| Amounts due to related companies | | 887 | 810 |
| Amount due to a non-controlling shareholder of a subsidiary | | — | 52 |
| Tax payable | | 894 | 340 |
| Obligation under finance lease | | — | 59 |
| Bank borrowings | 15 | 26,944 | 26,259 |
| | | 46,350 | 48,314 |
| Net current assets | | 1,490 | 2,672 |
| Total assets less current liabilities | | 41,626 | 46,064 |

| | <i>NOTE</i> | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 <i>HK\$'000</i> <i>(audited)</i> |
|--|-------------|---|---|
| Non-current liabilities | | | |
| Obligation under finance lease | | — | 83 |
| Provision | | 1,656 | 1,656 |
| | | 1,656 | 1,739 |
| Net assets | | 39,970 | 44,325 |
| Capital and reserves | | | |
| Issued share capital | 16 | — | — |
| Reserves | | 40,610 | 44,867 |
| Equity attributable to owners of the Company | | 40,610 | 44,867 |
| Non-controlling interests | | (640) | (542) |
| Total equity | | 39,970 | 44,325 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Attributable to owners of the Company | | | | Total HK\$'000 | Non- controlling interests HK\$'000 | Total HK\$'000 |
|--|---------------------------------------|------------------------------|---|------------------------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 <i>(note)</i> | Accumulated profits HK\$'000 | | | |
| At 1 January 2016 (audited) | — | 10,000 | 1,512 | 33,355 | 44,867 | (542) | 44,325 |
| Loss and total comprehensive expense for the period | — | — | — | (4,257) | (4,257) | (98) | (4,355) |
| At 30 June 2016 (unaudited) | — | 10,000 | 1,512 | 29,098 | 40,610 | (640) | 39,970 |
| At 1 January 2015 (audited) | 10 | 10,000 | 1,502 | 30,419 | 41,931 | (426) | 41,505 |
| Profit (loss) and total comprehensive income (expense) for the period | — | — | — | 2,035 | 2,035 | (2) | 2,033 |
| Arising from group reorganisation | (10) | — | 10 | — | — | — | — |
| At 30 June 2015 (unaudited) | — | 10,000 | 1,512 | 32,454 | 43,966 | (428) | 43,538 |

Note: Other reserve represents the difference between the share capital of group entities and that of the Company issued pursuant of the group reorganisation as stated in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Six months ended | |
|--|--------------------------------------|--------------------------------------|
| | 30.6.2016 HK\$'000 (unaudited) | 30.6.2015 HK\$'000 (unaudited) |
| Net cash (used in) from operating activities | (8,898) | 333 |
| Net cash from (used in) investing activities | | |
| Purchase of property, plant and equipment | (746) | (1,253) |
| Advance to related companies | — | (13,395) |
| Repayment from related companies | 102 | 9,022 |
| Advance to directors | (5,521) | (500) |
| Repayment from directors | 23,344 | 679 |
| | 17,179 | (5,447) |
| Net cash from (used in) financing activities | | |
| Repayment to a related company | (25) | — |
| Repayment to a non-controlling shareholder of a subsidiary | (52) | — |
| New bank borrowings raised | 1,439 | — |
| Repayment of bank borrowings | (754) | — |
| Repayment of obligation under finance lease | (142) | (28) |
| Interest paid | (316) | (220) |
| | 150 | (248) |
| Net increase (decrease) in cash and cash equivalents | 8,431 | (5,362) |
| Cash and cash equivalents at beginning of the period | 17,062 | 15,798 |
| Cash and cash equivalents at end of the period representing by bank balances and cash | 25,493 | 10,436 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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. Its shareholders are Wiltshire Global Limited ("Wiltshire Global"), Easy Fame Investments Limited ("Easy Fame") and Peyton Global Limited ("Peyton Global"), each of which owned equally share in the Company and were incorporated in the BVI and wholly owned by Mr. Wong Chi Chiu, Arnold ("Mr. Wong"), Mr. Lo Yeung Kit, Alan ("Mr. Lo") and Mr. Pong Kin Yee ("Mr. Pong") (collectively known as "Controlling Shareholders"), respectively. They were acting in concert on their ownerships and exercised their control collectively over the Group.

The shares of the Company have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing on 11 July 2016 (the "Listing").

The condensed 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 condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In the preparation for the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange, the Company underwent the reorganisation which included the following steps:

- (i) On 24 October 2014, the Company was incorporated in the Cayman Islands with limited liability. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon its incorporation, one subscriber share was allotted and issued, to the subscriber, which was transferred to Wiltshire Global. On 11 November 2014, 24 shares, 25 shares and 25 shares were allotted and issued at par value to Wiltshire Global, Easy Fame and Peyton Global respectively;
- (ii) Wiltshire Global was set up by Mr. Wong, Easy Fame was set up by Mr. Lo and Peyton Global was set up by Mr. Pong during the year ended 31 December 2014. On 16 October 2014, Ever Alliance Ventures Limited ("EAVL") was incorporated in the BVI with limited liability as a shell company and the Company subscribed 1 share of EAVL at par by cash on 4 November 2014. EAVL is authorised to issue 50,000 shares at a par value of US\$1.00 each;
- (iii) UG PRG Venture Limited ("Pre-IPO Investor"), an independent third party and a limited company incorporated in the British Virgin Islands ("BVI"), entered into a subscription agreement with the Company, Mr. Wong, Mr. Lo and Mr. Pong for the subscription of 10 new shares of the Company for HK\$10,000,000 on 21 November 2014;

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

- (iv) On 31 December 2014, Classified Limited (“CL”) entered into a sale and purchase agreement with AAP Enterprise Limited pursuant to which CL agreed to transfer its entire equity interest in Classified Bread and Cheese Limited (“CBCL”) to AAP Enterprise Limited, which is controlled by Mr. Wong, Mr. Lo and Mr. Pong, for a minimal consideration. On 13 February 2015, Noble Network Investment Limited (“NNIL”) was incorporated and one share of NNIL was allotted and issued to EAVL on 11 March 2015. On 31 March 2015, AAP Enterprise Limited transferred its interest in CBCL to NNIL in consideration of the allotment and issue of 1, 1 and 1 share of the Company to Wiltshire Global, Easy Fame and Peyton Global, respectively;
- (v) On 31 December 2014, Mr. Wong, Mr. Lo and Mr. Pong transferred their entire shareholding interest in Press Room Group Investment Limited (“PRGIL”) to EAVL in consideration of the allotment and issue of 1, 1 and 1 share of the Company to Wiltshire Global, Easy Fame and Peyton Global, respectively. Upon the completion of the transfer, PRGIL and its subsidiary, Press Room Group Management Limited, became the wholly-owned subsidiary of the Company;
- (vi) On 31 December 2014, Mr. Wong, Mr. Lo and Mr. Pong transferred their entire shareholding interest in CL to EAVL in consideration of the allotment and issue of 1, 1 and 1 share of the Company to Wiltshire Global, Easy Fame and Peyton Global, respectively. Upon the completion of the transfer, CL became the wholly-owned subsidiary of the Company;
- (vii) On 31 December 2014, Mr. Wong, Mr. Lo and Mr. Pong transferred their entire shareholding interest in The Pawn Limited (“TPL”) to EAVL in consideration of the allotment and issue of 1, 1 and 1 share of the Company to Wiltshire Global, Easy Fame and Peyton Global, respectively. Upon the completion of the transfer, TPL became the wholly-owned subsidiary of the Company;
- (viii) On 31 December 2014, Mr. Wong, Mr. Lo and Mr. Pong transferred their entire shareholding interest in Small Medium Large Limited (“SMLL”) to EAVL in consideration of the allotment and issue of 1, 1 and 1 share of the Company to Wiltshire Global, Easy Fame and Peyton Global, respectively. Upon the completion of the transfer, SMLL became the wholly-owned subsidiary of the Company; and
- (ix) On 5 February 2015, Ease Summit Investments Limited (“ESIL”) was incorporated and one share of ESIL was allotted and issued to EAVL on 12 February 2015.

Pursuant to the reorganisation detailed above, the Company has legally become the holding company of the companies now comprising the Group since 31 March 2015, whereas the Company and its subsidiaries have been under the common control of Controlling Shareholders historically and throughout the period prior to the completion of the reorganisation on 31 March 2015. Therefore, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2015 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence as of 1 January 2015 and throughout the six months ended 30 June 2015.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, 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 2016.

The application of the new amendments to HKFRSs in the current interim 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 six months ended 30 June 2016 are the same as those followed in the preparation of the financial information of the Group for two years ended 31 December 2015 included in accountants’ report for inclusion in the prospectus of the Company dated 30 June 2016.

5. REVENUE AND SEGMENT INFORMATION

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 makers 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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

Six months ended 30 June 2016

| | Causal HK\$'000 | Full service HK\$'000 | Bakery HK\$'000 | Segment total HK\$'000 | Elimination HK\$'000 | Consolidated HK\$'000 |
|-----------------------------|--------------------|--------------------------|--------------------|------------------------------|-------------------------|--------------------------|
| Revenue | | | | | | |
| External sales | 45,366 | 40,241 | 5,124 | 90,731 | — | 90,731 |
| Inter segment sales | — | — | 872 | 872 | (872) | — |
| Total | <u>45,366</u> | <u>40,241</u> | <u>5,996</u> | <u>91,603</u> | <u>(872)</u> | <u>90,731</u> |
| Segment results | <u>5,962</u> | <u>6,382</u> | <u>(219)</u> | <u>12,125</u> | <u>—</u> | <u>12,125</u> |
| Other income | | | | | | 181 |
| Unallocated operating costs | | | | | | (7,242) |
| Listing expenses | | | | | | (8,085) |
| Finance costs | | | | | | (216) |
| Loss before taxation | | | | | | <u>(3,237)</u> |

Six months ended 30 June 2015

| | Causal HK\$'000 | Full service HK\$'000 | Bakery HK\$'000 | Segment total HK\$'000 | Elimination HK\$'000 | Consolidated HK\$'000 |
|-----------------------------|--------------------|--------------------------|--------------------|------------------------------|-------------------------|--------------------------|
| Revenue | | | | | | |
| External sales | 44,602 | 38,970 | 5,156 | 88,728 | — | 88,728 |
| Inter segment sales | — | — | 2,203 | 2,203 | (2,203) | — |
| Total | <u>44,602</u> | <u>38,970</u> | <u>7,359</u> | <u>90,931</u> | <u>(2,203)</u> | <u>88,728</u> |
| Segment results | <u>3,260</u> | <u>6,018</u> | <u>428</u> | <u>9,706</u> | <u>—</u> | <u>9,706</u> |
| Other income | | | | | | 466 |
| Unallocated operating costs | | | | | | (5,062) |
| Listing expenses | | | | | | (2,000) |
| Finance costs | | | | | | (216) |
| Profit before taxation | | | | | | <u>2,894</u> |

Inter-segment sales are charged at mutually agreed terms.

Segment result represents the loss incurred/profit earned by each segment without allocation of other income, unallocated operating costs (including head office staff cost, rental and other corporate expenses), listing expenses and certain finance costs.

5. REVENUE AND SEGMENT INFORMATION *(Continued)***Segment assets and liabilities****As at 30 June 2016**

| | Causal <i>HK\$'000</i> | Full service <i>HK\$'000</i> | Bakery <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|--------------------------------|----------------------------------|--|----------------------------------|--|
| ASSETS | | | | |
| Segment assets | <u>14,539</u> | <u>38,671</u> | <u>2,948</u> | 56,158 |
| Property, plant and equipment | | | | 641 |
| Deferred tax assets | | | | 2,211 |
| Other receivables | | | | 2,334 |
| Tax recoverable | | | | 1,139 |
| Bank balances and cash | | | | <u>25,493</u> |
| Consolidated total assets | | | | <u>87,976</u> |
| LIABILITIES | | | | |
| Segment liabilities | <u>6,018</u> | <u>15,899</u> | <u>1,111</u> | 23,028 |
| Other payables | | | | 4,084 |
| Tax payable | | | | 894 |
| Bank borrowings | | | | <u>20,000</u> |
| Consolidated total liabilities | | | | <u>48,006</u> |

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

As at 31 December 2015

| | Causal <i>HK\$'000</i> | Full service <i>HK\$'000</i> | Bakery <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---|---------------------------|---------------------------------|---------------------------|---------------------------------|
| ASSETS | | | | |
| Segment assets | <u>13,252</u> | <u>36,247</u> | <u>2,498</u> | 51,997 |
| Property, plant and equipment | | | | 717 |
| Deferred tax assets | | | | 2,775 |
| Other receivables | | | | 2,763 |
| Amounts due from related companies | | | | 102 |
| Amounts due from directors | | | | 17,823 |
| Tax recoverable | | | | 1,139 |
| Bank balances and cash | | | | <u>17,062</u> |
| Consolidated total assets | | | | <u>94,378</u> |
| LIABILITIES | | | | |
| Segment liabilities | <u>8,512</u> | <u>17,056</u> | <u>1,527</u> | 27,095 |
| Other payables | | | | 2,566 |
| Amount due to a non-controlling shareholder of a subsidiary | | | | 52 |
| Tax payable | | | | 340 |
| Bank borrowings | | | | <u>20,000</u> |
| Consolidated total liabilities | | | | <u>50,053</u> |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, deferred tax assets, certain other receivables, certain amounts due from related companies, amounts due from directors, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than tax payable, certain bank borrowings, certain other payables and amount due to a non-controlling shareholder of a subsidiary.

6. OTHER INCOME

| | Three months ended | | Six months ended | |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| Promotion income | — | 182 | — | 296 |
| Others | 126 | 112 | 181 | 170 |
| | 126 | 294 | 181 | 466 |

7. FINANCE COSTS

| | Three months ended | | Six months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| The finance costs represent interest on: | | | | |
| — bank borrowings | 158 | 110 | 316 | 216 |
| — Obligation under finance lease | — | 2 | — | 4 |
| | 158 | 112 | 316 | 220 |

8. (LOSS) PROFIT BEFORE TAXATION

| | Three months ended | | Six months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| (Loss) profit before taxation has been arrived at after charging: | | | | |
| Listing expenses | 2,043 | 1,000 | 8,085 | 2,000 |
| Raw materials and consumables used in respect of: | | | | |
| Restaurant operations | 8,563 | 9,428 | 16,849 | 18,075 |
| Bakery products | 988 | 1,198 | 2,237 | 2,818 |
| | <u>9,551</u> | <u>10,626</u> | <u>19,086</u> | <u>20,893</u> |
| Loss on disposal of property, plant and equipment (included in other losses) | — | 5 | 147 | 5 |
| Lease payments under operating leases in respect of: | | | | |
| Minimum payments | 6,509 | 5,610 | 13,007 | 11,257 |
| Contingent rents (<i>note</i>) | 225 | 577 | 536 | 1,052 |
| | <u>6,734</u> | <u>6,187</u> | <u>13,543</u> | <u>12,309</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 | | Six months ended | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| Hong Kong Profits Tax: | | | | |
| Current tax | (228) | (312) | (554) | (559) |
| Underprovision in prior year | — | (26) | — | (26) |
| | <u>(228)</u> | <u>(338)</u> | <u>(554)</u> | <u>(585)</u> |
| Deferred taxation | (219) | (186) | (564) | (276) |
| | <u>(447)</u> | <u>(524)</u> | <u>(1,118)</u> | <u>(861)</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 interim period (six months ended 30 June 2015: nil). The directors have determined that no dividend will be paid in respect of the current interim period.

11. (LOSS) EARNINGS PER SHARE

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

| | Three months ended | | Six months ended | |
|---|---------------------------|-----------------------|---------------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| (Loss) earnings | | | | |
| (Loss) earnings for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share | (1,016) | 1,546 | (4,257) | 2,035 |
| | 30.6.2016 '000 | 30.6.2015 '000 | 30.6.2016 '000 | 30.6.2015 '000 |
| Number of shares | | | | |
| Number of ordinary shares for the purpose of basic (loss) earnings per share | 320,000 | 320,000 | 320,000 | 320,000 |

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue (details as disclosed in note 18) had been effective on 1 January 2015.

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

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$746,000 (six months ended 30 June 2015: HK\$1,253,000).

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30.6.2016 <i>HK\$'000</i> | 31.12.2015 <i>HK\$'000</i> |
|---|-------------------------------------|-------------------------------|
| Trade receivables from restaurant operations | 6,611 | 1,473 |
| Trade receivables from sales of bakery products | 2,016 | 1,585 |
| Rental deposits | 10,107 | 9,952 |
| Other deposits | 2,280 | 2,233 |
| Prepayments and others | 6,252 | 4,460 |
| | 27,266 | 19,703 |
| Analysed as: | | |
| Current | 17,560 | 10,914 |
| Non-current | 9,706 | 8,789 |
| | 27,266 | 19,703 |

There was no credit period to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date.

The Group granted 30 days credit period to the corporate customers for launching activities in the Group's restaurants.

The Group's sales of bakery products to customers are mainly from credit sales. The Group allows a credit period of 30 to 60 days to these trade customers.

No interest is charged on the trade receivables on the outstanding balance.

The following is an aged analysis of trade receivables from restaurant operations presented based on the invoice date, which approximated the service rendered date, at the end of the reporting periods.

| | 30.6.2016 <i>HK\$'000</i> | 31.12.2015 <i>HK\$'000</i> |
|---------------|-------------------------------------|-------------------------------|
| 0 to 30 days | 5,380 | 1,473 |
| 31 to 60 days | 64 | — |
| 61 to 90 days | 60 | — |
| Over 90 days | 1,107 | — |
| | 6,611 | 1,473 |

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The following is an aged analysis of trade receivables from sales of bakery products based on the invoice date, which is approximately the revenue recognition date, at the end of the reporting periods.

| | 30.6.2016 HK\$'000 | 31.12.2015 <i>HK\$'000</i> |
|---------------|-------------------------------------|-------------------------------|
| 0 to 30 days | 727 | 877 |
| 31 to 60 days | 680 | 536 |
| 61 to 90 days | 262 | 117 |
| Over 90 days | 347 | 55 |
| | <u>2,016</u> | <u>1,585</u> |

14. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

| | 30.6.2016 HK\$'000 | 31.12.2015 <i>HK\$'000</i> |
|------------------------------------|-------------------------------------|-------------------------------|
| Trade payables | 6,879 | 7,768 |
| Other payables: | | |
| Accrued staff related costs | 1,899 | 6,319 |
| Other payables and accrued charges | 8,847 | 6,707 |
| | <u>17,625</u> | <u>20,794</u> |

The credit period for purchases of goods is 30 - 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods.

| | 30.6.2016 HK\$'000 | 31.12.2015 <i>HK\$'000</i> |
|---------------|-------------------------------------|-------------------------------|
| 0 to 30 days | 3,695 | 4,072 |
| 31 to 60 days | 2,549 | 3,146 |
| 61 to 90 days | 27 | 69 |
| Over 90 days | 608 | 481 |
| | <u>6,879</u> | <u>7,768</u> |

15. BANK BORROWINGS

| | 30.6.2016 <i>HK\$'000</i> | 31.12.2015 <i>HK\$'000</i> |
|--|-------------------------------------|-------------------------------|
| Carrying amount repayable on demand (shown under current liabilities) | 20,000 | 20,000 |
| Carrying amount of term loan (shown under current liabilities) that contains repayable on demand clause: | | |
| — within one year | 1,557 | 1,269 |
| — within a period of more than one year but not exceeding two years | 1,557 | 1,269 |
| — within a period of more than two years but not exceeding five years | 3,830 | 3,721 |
| | 6,944 | 6,259 |
| | 26,944 | 26,259 |

During the current interim period, the Group obtained new bank borrowings of HK\$1,439,000 (six months ended 30 June 2015: nil) and repaid bank borrowings of HK\$754,000 (six months ended 30 June 2015: nil).

The bank borrowings are at floating rates which carry interest at one-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.9% to 2.5% per annum.

The unsecured bank borrowing of HK\$20,000,000 as at 30 June 2016 and 31 December 2015 was guaranteed by certain group entities and Controlling Shareholders. The remaining unsecured bank borrowing of HK\$6,944,000 (31 December 2015: HK\$6,259,000) as of 30 June 2016 was guaranteed by Controlling Shareholders. The guarantees from Controlling Shareholders are released upon the Listing.

16. ISSUED SHARE CAPITAL

On 24 October 2014, the Company was incorporated in the Cayman Islands with limited liability. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon its incorporation, one subscriber share was allotted and issued, to the subscriber, which was transferred to Wiltshire Global. On 11 November 2014, 24 shares, 25 shares and 25 shares were allotted and issued at par value to Wiltshire Global, Easy Fame and Peyton Global respectively. On 21 November 2014, the Pre-IPO Investor subscribed 10 shares of the Company for HK\$10,000,000. In addition, during the year ended 31 December 2014, the Company issued 5 shares, 5 shares and 5 shares to Wiltshire Global, Easy Fame and Peyton Global, respectively, so as to transfer the entire shareholding interest in CBCL, PRGIL, CL, TPL and SMLL to the Company on 31 December 2014.

16. ISSUED SHARE CAPITAL *(Continued)*

| | Number of shares | Amount | |
|---|---------------------|------------------|--------------|
| | | HK\$ | HK\$'000 |
| Ordinary shares of HK\$0.01 each | | | |
| Authorised: | | | |
| At 1 January 2015 and 31 December 2015 | 38,000,000 | 380,000 | 380 |
| Increase in authorised share capital (note) | 762,000,000 | 7,620,000 | 7,620 |
| At 30 June 2016 | <u>800,000,000</u> | <u>8,000,000</u> | <u>8,000</u> |
| Issued and fully paid: | | | |
| At 1 January 2015, 31 December 2015 and 30 June 2016 | <u>100</u> | <u>1</u> | <u>—</u> |

Notes: On 14 June 2016, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$8,000,000 divided into 800,000,000 shares of HK\$0.01 each by creation of an additional 762,000,000 shares of HK\$0.01 each which rank pari passu in all respects with existing shares.

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

| | Six months ended | |
|---|-----------------------|-----------------------|
| | 30.6.2016 HK\$'000 | 30.6.2015 HK\$'000 |
| Catering income from Controlling Shareholders | <u>68</u> | <u>341</u> |
| Catering income from Altaya Wines Limited (note (i)) | <u>70</u> | <u>201</u> |
| Catering income from Gold Peak Industries (Holdings) Limited (note (ii)) | <u>313</u> | <u>—</u> |
| Catering income from GP Batteries International Limited (note (ii)) | <u>102</u> | <u>—</u> |
| Sales of bakery products to AAP Investments Limited (note (iii)) | <u>57</u> | <u>81</u> |
| Sales of bakery products to Big Team Ventures Limited and its subsidiaries (note (iv)) | <u>74</u> | <u>—</u> |
| Purchases of goods from Altaya Wines Limited (note (i)) | <u>1,229</u> | <u>2,219</u> |
| Purchases of goods from Cubatabaco Limited (note (i)) | <u>—</u> | <u>56</u> |
| Consultancy fee to a non-controlling shareholder of a subsidiary | <u>330</u> | <u>330</u> |

17. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (i) Altaya Wines Limited and Cubatabaco Limited are controlled by Mr. Pong and his family.
- (ii) Father of Mr. Lo is the director of Gold Peak Industries (Holdings) Limited and GP Batteries International Limited.
- (iii) Controlling Shareholders were the controlling shareholders of AAP Investments Limited prior to the disposal of their entire equity interest in AAP investments Limited to an independent third party on 9 March 2015.
- (iv) Big Team Ventures Limited is controlled by the spouse of Mr. Lo.

Guarantee provided to/received from Controlling Shareholders for bank facilities are as follows:

| | 30.6.2016 | 31.12.2015 |
|--|------------------|------------|
| | HK\$'000 | HK\$'000 |
| Guarantees from Controlling Shareholders jointly and severally | 33,500 | 33,500 |
| Guarantee from Mr. Wong | — | 288 |

The guarantees from Controlling Shareholders are released upon the Listing.

During the current interim period, the emoluments of key management personnel were HK\$360,000 (six months ended 30 June 2015: HK\$500,000).

18. EVENT AFTER THE END OF THE REPORTING PERIOD

The shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange by way of placing on 11 July 2016. On the same date, 319,999,900 of the Company's new shares were issued through capitalisation of HK\$3,200,000 standing to the credit of share premium account of the Company. Also, 140,000,000 shares of the Company (comprising 80,000,000 new shares offered by the Company and 60,000,000 sale shares offered by selling shareholders) of HK\$0.01 each of the Company were issued at a placing price of HK\$0.55 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Hong Kong economy remained sluggish in the first half of 2016, the deceleration of growth in China's economy, the recent devaluation of Renminbi and the conflicts between Hong Kong locals and mainland PRC travelers dampened heavily the business of retail industry in Hong Kong.

Despite the rent in tourist shopping areas has a mild downward adjustment due to the drop in the number of mainland Chinese tourists in Hong Kong, rental costs remain significantly high in the Food & Beverage industry in Hong Kong. Pressures from rising price of food, manpower cost and utilities are enduring, especially due to the periodic debate on the mandatory wage floor and the occasional onslaughts of food safety concerns. People are more budget conscious and sensitive to the amounts they spend on food and the revenue of our restaurants for the first few months were weaker than expected. Management believes the difficult situation may continue for the second half of 2016 and this will be a tough year for the food and beverage industry.

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

Business Overview

"Classified" restaurant is a casual European café specializing in artisan breads and cheeses, boutique wines and is renowned for its breakfast & all-day dining menu. Offering casual seating areas in most locations, Classified encourages neighbourhood street-level interaction. It is our flagship brand of the Group and occupies around 50% of our total revenue. During the six months ended 30 June 2016, Classified had recorded revenue of approximately HK\$45,366,000, as a slight increase of 1.7% as compared to the last corresponding period.

"The Pawn" is a full-service restaurant located one of Hong Kong's most iconic landmarks. It brings you a brand new dining and bar concept in 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, and arts and design through casual-chic, alfresco and contemporary dining. During the six months ended 30 June 2016, The Pawn had recorded revenue of approximately HK\$25,510,000, as a slight decrease of 5.4% as compared to the last corresponding period.

"The Fat Pig" is a full service restaurant with a pork-based concept by British Chef Tom Aikens. The restaurant was upgraded from previous restaurant, namely SML after three-month renovation and was re-opened in November 2015. Showcasing the best of all that is pork, from piglets to full-grown cuts and parts, butchered or in the form of charcuterie. From soups to suckling pig and from pates to knuckles, the menu choices are endless and are categorized by cooking technique. During the six months ended 30 June 2016, The Fat Pig had recorded revenue of approximately HK\$14,731,000, as an increase of 22.6% as compared to the last corresponding period.

In additions to the above restaurants, the Group also owns and operates a food factory which supplies cheeses, bread and other bakery products to our restaurants and other corporate customers. Customers of our food factory include hotels, restaurants, clubs, coffee shops, café and supermarkets. During the six months ended 30 June 2016, the food factory had recorded revenue of approximately HK\$5,996,000, as a significant decrease of 18.5% as compared to the last corresponding period. We are reviewing the operations now and negotiate with landlord for the renewal of tenancy agreement which will be expired on 31 October 2016 now but no consents had been reached.

Future Prospects

F&B industry is always a challenging industry with intense competitions and heavily dependent on the economic conditions of Hong Kong. Given the recent slowdown in the Hong Kong economy, we will adopt a prudent expansion strategy in opening one "Classified" restaurant and a central kitchen as well as carrying out renovation work on several restaurants at the end of this year. We believe that by establishing a central kitchen, the Group will enjoy higher operating efficiency and lower food costs. Moreover, the open of a new "Classified" restaurant is within our ongoing expansion plans to enhance our market share. Both the new Classified restaurant and central kitchen locations have been identified and we are now conduct a detailed research and feasibility studies. No lease agreement had been signed or confirmed yet. Furthermore, we continuously refine our business strategy to cope with the enduring challenges.

FINANCIAL REVIEW

For the six months ended 30 June 2016, the Group recorded revenue of HK\$90.7 million (six months ended 30 June 2015: HK\$88.7 million), representing an increase of 2.3% compared with the same period of the last financial period.

Loss attributable to owners of the Company was HK\$4.3 million (six months ended 30 June 2015: profit of HK\$2.0 million).

The gross profit margin (representing revenue minus raw materials and consumable used) of the Group was 79.0% (six months ended 30 June 2015: 76.5%).

Total operating expenses (representing raw materials and consumable used, staff costs, depreciation, property rental and related expenses, utility expenses, advertising and promotion expenses, other expenses and finance costs) increased by 8.9% to HK\$94.0 million (six months ended 30 June 2015: HK\$86.3 million) mainly due to the increase of listing fee of HK\$6.0 million and increase of property rental and related expenses of HK\$1.4 million.

Financial Resources and Liquidity

As at 30 June 2016, current assets amounted to HK\$47.8 million (31 December 2015: HK\$51.0 million) of which HK\$25.5 million (31 December 2015: HK\$17.0 million) was bank balances and cash, HK\$17.6 million (31 December 2015: HK\$10.9 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to HK\$46.4 million (31 December 2015: HK\$48.3 million), including trade and other payables and accrued charges in the amount of HK\$17.6 million (31 December 2015: HK\$20.8 million).

Current ratio and quick assets ratio were 1.03 and 0.96 respectively (31 December 2015: 1.06 and 0.98 respectively). Gearing ratio is calculated as net debt (bank borrowings less bank balances and cash) divided by total equity. Gearing ratio were 0.04 (31 December 2015: 0.21).

Foreign Currency Exposure

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

Capital Commitments

As at 30 June 2016, the Group did not have any material capital commitments.

Contingent Liabilities

As at 30 June 2016, the Group did not have any contingent liabilities.

Employees and Remuneration Policies

As at 30 June 2016, the Group had 259 employees in Hong Kong (at 30 June 2015: 281 employees in Hong Kong). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all our employees.

OTHER INFORMATION

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

The shares of the Company were listed on GEM of the Stock Exchange on 11 July 2016. Purchase, sale or redemption of the Company's listed securities was not applicable for the six months ended 30 June 2016. Nevertheless, details of the dealings, before the Listing, of the Company's shares in connection with the reorganisation and the Listing are set out in the prospectus of the Company dated 30 June 2016.

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

As the Listing took place on 11 July 2016, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and section 352 of the SFO were not applicable to the Directors as at 30 June 2016.

Upon Listing and as at the date of this report, 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 (Note 1) | 76,000,000 | 19% |
| Mr. Lo Yeung Kit Alan | interest in controlled corporation (Note 2) | 76,000,000 | 19% |
| Mr. Pong Kin Yee | interest in controlled corporation (Note 3) | 76,000,000 | 19% |

Notes:

1. Mr. Wong beneficially owns 100% equity interest in Wiltshire Global. Therefore, Mr. Wong is deemed to be interested in 76,000,000 shares held by Wiltshire Global.
2. Mr. Lo beneficially owns 100% equity interest in Easy Fame. Therefore, Mr. Lo is deemed to be interested in 76,000,000 shares held by Easy Fame.
3. Mr. Pong beneficially owns 100% equity interest in Peyton Global. Therefore, Mr. Pong is deemed to be interested in 76,000,000 shares held by Peyton Global.

Save as disclosed above, as at the date of this report, 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 the Listing took place on 11 July 2016, Divisions 2 and 3 of Part XV of the SFO were not applicable to the Company as at 30 June 2016.

Upon Listing and as at the date of this report, 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, 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 | Beneficial owner | 76,000,000 | 19% |
| Ms. Lee Yuen Ching Charmaine | Interest of spouse (Note 1) | 76,000,000 | 19% |
| Easy Fame | Beneficial owner | 76,000,000 | 19% |
| Ms. Wong Pui Yain | Interest of spouse (Note 2) | 76,000,000 | 19% |
| Peyton Global | Beneficial owner | 76,000,000 | 19% |
| Ms. Cheng Chi Man | Interest of spouse (Note 3) | 76,000,000 | 19% |
| UG PRG Venture | Beneficial owner | 32,000,000 | 8% |
| Mr. Ma Chi Un Fred | Interest in controlled corporation (Note 4) | 32,000,000 | 8% |
| Mr. Ngan Chi Wing | Interest in controlled corporation (Note 5) | 32,000,000 | 8% |

Notes:

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.
2. Mr. Lo beneficially owns 100% equity interest in Easy Fame. 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. 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.
4. Mr. Ma Chi Un Fred beneficially owns 50% equity interest in UG PRG Venture Limited ("**UG PRG Venture**"). Therefore, Mr. Ma is deemed to be interested in all the shares held by UG PRG Venture.
5. Mr. Ngan Chi Wing beneficially owns 50% equity interest in UG PRG Venture. Therefore, Mr. Ngan is deemed to be interested in all the shares held by UG PRG Venture.

Save as disclosed above, as at the date of this report, 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, 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 “Relationship with Controlling Shareholders” in the prospectus of the Company dated 30 June 2016, for the six months ended 30 June 2016, 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 the 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 Company has established an audit committee 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.

Up to the date of approval of the Group’s unaudited results for the six months ended 30 June 2016, the audit committee had held meeting and had reviewed the draft interim report and accounts for the six months ended 30 June 2016 prior to recommending such report and accounts to the Board for approval.

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 from the date of Listing and up to the date of this report.

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 from the date of Listing up to the date of this report.

On behalf of the Board
Classified Group (Holdings) Limited
Mr. Wong Arnold Chi Chiu
Chairman and executive Director

Hong Kong, 12 August 2016

As at the date of this report, the Company's executive Directors are Mr. Wong Arnold Chi Chiu, Mr. Lo Yeung Kit Alan and Mr. Pong Kin Yee; the independent non-executive Directors are Dr. Chan Kin Keung Eugene, Mr. Chum Kwan Yue Desmond and Mr. Ng Chun Fai Frank.

This report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.