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Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2020

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Top Standard Corporation (the “**Company**”) announces the unaudited first quarterly results of the Company and its subsidiaries for the three months ended 30 June 2020.

This announcement, containing the full text of the 2020 first quarterly report of the Company (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of first quarterly results. Printed version of the First Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner as required by the GEM Listing Rules.

By order of the Board
Top Standard Corporation
Chuk Stanley
Chairman and Executive Director

Hong Kong, 14 August 2020

As at the date of this announcement, the executive Directors are Mr. Chuk Stanley, Mr. Lam Ka Wong, Johnson, Mr. Chuk Kin Yuen and Dr. Chen Liang, and the independent non-executive Directors are Mr. Wong Ching Wan, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen.

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 enquires, 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 GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.topstandard.com.hk.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

*This report, for which the directors (the “**Directors**”) of Top Standard Corporation (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.*

The board of the Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

		For the three months ended 30 June	
	Notes	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Continuing operations			
Revenue	5	14,226	34,223
Other income		1,937	96
Raw materials and consumables used		(4,080)	(11,399)
Staff costs		(7,116)	(14,892)
Depreciation		–	(6,149)
Rental and related expenses		(864)	(3,057)
Utilities expenses		(994)	(2,030)
Other expenses		(1,675)	(3,568)
Finance costs		(832)	(743)
Profit/(loss) before taxation		602	(7,519)
Income tax expense	6	–	–
Gain on disposal of discontinued operation, net of related income tax		2,122	–
Profit/(loss) for the period		2,724	(7,519)
Other comprehensive income for the period:			
Item that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of a foreign operation		(159)	–
Total comprehensive income/(expense) for the period		2,565	(7,519)

		For the three months ended 30 June	
		2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Notes			
Profit/(loss) for the period attributable to owners of the Company			
— from continuing operations		2,565	(7,519)
— from discontinued operation		(3)	—
		2,562	(7,519)
Total comprehensive income/(expense) for the period attributable to the owners of the Company			
— from continuing operations		2,565	(7,519)
— from discontinued operation		(3)	—
		2,562	(7,519)
Earnings/(loss) per share			
From continuing and discontinued operations			
— Basic and diluted (Hong Kong cents)	8	0.32	(0.94)
From continuing operations			
— Basic and diluted (Hong Kong cents)	8	0.32	(0.94)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Other reserves HK\$'000	Translation reserve HK\$'000	Accumulated profits/ (losses) HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	8,000	60,304	–	4,686	(37)	(63,953)	9,000
Loss and total comprehensive expense for the period	–	–	–	–	–	(7,519)	(7,519)
At 30 June 2019 (unaudited)	8,000	60,304	–	4,686	(37)	(71,472)	1,481
At 1 April 2020 (audited)	8,000	60,304	19,300	4,686	112	(156,488)	(64,086)
Profit for the period	–	–	–	–	–	2,721	2,721
Exchange difference arising from translation of a foreign operation	–	–	–	–	(159)	–	(159)
Total comprehensive income for the period	–	–	–	–	(159)	2,721	2,562
At 30 June 2020 (unaudited)	8,000	60,304	19,300	4,686	(47)	(153,767)	(61,524)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 11 February 2016. The shares of the Company (the “**Shares**”) have been listed on the GEM of the Stock Exchange since 13 February 2018.

The address of the registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, and the principal place of business of the Company in Hong Kong is Flat 5, 16/F., Core 45 No 43, Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of catering services (including the provision of food and services).

The functional currency of the Company is Hong Kong dollars (“**HK\$**”).

2. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2019 and 2020 is presented as if the Company had always been the holding company of the Group.

The unaudited condensed consolidated first quarterly results have not been reviewed by the Company’s auditor.

3. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months ended 30 June 2020 (the “**Financial Information**”) have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the Financial Information include applicable disclosures required by the GEM Listing Rules. The Financial Information have been prepared under the historical cost convention and are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Information requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

In preparing the Financial Information, the significant judgments made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group’s audited consolidated financial statements for the year ended 31 March 2020.

In preparing the Financial Information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$52,596,000 as at 30 June 2020, the Group's total liabilities exceeded its total assets by HK\$61,526,000 as of that date.

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

- (a) The Group will continue to seek for investors for the placing as stated in the Company's announcement on 26 June 2020 (the "Placing"), in which the Group expects to receive HK\$28,800,000 (before expenses) for the Group to repay its existing debt and for future operation.
- (b) Mr. Chuk Stanley, the largest shareholder of the Company, has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due.
- (c) The Group will negotiate with bond holders to extend the maturity date of bonds.
- (d) The Group will also continue actively seek other alternative financing, including borrowings and disposal of assets or business, to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors of the Company, has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the Financial Information. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Financial Information for the period ended 30 June 2020 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Financial Information.

4. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied all new and revised HKFRSs issued by the HKICPA that are mandatory effective during the current period and relevant to its operations. The application of such new and amended standards and interpretations does not have material impact on the Financial Information reported and does not result in substantial change to the Group's accounting policies.

5. REVENUE

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount, and membership fee income from external customers for privileged services in the Group's restaurants during the respective periods. The Group's revenue from external customers based on their nature are detailed below:

	For the three months ended 30 June	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Catering income (including services provided and food served)	14,107	33,992
Membership fee income	119	231
	14,226	34,223

6. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Hong Kong Profits Tax: Current tax	—	—

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

7. DIVIDEND

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the three months ended 30 June 2020 (for the three months ended 30 June 2019: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	For the three months ended 30 June	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share:		
Profit/(loss) for the period attributable to owners of the Company		
— from continuing operations	2,565	(7,519)
— from discontinued operation	(3)	—
	2,562	(7,519)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	800,000	800,000

The diluted earnings/(loss) per share for both periods were same as the basic earnings/(loss) per share as there were no potential ordinary shares in issue for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisines under the “San Xi Lou (三希樓)”, “Pure Veggie House (心齋)”, “Man Jiang Hong (滿江紅)” and “Ronin (浪人)” brands, respectively. The Group’s revenue for the three months ended 30 June 2020 was primarily derived from catering income through its restaurants. In order to minimize the unsatisfactory performance on the operation and financial performance of the restaurant under the “Ronin” brand, the Company disposed the restaurant by end of June 2020 such that the Group can focus its available financial resources on the development of its other existing restaurants and businesses.

For the three months ended 30 June 2020, the Group recorded a decrease in revenue of approximately HK\$20.0 million, representing a decrease of approximately 58.4%, from approximately HK\$34.2 million for the three months ended 30 June 2019 to approximately HK\$14.2 million for the three months ended 30 June 2020. Such decrease was mainly due to the recent outbreak of the coronavirus (COVID-19) pandemic (the “**Pandemic**”). To avoid the spread of the Pandemic, the Hong Kong government has executed several policies which have led to the decline of both local customers and tourists, seriously the consumers’ spending sentiment over the entire catering industry.

On 13 February 2018 (the “**Listing Date**”), the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commissions and expenses borne by the Company, there was approximately HK\$42.3 million of net proceeds from the Share Offer. The Group will utilise such net proceeds in accordance with the business strategies as set out in the Company’s prospectus (the “**Prospectus**”) dated 31 January 2018 and our announcement dated 9 October 2018 regarding the change of use of proceeds.

FINANCIAL REVIEW

Revenue

The Group's revenue decrease from approximately HK\$34.2 million for the three months ended 30 June 2019 to approximately HK\$14.2 million for the three months ended 30 June 2020, representing a decrease of approximately 58.4%. Such decrease in the Group's revenue was mainly attributable to the impact from the outbreak of the Pandemic and the effect of the government policies imposed to avoid the spread of the Pandemic.

Raw materials and consumables used

The raw materials and consumables used decreased from approximately HK\$11.4 million for the three months ended 30 June 2019 to approximately HK\$4.1 million for the three months ended 30 June 2020, representing an decrease of approximately 64.2%. the decrease in the revenue due to the impact from the Pandemic and thus less raw materials and consumables were used.

Staff costs

The Group's staff costs decreased from approximately HK\$14.9 million for the three months ended 30 June 2019 to approximately HK\$7.1 million for the three months ended 30 June 2020, representing a decrease of approximately 52.2%. Such decrease in the Group's staff costs was mainly attributable to the decrease in number of staff and adjustment on the salary level of staff.

Depreciation

The Group did not have depreciation incurred during the three months ended 30 June 2020 as compared to approximately HK\$6.1 million for the three months ended 30 June 2019. The reason for no depreciation was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the year ended 31 March 2020.

Rental and related expenses

Rental and related expenses decreased from approximately HK\$3.1 million for the three months ended 30 June 2019 to approximately HK\$0.9 million for the three months ended 30 June 2020, representing a decrease of approximately 71.7%. Such decrease in the Group's rental and related expenses was mainly due to the new adoption of HKFRS 16 "Leases".

Profit/loss and total comprehensive income/expense

The Group has a profit and total comprehensive income for the three months ended 30 June 2020 of HK\$2.6 million and incurred a loss and total comprehensive expenses for the three months ended 30 June 2019 of HK\$7.5 million. The change from loss to profit position was mainly due to the combination of the factors discussed above and the gain on disposal of discontinued operation.

RESERVES

Movements in the reserves of the Group for the three months ended 30 June 2020 are set out above in the unaudited condensed consolidated statement of changes in equity.

DIVIDEND

No dividend was paid, proposed or declared for the shareholders of the Company (the **"Shareholders"**) for the three months ended 30 June 2020 (three months ended 30 June 2019: Nil).

FUTURE PROSPECTS

The Shares were successfully listed on GEM on 13 February 2018 (the “**Listing**”). The Board considers that the Company’s public listing status on the Stock Exchange allows the Company to access the capital market for corporate finance activities, which assists the Company in its future business development, enhances the Group’s corporate profile and recognition, strengthens the Group’s competitiveness and will lead to an increase in revenue.

The outbreak of COVID-19 in Hong Kong and various countries around the globe has affected many businesses to different extent. Food and Beverage is one the industries that encountered the most difficult impact.

To cope with this, the management has put much efforts on tightening the control over the procurement of the raw materials and other costs incurred in our operations. The effects from the measures begin to be reflected in the decreasing trend over various costs. The management also actively negotiates with the suppliers, landlords and other business partners to sort out feasible measures to overcome this tough time. The turning from loss to profit position reflects that the measures are effective and the Group would continue to improve the performance and financial position of our operations.

The Group estimates that the degree of COVID-19 impact would be dependent on the outcome of various preventive measures and the duration of the epidemic. The Group is closely monitoring the market development and continuously evaluating the financial impact of the COVID-19 situation on the Group’s operational and financial performance. Given the unpredictability of future development of COVID-19, the impacts to the Group could not be reasonably and accurately estimated at this stage. However, the Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

The Group has disposed one restaurant during the three months ended 30 June 2020 and subsequently three other under-performed restaurants were disposed in July 2020. The Group is also actively seeking for opportunities in capital raising like placing new shares in order to improve the Group’s cash flow status and relieve liabilities burden.

EVENTS AFTER REPORTING PERIOD

- (i) Since the outbreak of the COVID-19 in January 2020, the prevention and control of the COVID-19 has been going on throughout the globe. The COVID-19 has affected the operation of businesses globally and in varying degrees, the extent of which will depend on factors, including involvement of the pandemic, macro policies, resumption of work and activities in enterprises, and may have a further impact on the industry as well as businesses of the Group to a certain extent. The Group has closely monitored the situation of COVID-19 and the Group's exposure to the risks and uncertainties in connection with the outbreak. The Group has also started assessment of its impact on the Group's operation and financial performance, maintained close communication with different stakeholders of the Group.

Due to the inherent nature and unpredictability of future development and market sentiment, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak. The directors of the Company consider that the financial effects on the Group's Financial Information cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future Financial Information and beyond.

- (ii) On 3 July 2020, the Group and the Purchaser A entered into a sale and purchase agreement, pursuant to which the Purchaser A agreed to acquire Dalaran Group Limited (a wholly owned subsidiary which operates Pure Veggie House Taipei) ("**Dalaran**") shares and the benefit of and interest in Dalaran from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19. The relevant sale shares in respect of the Dalaran represents its total issued share capital.

The net liabilities of Dalaran was approximately HK\$7.1 million as at 30 June 2020.

Upon Completion, the Company will cease to hold any interest in the Dalaran, and Dalaran will cease to be a subsidiary of the Company and the financial results of Dalaran will no longer be consolidated into the Financial Information of the Company. The directors are assessing the financial impacts of the transaction to the Group.

- (iii) On 6 July 2020, the Group and the Purchaser B entered into a sale and purchase agreement, pursuant to which the Purchaser B agreed to acquire Higher Top Limited (a wholly owned subsidiary which operates Man Jiang Hong) ("**Higher Top**") shares and the benefit of and interest in Higher Top from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19. The relevant sale shares in respect of the Higher Top represents its total issued share capital.

The net liabilities of Higher Top was approximately HK\$4.7 million as at 30 June 2020.

Upon Completion, the Company will cease to hold any interest in the Higher Top, and Higher Top will cease to be a subsidiary of the Company and the financial results of Higher Top will no longer be consolidated into the consolidated financial statements of the Company. The directors are assessing the financial impacts of the transaction to the Group.

- (iv) On 7 July 2020, the Group and the Purchaser C entered into a sale and purchase agreement, pursuant to which the Purchaser C agreed to acquire Great Planner Limited (a wholly owned subsidiary which operates San Xi Lou) ("**Great Planner**") shares and the benefit of and interest in Great Planner from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19 pandemic. The relevant sale shares in respect of the Great Planner represents its total issued share capital.

The net liabilities of Great Planner was approximately HK\$18.3 million as at 30 June 2020.

Upon Completion, the Company will cease to hold any interest in the Great Planner, and Great Planner will cease to be a subsidiary of the Company and the financial results of Great Planner will no longer be consolidated into the consolidated financial statements of the Company. The directors are assessing the financial impacts of the transaction to the Group.

Save as disclosed above and in the opinion of the directors of the Company, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2020 and up to the date of this report.

SIGNIFICANT INVESTMENT HELD

As at 30 June 2019 and 2020, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

As at 30 June 2020 and up to the date of this report, certain subsidiaries of the Company has arrears rent and salaries and has been recognised in the other payables and accrual and salaries payables, respectively. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears rent and salaries. Nevertheless, management of the Company is negotiating with those parties and considers no additional interest and penalty is required apart from the amount stated in the other payables and accrual and salaries payables.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) held by the Directors and the chief executive of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be

kept by the Company pursuant to section 352 of the SFO, or otherwise which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

(i) **Long position in the Shares, underlying Shares and debentures of the Company**

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Chuk Stanley ("Mr. Stanley Chuk")	Interests of controlled corporation (Note 1)	458,088,000	57.26%
Mr. Chuk Kin Yuen ("Mr. KY Chuk")	Interests of controlled corporation (Note 2)	5,000,000	0.63%

Notes:

- (1) Mr. Stanley Chuk directly owns 100% of JSS Group Corporation ("JSS Group"), which in turn holds approximately 57.26% of the issued share capital of the Company. Mr. Stanley Chuk is deemed, or taken to be interested in, all the Shares held by JSS Group for the purpose of the SFO.
- (2) Mr. KY Chuk directly owns 100% of J & W Group Limited ("J & W Group"), which in turn holds approximately 0.63% of the issued share capital of the Company. Mr. KY Chuk is deemed, or taken to be interested in, all the Shares held by J & W Group for the purpose of the SFO.

(ii) **Long position in the shares, underlying shares and debentures of associated corporations**

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of Shares held	Percentage of interest
Mr. Stanley Chuk	JSS Group	Beneficial owner	1,000	100%
Mr. KY Chuk	J & W Group	Beneficial owner	1	100%

Other than as disclosed above, as at 30 June 2020, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company have any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register that is required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2020, to the best knowledge of the Directors or chief executive of the Company, Shareholders (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/ Nature of interest	Number of Shares held/ interested	Approximate percentage interest of issued share capital of the Company
JSS Group	Beneficial owner	458,088,000 (L)	57.26%
J & W Group	Beneficial owner	5,000,000 (L)	0.63%
Mrs. Chuk Cheng Sau Mun, Winnie	Interest of spouse (Note 1)	5,000,000 (L)	0.63%

Notes:

1. Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, is deemed to be interested in all the Shares that Mr. KY Chuk holds an interest in for the purpose of Part XV of the SFO.
2. The letter “L” denotes as long positions in the Shares.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company, who held an interest or short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the three months ended 30 June 2020 was the Company, any of its holding companies, fellow subsidiaries or subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the three months ended 30 June 2020, and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the three months ended 30 June 2020.

COMPETING INTERESTS

As at 30 June 2020, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause, any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has not engaged in any activities falling under the continuing disclosure requirements pursuant to the Rules 17.22 and 17.24 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors 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. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the three months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on principles and code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the **"Corporate Governance Code"**). Save as disclosed below, the Group has complied with the code provisions of the Corporate Governance Code:

Code provision A.2.1 of the Corporate Governance Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating and managing the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk take up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in- depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the “**Audit and Risk Management Committee**”) has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit and Risk Management Committee currently consists of three independent non-executive Directors, namely Mr. Wong Ching Wan, as the chairman of the Audit and Risk Management Committee, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen. The primary duties of the Audit and Risk Management Committee include, among others, monitoring compliance with the laws and regulations that are applicable to the operations of the Group, reviewing the reports and findings submitted by the internal control consultant to ensure the effectiveness of the Group’s regulatory compliance procedures and system, reviewing and monitoring the Group’s financial reporting process, the risk management procedures as well as internal control system, reviewing the Group’s financial information, considering issues relating to the external auditors and their appointment, and performing other duties and responsibilities as assigned by the Board.

Pursuant to code provision C.3.3 of the Corporate Governance Code, the Audit and Risk Management Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited first quarterly results for the three months ended 30 June 2020 of the Group and confirmed that the preparation of the same complied with the applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

By order of the Board
Top Standard Corporation
Chuk Stanley
Chairman and Executive Director

Hong Kong, 14 August 2020

As at the date of this report, the executive Directors are Mr. Chuk Stanley, Mr. Lam Ka Wong, Johnson, Mr. Chuk Kin Yuen and Dr. Chen Liang; and the independent non-executive Directors are Mr. Wong Ching Wan, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen.

This report will remain on the “Latest Listed Company Information” page of the website of GEM (www.hkgem.com) for at least seven days from its date of publication. This report will also be published on the website of the Company at www.topstandard.com.hk.