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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 31 MARCH 2021

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 31 March 2021.

This announcement, containing the full text of the 2021 first quarterly report of the Company (the “**2021 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 2021 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 May 2021

As at the date of this announcement, the executive Directors are Mr. Chuk Stanley and Mr. Ying Kan Man, and the independent non executive Directors are Mr. Wong Ching Wan, Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke.

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 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.

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*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 31 March 2021 together with the comparative unaudited figures for the corresponding period in 2020 as follows:

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

For the three months ended 31 March 2021

		For the three months ended 31 March	
	Notes	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Continuing operations			
Revenue	5	8,022	6,308
Other income		531	116
Other losses		(21)	–
Raw materials and consumables used		(2,449)	(2,288)
Staff costs		(3,577)	(2,866)
Depreciation of property and equipment		–	(818)
Depreciation of right-of-use assets		–	(863)
Impairment loss on:			
– property and equipment		–	(8,784)
– right-of-use assets		–	(12,378)
Rental and related expenses		(647)	(1,136)
Utilities expenses		(526)	(865)
Other expenses		(1,337)	(1,812)
Finance costs		(252)	(1,479)
Loss before taxation		(256)	(26,865)
Income tax expense	6	–	–
Loss for the period from continuing operations		(256)	(26,865)
Discontinued operations			
Profit/(loss) for the period from discontinued operations		3,461	(40,299)
Profit/(loss) for the period		3,205	(67,164)
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		–	149
Total comprehensive income/(expense) for the period		3,205	(67,015)

		For the three months ended 31 March	
	Notes	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Profit/(loss) for the period attributable to owners of the Company			
– from continuing operations		(256)	(26,865)
– from discontinued operations		3,461	(40,299)
		3,205	(67,164)
Total comprehensive income/(expense) for the period attributable to the owners of the Company			
– from continuing operations		(256)	(26,865)
– from discontinued operations		3,461	(40,150)
		3,205	(67,015)
Earnings/(loss) per share			
From continuing and discontinued operations			
– Basic and diluted (Hong Kong cents)	8	0.28	(8.40)
From continuing operations			
– Basic and diluted (Hong Kong cents)	8	(0.02)	(3.36)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	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 losses HK\$'000	Total HK\$'000
At 1 January 2020 (unaudited)	8,000	60,304	19,300	4,686	(37)	(90,216)	2,037
Loss for the period	-	-	-	-	-	(67,164)	(67,164)
Exchange difference arising from translation of a foreign operation	-	-	-	-	149	-	149
Other comprehensive expense for the period	-	-	-	-	149	-	149
Total comprehensive income/ (expense) for the period	-	-	-	-	149	(67,164)	(67,015)
At 31 March 2020 (audited)	8,000	60,304	19,300	4,686	112	(157,380)	(64,978)
At 1 January 2021 (unaudited)	11,520	88,377	566	3,686	-	(120,602)	(16,453)
Profit for the period	-	-	-	-	-	3,205	3,205
At 31 March 2021 (unaudited)	11,520	88,377	566	3,686	-	(117,397)	(13,248)

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 Room 1901, 19/F, V POINT, 18 Tang Lung Street, Causeway Bay, 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 31 March 2021 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 31 March 2021 (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 nine months period ended 31 December 2020.

In preparing the Financial Information, the directors of the Company have given careful consideration to the future liquidity and performance of the Group in light of the fact that:

- (i) The Group's current liabilities exceeded its current assets by HK\$12,795,000 as at 31 March 2021, the Group's total liabilities exceeded its total assets by HK\$13,248,000 as of that date, and that the Group incurred a loss of HK\$256,000 from continuing operations for the three months period ended 31 March 2021.
- (ii) Since the outbreak of the COVID-19, the Group's operations are significantly affected by the prevention and control policies imposed by the local government. During these three months, the Group's restaurant had recorded continued operating loss and negative cash flows. As such, the Group is unable to settle its staff salaries, rental expenses and other accruals incurred in the course of its daily operations.
- (iii) At as 31 March 2021, the Group has cash and cash equivalents of HK\$6,167,000 which is insufficient to settle all the current liabilities, which includes lease liabilities, trade and other payables and accruals and other provisions.
- (iv) The Group served a number of claims by various parties as a result of arrears rent and salaries. These claims are legal proceedings and the outcomes might have a significant impact on the continuity of the Group.
- (v) On 24 March 2021, a winding up order of Sky Honour Consultants Limited ("**Sky Honour**"), a subsidiary of the Company, was granted by the Court. All its assets will be distributed to its creditors.

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) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed. The Group takes active initiative to re-organise its operations by reducing the heavy financial burden on unperforming subsidiaries. Subsequent to the reporting date, the Group entered into a distributor agreement and a supplementary agreement to the distributor agreement ("**Agreements**"), with a food products supplier to establish a distributorship relationship and the Group as a distributor to purchase food products from the supplier and resell in Hong Kong, the PRC and Macau to improve the profitability and cash flows of the Group.
- (b) In view of the impact of COVID-19 is still affecting the catering business, the Group plans to diversify its businesses by developing an online platform to sell and distribute frozen food and wine. Subsequent to the reporting date, the Group entered distributor's agreements to secure the supply of these stocks. This new business stream is expected to provide immediate cash flows for the Group.

- (c) In order to meet the immediate financial obligations, the Company has obtained a loan facility amounting to HK\$10,000,000 from a financing company. The loan facility is designated for new catering business development and is available upon request made by the Group. Management of the Company estimates that the loan facility of HK\$10,000,000, together with the Group's cash and cash equivalents of HK\$6,167,000, the Group and the Company are able to maintain its operations and achieve the measures undertaken by the Group.
- (d) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group.
- (e) The Group and the Company will continue to seek for alternative financing solutions and/or group reorganisation to turnaround the difficulties encountered by the Group and the Company.

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 31 March 2021 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 31 March	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Continuing operation		
Catering income (including services provided and food served)	8,022	6,308

6. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Continuing operation		
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 31 March 2021 (for the three months ended 31 March 2020: 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 31 March	
	2021 HK\$'000 Unaudited	2020 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	3,205	(67,164)
Profit/(loss) for the period from discontinued operations	3,461	(40,299)
Loss for the purpose of basic and diluted loss per share from continuing operation	(256)	(26,865)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	1,152,000	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.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with current period's prestation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese under the “**San Xi Lou** (三希樓)” brand. The Group’s revenue for the three months ended 31 March 2021 was primarily derived from catering income through its restaurant. After the disposal of four restaurants under the “Pure Veggie House”, “Man Jiang Hong” and “Ronin” brands in June and July 2020, the Group can focus its available financial resources on the development of its other existing restaurant and businesses.

For the three months ended 31 March 2021, the Group recorded an increase in revenue to approximately HK\$8.0 million as compared that of approximately HK\$6.3 million for the three months ended 31 March 2020. Such increase was mainly due to the recovery of macroeconomic from the novel coronavirus disease 2019 pandemic (the “**COVID-19**”).

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

For the three months ended 31 March 2021, the Group recorded an increase in revenue to approximately HK\$8.0 million as compared that of approximately HK\$6.3 million for the three months ended 31 March 2020. Such increase was mainly due to the recovery of macroeconomic from COVID-19 pandemic that induced relaxed preventative measures on catering industry as introduced by the Government.

Raw materials and consumables used

The raw materials and consumables used slightly increased to approximately HK\$2.4 million for the three months ended 31 March 2021 from approximately HK\$2.3 million for the three months ended 31 March 2020. The Directors believed that such increase, mainly due to the purchase of consumption was more accurate than that in 2020 because some non-durable raw materials were wasted due to the strict preventative policy implemented in 2020.

Staff costs

The Group's staff costs was approximately HK\$2.9 million for the three months ended 31 March 2020 and that amounted to approximately HK\$3.6 million for the three months ended 31 March 2021. Such increase in the Group's staff costs was mainly attributable to the increase in number of staff to cope with the relaxed preventative measures on catering industry as introduced by the Government.

Depreciation

The Group did not have depreciation incurred during the three months ended 31 March 2021 as compared to approximately HK\$1.7 million for the three months ended 31 March 2020. 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 three months ended 31 March 2021.

Impairment loss

The Group did not have impairment loss on right-of-use assets and property and equipment incurred during the three months ended 31 March 2021 as compared to approximately HK\$21.2 million for the three months ended 31 March 2020. The reason for no impairment loss was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the three months ended 31 March 2020.

Other expenses

Other expenses changed from approximately HK\$1.8 million for the three months ended 31 March 2020 to approximately HK\$1.3 million for the three months ended 31 March 2021. Such change in the Group's other expenses was mainly due to the absence of certain non-recurring legal and professional fee incurred in 2020.

Finance costs

Finance costs decreased from approximately HK\$1.5 million for the three months ended 31 March 2020 to approximately HK\$0.3 million for the three months ended 31 March 2021. Such decrease in the Group's finance costs was mainly due to the bonds payable was fully repaid during 2020.

Profit/loss and total comprehensive income/expense

The profit and total comprehensive income for the three months ended 31 March 2021 were both approximately HK\$3.2 million. (Three months ended 31 March 2020: Loss and total comprehensive expense of approximately HK\$67.2 and HK\$67.0 million respectively). The change from loss to profit position was mainly attributable to the combination of the factors discussed above and the disposal of unsatisfactory restaurants in mid of 2020.

Basic earnings/(loss) per share

The Group has basic earnings per share of approximately 0.28 HK cents for the three months ended 31 March 2021 and has a basic loss per share for the three months ended 31 March 2020 of approximately 8.40 HK cents. Such change was in line with the change from loss and total comprehensive expenses to profit and total comprehensive income for the three months ended 31 March 2021.

RESERVES

Movements in the reserves of the Group for the three months ended 31 March 2021 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 31 March 2021 (three months ended 31 March 2020: Nil).

FUTURE PROSPECTS

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 in 2020. The management expects that the overall economic environment in Hong Kong in near term would still be unstable and would be challenging to the Group.

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 effectiveness of the measures has been 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.

On the other hand, the Group is now establishing distributorship and conducting researches on the implementation of online sales platform for the sales of food and beverage products. The Group will continuously explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income.

The Group will continue to take actions to control costs and exploring new business opportunities to maintain our profitability and competitiveness in the market.

EVENTS AFTER REPORTING PERIOD

- (i) As previously reported, the outbreak of COVID-19 in January 2020 has caused certain impact on the catering business of the Group due to the restrictions and suspension on restaurants. The Group's business operations have been disrupted by the outbreak of COVID-19 and the subsequent precautionary measures. The Group estimated that the degree of COVID-19 impact would depend on the pandemic preventive measures and the duration of the pandemic. Given the dynamic circumstance and uncertainties of COVID-19 situation, the Group will keep continuous attention on the development of COVID-19 situation and react actively to its impacts on the operation and financial position of the Group, and in the event that there are any significant financial impacts, the Company will reflect it in the Group's 2021 financial statements.

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 31 March 2021 and up to the date of this report.

SIGNIFICANT INVESTMENT HELD

As at 31 March 2020 and 2021, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. 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 salaries and rent. The Group had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions. Details of the litigation and claims could be referred to the paragraph headed "Litigation".

LITIGATION

During the three months ended 31 March 2021 and 31 March 2020, the Group has been involved in several claims in relation to arrears rent and salaries, the management and the legal advisors of the Company, is of the opinion that the cases may be discontinued or become dormant because the parties involved did not proceed with the cases further.

The below table summarised the other material litigations filed against the Group during the period ended 31 March 2021 and 31 March 2020.

Material Litigations filed against the Group

Action Number	Filing Date	Status
(a) Land Tribunal No. 373 of 2020	18 May 2020	Live
(b) High Court Winding Up proceedings No. 403 of 2020	25 November 2020	Live
(c) District Court No. 4483 of 2020	27 November 2020	Live
(d) District Court No. 4446 of 2020 and No. 248 of 2021	30 November 2020, 1 February 2021	Live
(e) Land Tribunal No. 99 of 2021	1 February 2021	Live
(f) District Court Civil Action No. 684 of 2021	16 February 2021	Live
(g) High Court Action No. 654 of 2021	27 April 2021	Live

Details of the litigations are set out as follows:

(a) **LDPE373/2020**

On 18 May 2020, action by Goldford Limited against Sky Honour for due and unpaid rent, service charges, rates and interest in the amount of HK\$1,672,172 under the tenancy agreement dated 4 July 2019 for 6/F, Wellington Place, 2-8 Wellington Street, Hong Kong ("**6/F Wellington**"), and mesne profits, service charges, rates, and costs until vacant possession of 6/F Wellington.

Goldford Limited recovered possession of 6/F Wellington on 10 September 2020. The case progressed to HCCW 403/2020 below.

(b) HCCW403/2020

On 25 November 2020, Goldford Limited petitioned for the winding up of Sky Honour for outstanding amounts of HK\$2,646,863 due to Goldford Limited.

On 24 March 2021, a winding up order of Sky Honour was granted by the court.

All its assets will be distributed to creditors, including recovery by Goldford Limited for the amounts owing under the case under LEDP373/2020. The Company had obtained legal advice, that the maximum liability of the Group is limited to the assets of Sky Honour. As at 31 March 2021, the total assets of Sky Honour is HK\$Nil.

(c) DCCT4483/2020

On 27 November 2020, Times Square Limited obtained a distraint order against Leading Win for \$549,780 unpaid rents due by Leading Win under tenancy agreement dated 20 September 2017.

The warrant was executed by bailiff on 1 March 2021. Leading Win paid HK\$549,780 and HK\$69,100 to Time Square on 5 March 2021 and 8 March 2021 respectively, and auction did not take place.

(d) DCCT4446/2020 and DCCT248/2021

On 30 November 2020 and 1 February 2021, Spark View obtained distraint orders against Higher Top for HK\$312,544 and HK\$1,751,457 respectively of unpaid rents and rates under the tenancy agreement dated 27 August 2018.

The warrant was executed by bailiff on 23 March 2021, auction was taken placed on 31 March 2021 but none of the property seized at the property leased under the tenancy agreement was sold.

(e) LBTC99/20201

On 1 February 2021, Mr. KY Chuk claimed against the Company for overdue of director fees and other benefits of HK\$629,404. Notice of hearing is scheduled on 18 August 2021 at the Labour Tribunal.

As Mr. KY Chuk had resigned as the Executive Director of the Company on 25 August 2020, in which he confirmed that he had no claim, demand, litigation or proceedings whatsoever whether present or future against the Company, whether for disbursement, compensation for loss of office, unpaid fees or otherwise howsoever arising in the connection with his resignation. Accordingly, the management and the legal advisor is of the opinion that the possibility that the Group be subject to further liability is remote.

(f) DCCJ684/2021

On 16 February 2021, Times Square Limited claimed Leading Win for HK\$2,777,566 and interest at 8% per annum from 1 February 2021 to judgment date and thereafter at judgment rate until payment, plus damages being the costs of the auction under the tenancy agreement dated 20 September 2017.

By a letter dated 19 March 2021 from the solicitors of Times Square Limited, Leading Win owed HK\$6,911,808 of outstanding rent and other charges.

By a judgment dated 22 March 2021 ("**Final and Interlocutory Judgment**"), the Court ordered that Leading Win do pay the amount as stated in the in the claims on 16 February 2021 above.

The adjudicated amounts granted in favour of Times Square Limited under the Final and Interlocutory Judgement should form part of the said figure of HK\$6,911,808.

A warrant of distress under case number DCTD 1414/2021 was issued by the District Court and executed by bailiff on 12 April 2021. Leading Win paid HK\$1,099,560 to Time Square on 5 May 2021 and auction did not take place.

(g) HCA654/2021

On 27 April 2021, a writ of summons was issued against Higher Top Limited by Spark View Limited for arrears of rent, management fee, rates and late payment interest and administration fee in the amount of HK\$2,286,459 under the tenancy agreement dated 27 August 2018.

Spark View Limited is likely to obtain a distrain order and/or petition for the winding up of Higher Top if it continues to default the payments to Spark View Limited.

Other legal matters involving the Company

During the period ended 31 March 2021, the Group had been involved in several claims which were mainly in relation to:

- (i) intended bankruptcy petitions by the Company against its related parties;
- (ii) intended claims for alleged dishonoured cheques by the Company's related parties;
- (iii) intended claims for alleged indebtedness by the Company's related parties; and

After seeking legal advice from the legal adviser, the management of the Company is in view that for that for:

- (i) it is a pre-mature stage to advise the estimated amount that the Company could receive if the bankruptcy order(s) is granted in favour of TSC;
- (ii) the related parties have no grounds for the claims and the Company is unlikely to incur loss on the intended claims for alleged dishonoured cheque;
- (iii) the related parties have no grounds for the claims and the Company is unlikely to incur loss on the intended claims for alleged indebtedness.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests and short positions of the Directors and the chief executive of the Company 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")) which have been 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 were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) **Interests and short positions in the Shares, underlying shares and debentures of the Company**

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Mr. Chuk Stanley ("Mr. Stanley Chuk")	Interest in controlled corporation (<i>Note 1</i>)	461,888,000	Short	40.09%

Notes:

- (1) 461,888,000 Shares were held by JSS Group Corporation ("JSS Group"), which is wholly owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group pursuant to Part XV of the SFO.

(ii) Interests and short positions in the shares, underlying shares and debentures of associated corporations

Name	Name of Associated Corporation	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in Associated Corporation (%)
Mr. Stanley Chuk	JSS Group	Beneficial owner	1,000	Short	100%

Save as disclosed above, as at 31 March 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was 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 and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the three months ended 31 March 2021 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 March 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions 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 pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Lazarus Securities Pty Ltd	Beneficial owner	461,888,000	Long	40.09%
JSS Group	Beneficial owner	461,888,000	Short	40.09%
Focus Dynamics Group Berhad	Beneficial owner	192,000,000	Long	16.67%

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any persons (who were not Directors 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 or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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 31 March 2021, 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 31 March 2021.

COMPETING INTERESTS

As at 31 March 2021, 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 31 March 2021.

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. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke. 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 31 March 2021 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 May 2021

As at the date of this report, the executive Directors are Mr. Chuk Stanley, Mr. Ying Kan Man; and the independent non-executive Directors are Mr. Wong Ching Wan, Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke.

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.