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Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Top Standard Corporation (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2022.

This announcement, containing the full text of the 2022 interim report of the Company (the “**Interim 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 interim results. Printed version of the Interim 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, 12 August 2022

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 Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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 Stock Exchange at www.hkexnews.hk 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 (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given 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**”, together with its subsidiaries, the “**Group**”) 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.*

FINANCIAL HIGHLIGHTS

During the six months ended 30 June 2022:

- the Group recorded unaudited revenue of approximately HK\$2.4 million (2021: approximately HK\$0.6 million), representing an increase of approximately 3 times as compared to the corresponding period ended 30 June 2021; and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$2.9 million (2021: approximately HK\$1.0 million).

During the three months ended 30 June 2022:

- the Group recorded unaudited revenue of approximately HK\$1.8 million (2021: approximately HK\$0.6 million), representing an increase of 2 times as compared to the corresponding period ended 30 June 2021; and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$2.0 million (2021: approximately HK\$4.2 million).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

The Directors hereby report the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	3	1,793	635	2,412	635
Other income		502	–	656	–
Other losses, net		(61)	(2,287)	(61)	(2,287)
Raw materials and consumables used		(747)	(168)	(881)	(168)
Staff costs		(1,248)	(250)	(2,053)	(401)
Depreciation of property and equipment		(226)	(40)	(226)	(40)
Depreciation of right-of-use assets		(84)	(99)	(84)	(99)
Rental and related expenses		(438)	(62)	(632)	(62)
Utilities expenses		(50)	(14)	(72)	(14)
Other expenses		(1,702)	(369)	(2,157)	(1,313)
Finance costs	4	(111)	–	(209)	–
Loss before tax		(2,372)	(2,654)	(3,307)	(3,749)
Income tax expense	5	–	–	–	–
Loss for the period from continuing operations		(2,372)	(2,654)	(3,307)	(3,749)
Discontinued operations					
(Loss)/profit for the period from discontinued operations	6	(1)	(1,533)	(2)	2,767
Loss for the period		(2,373)	(4,187)	(3,309)	(982)

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

Total comprehensive expense for the period

Loss for the period attributable to owners of the Company

– from continuing operations
– from discontinued operations

(Loss)/profit attributable to non-controlling interests

– from continuing operations
– from discontinued operations

Total comprehensive expense for the period attributable to the owners of the Company

– from continuing operations
– from discontinued operations

<i>Notes</i>	For the three months ended 30 June		For the six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited) (Restated)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited) (Restated)
	24	–	24	–
	(2,349)	(4,187)	(3,285)	(982)
	(2,047)	(2,663)	(2,891)	(3,758)
	(1)	(1,533)	(2)	2,767
	(2,048)	(4,196)	(2,893)	(991)
	(325)	9	(416)	9
	–	–	–	–
	(325)	9	(416)	9
	(2,023)	(2,663)	(2,867)	(3,758)
	(1)	(1,533)	(2)	2,767
	(2,024)	(4,196)	(2,869)	(991)

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Total comprehensive expense attribute to:				
Owners of the Company	(2,024)	(4,196)	(2,869)	(991)
Non-controlling interests	(325)	9	(416)	9
	(2,349)	(4,187)	(3,285)	(982)
Basic and diluted loss per share (Hong Kong cents)				
– from continuing and discontinued operations	(0.15)	(0.36)	(0.21)	(0.09)
– from continuing operations	(0.15)	(0.23)	(0.21)	(0.33)

Notes

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property and equipment	9	4,327	–
Right-of-use assets		1,933	–
Goodwill		109	109
Deposits	11	1,541	1,041
		7,910	1,150
Current assets			
Inventories		17	246
Trade receivables, deposits and prepayments	11	573	516
Restricted bank balances		–	11,812
Cash and cash equivalents		4,563	2,983
		5,153	15,557
Current liabilities			
Trade and other payables and accruals	13	12,153	11,945
Bank borrowings	14	38	50
Lease liabilities		2,191	1,907
Provisions		3,452	4,912
Amounts due to related parties		126	99
Amounts due to non-controlling interests		–	40
		17,960	18,953
Net current liabilities		(12,807)	(3,396)
Total assets less current liabilities		(4,897)	(2,246)

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<i>Notes</i>		
Non-current liabilities		
Provisions	150	150
Lease liabilities	5,222	4,588
	5,372	4,738
Net liabilities	(10,269)	(6,984)
Capital and reserves		
Share capital	13,824	13,824
Reserves	(23,581)	(20,712)
Equity attributable to owners of the Company	(9,757)	(6,888)
Non-controlling interests	(512)	(96)
Total deficit	(10,269)	(6,984)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						Total	Non- controlling interest	Total deficit
	Share capital	Share premium	Capital reserves	Other reserves	Translation reserves	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance as at 1 January 2021 (Audited)	11,520	88,377	566	3,686	-	(120,602)	(16,453)	-	(16,453)
(Loss)/profit for the period	-	-	-	-	-	(991)	(991)	9	(982)
Total comprehensive (expense)/ income for the period	-	-	-	-	-	(991)	(991)	9	(982)
Acquisition of a subsidiary	-	-	-	-	-	-	-	14	14
Balance as at 30 June 2021 (Unaudited)	11,520	88,377	566	3,686	-	(121,593)	(17,444)	23	(17,421)
Balance as at 1 January 2022 (Audited)	13,824	98,691	566	-	2	(119,971)	(6,888)	(96)	(6,984)
Loss for the period	-	-	-	-	-	(2,893)	(2,893)	(416)	(3,309)
Exchange differences arising on translation of a foreign operation	-	-	-	-	24	-	24	-	24
Total comprehensive income/ (expense) for the period	-	-	-	-	24	(2,893)	(2,869)	(416)	(3,285)
Balance as at 30 June 2022 (Unaudited)	13,824	98,691	566	-	26	(122,864)	(9,757)	(512)	(10,269)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2022

	For the six months ended 30 June	
Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	7,415	(1,189)
INVESTING ACTIVITIES		
Interest received	6	–
Net cash outflows on disposal of subsidiary	–	(15)
Net cash outflows on purchase of property, plant and equipment	(4,553)	–
Repayment to non-controlling interests	(40)	–
Net cash outflows on acquisition of a subsidiary	–	(99)
NET CASH USED IN INVESTING ACTIVITIES	(4,587)	(114)
FINANCING ACTIVITIES		
Advance from related parties	27	–
(Repayment)/raise of bank borrowings	(12)	23
Repayment on lease liabilities/ obligation under finance lease	(1,054)	(2,439)
Interests paid	(209)	(461)
NET CASH USED IN FINANCING ACTIVITIES	(1,248)	(2,877)

**For the
six months ended
30 June**

<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,580	(4,180)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,983	9,024
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	4,563	4,844

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Top Standard Corporation (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the laws of the Cayman Islands on 11 February 2016. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 February 2018.

The addresses of the Company’s registered office and the principal place of business are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The immediate and ultimate holding company is JSS Group Corporation (“**JSS Group**”). JSS Group is a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) and wholly-owned by Mr. Chuk Stanley (“**Mr. Stanley Chuk**”), who is an executive director of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in operation of restaurants and online sales of wines.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”) have been prepared in accordance with the accounting principles generally accepted in Hong Kong which include Hong Kong Accounting Standard (“**HKAS**”) 34 “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of GEM Listing Rules.

The 2022 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The 2022 Interim Financial Statements are presented in thousand of Hong Kong dollars (“**HK\$’000**”), which is also the functional currency of the Company.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2022 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2021. The auditor has expressed a disclaimer opinion on the multiple uncertainties relating to going concern.

Going Concern Assumption

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

- (i) The Group's current liabilities exceeded its current assets by approximately HK\$12,807,000 (31 December 2021: approximately HK\$3,396,000) as at 30 June 2022, the Group's total liabilities exceeded its total assets by approximately HK\$10,269,000 (31 December 2021: approximately HK\$6,984,000) as of that date, and that the Group incurred a loss of approximately HK\$2,891,000 (six months ended 30 June 2021: approximately HK\$3,758,000) from continuing operations for the six months ended 30 June 2022.
- (ii) Since the outbreak of the COVID-19 in January 2020, the Group's operation are significantly affected by the prevention and control policies imposed by the local government. During these six months, the Group's restaurants were recorded continued operating losses and negative cash flows. As such, the Group is unable to settle its staff salaries, rental expenses and other accruals in the course of its daily operations.
- (iii) As at 30 June 2022, the Group has cash and cash equivalents of approximately HK\$4,563,000 (31 December 2021: approximately HK\$2,983,000) which is insufficient to settle all the current liabilities which includes lease liabilities of HK\$2,191,000 (31 December 2021: HK\$1,907,000), salary payables of HK\$299,000 (31 December 2021: HK\$3,595,000), accruals and other payables of HK\$10,425,000 (31 December 2021: HK\$6,806,000) and provisions of HK\$3,452,000 (31 December 2021: HK\$4,912,000).
- (iv) As disclosed in note 18 to the Interim Financial Statements, 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 and the Company.

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company 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 the Company and the available sources of financing in assessing whether the Group and the Company 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:

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going Concern Assumption *(Continued)*

- (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. During the year ended 31 December 2021, the management discontinued the operation of the restaurant under the brand of San Xi Lou CWB to reduce the Group's liabilities and cash outflows. In March 2021, 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 People's Republic of China 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 has diversified its businesses by developing an online platform to sell and distribute premium grades of wines and during the year ended 31 December 2021, the Group entered into distributor's agreements to secure the supply of these stocks. This new business stream is expected to provide additional cash flows for the Group.
- (c) In June 2021, the Group had acquired 90% of a subsidiary, Code Entertainment Limited ("**Code Entertainment**") at a total consideration of HK\$130,000. After that, the Group had further acquired the remaining 10% shares at HK\$15,000 in August 2021. Code Entertainment is principally engaged in operation of a bar. The directors of the Company believe that the acquisition will enhance the Group's efficiency of operations and allows a better leverage of human resources and implementation of the operation strategies of the Group.
- (d) The Group has planned to set up two Japanese restaurants in Hong Kong and Singapore under the brand "Sushi MEW" which offer high-end Japanese dishes in omakase style. Both the Singapore restaurant and Hong Kong restaurant are also under renovation and are expected to open in August and September 2022 respectively. The Group is in the view that it would be a good timing and opportunity to set up new restaurants and believe that the new restaurants could generate stable income.
- (e) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group.
- (f) The Group will continue to seek for alternative financing solutions and/or group re-organisation to turn round the difficulties encountered by the Group and the Company.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)***Going Concern Assumption** *(Continued)*

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 2022 Interim Financial Statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the 2022 Interim Financial Statements for the six months ended 30 June 2022 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 flows 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 other than which they are currently recorded in the condensed consolidated statement of financial position at 30 June 2022, 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 2022 Interim Financial Statements.

The adoption of the amendments to HKFRSs has no significant financial impact on this condensed consolidated interim financial information.

The Group has not early adopted the new and revised HKFRSs that have been issued, but are not yet effective for the current accounting period of the Group.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food and beverage served and online sales of wines 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		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Continuing operations				
Catering service income (including services provided and food and beverage served)	1,781	635	2,392	635
Online sales of wines	12	–	20	–
	1,793	635	2,412	635

The condensed consolidated financial statements reported to the management of the Group, being the chief operating decision maker (“CODM”), for the purpose of assessment of segment performance and resources allocation focusing on different restaurants of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

At the end of the reporting period, the Group has only two operating and reportable segments which include (i) a bar restaurant under the brand of Code (“Code”) and (ii) online sales of wines under the brand of MOW (“MOW”).

One reporting segment, San Xi Lou CWB, was discontinued during the year ended 31 December 2021 and the comparative information is restated to reflect this change.

3 REVENUE AND SEGMENT INFORMATION (Continued)

The CODM reviews the Group's result by the brand of each restaurant in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as the opinion of directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

Segment revenue and results

For the six months ended 30 June 2022

	Continuing operations		Discontinued operation San Xi Lou		Total
	Code HK\$'000 (Unaudited)	MOW HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	CWB HK\$'000 (Unaudited)	
Revenue	2,392	20	2,412	-	2,412
Segment results	(250)	(410)	(660)	-	(660)
Other income					656
Other losses, net					(61)
Finance costs					(209)
Unallocated other expenses					(3,035)
Loss before tax					(3,309)

For the six months ended 30 June 2021

	Continuing operation	Discontinued operation San Xi Lou	Total
	Code HK\$'000 (Unaudited)	CWB HK\$'000 (Unaudited)	
Revenue	635	16,128	16,763
Segment results	92	(643)	(551)
Other income			554
Other gains, net			1,030
Finance costs			(461)
Unallocated other expenses			(1,554)
Loss before tax			(982)

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The following table presents revenue from external customers for the periods ended 30 June 2022 and 2021, by geographical area.

Revenue from external customers

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Hong Kong	2,412	635

The revenue information above is based on the location of goods delivered and services provided for the period.

4 FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Continuing operations				
The finance costs represent interest on:				
– Leased liabilities	111	–	209	–

5 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Continuing operations		
Hong Kong Profit tax:		
current tax	–	–

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

6 DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

As disclosed in the Group's annual report for the year ended 31 December 2021, a winding up order of Sky Honour Consultants Limited ("**Sky Honour**") was granted by the court and Sky Honour is in compulsory winding up process by its provisional liquidators.

The (loss)/profit from the discontinued operations for the current and preceding interim periods is analysed as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss of restaurant operations for the period	(2)	(694)
Gain on de-consolidation/disposal of operations	–	3,461
	(2)	2,767

The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present.

6 DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The results of the restaurant operations for the current and preceding interim periods were as follows:

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	–	16,128
Other income	–	554
Other gains, net	–	584
Raw materials and consumables used	–	(4,771)
Staff costs	–	(7,245)
Rental and related expenses	–	(1,823)
Utilities expenses	–	(925)
Other expenses	(2)	(2,735)
Finance costs	–	(461)
Loss before tax	(2)	(694)
Income tax expense	–	–
Loss and total comprehensive expense for the period	(2)	(694)

6 DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The net liabilities of the discontinued operations at the date of de-consolidation/disposal were as follows:

	As at 30 June 2022 HK\$'000	As at 30 June 2021 HK\$'000
Gain on de-consolidation/disposal of subsidiaries:		
Consideration received and receivable	–	–*
Net liabilities de-consolidated/disposed of	–	3,461
Gain on de-consolidation/disposal	–	3,461
Net cash outflows on de-consolidation/disposal of subsidiaries:		
Consideration received	–	–*
Bank balances and cash de-consolidated/disposal of	–	(15)
	–	(15)

* Less than HK\$1,000

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (2021: Nil).

8 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss attributable to owners of the company (HK\$'000)				
– from continuing and discontinued operations	(2,048)	(4,196)	(2,893)	(991)
– from continuing operations	(2,047)	(2,663)	(2,891)	(3,758)
Weighted average number of ordinary shares in issues (in thousands)	1,382,400	1,152,000	1,382,400	1,152,000

No diluted loss per share information has been presented for the six months ended 30 June 2022 and 2021 as there were no potential ordinary shares outstanding during both periods.

9 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property and equipment with an aggregate carrying amount of HK\$4.3 million (2021: Nil).

10 BUSINESS COMBINATION

On 8 June 2021, The Group acquired 90% equity interest in Code Entertainment Limited, which is principally engaged in operation of bar, at a consideration of HK\$130,000. The aggregated fair value of identifiable net asset of Code Entertainment Limited on the acquisition date was HK\$144,444. The acquisition was made as part of the Group's strategy to explore new and sustainable business opportunities.

After that, the Group had further acquired the remaining 10% shares at HK\$15,000 in August 2021.

10 BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of Code Entertainment Limited as at the date of acquisition were as follows:

	<i>HK\$'000</i> (Unaudited)
Consideration for acquisition of a subsidiary	
Cash consideration:	130
Plus: Non-controlling interest (10%)	14
	<hr/> 144
	<hr/>
Less: Net assets acquired:	(144)
An analysis of cash and cash equivalents included in cash flows from investing activities	
Cash and cash equivalent in subsidiary acquired	31
Consideration for acquisition settled in cash	(130)
	<hr/>
Net cash outflow on acquisition	<hr/> (99)

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired subsidiary. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The transaction costs incurred by the Group for the acquisition had been expensed and included in administrative expenses in the condensed consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2021.

11 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	132	30
Deposits, prepayment and other receivables	1,982	1,527
Total	2,114	1,557
Analysed for reporting purposes as:		
Non-current assets	1,541	1,041
Current assets	573	516
	2,114	1,557

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

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0 to 30 days	132	30

12 SHARE CAPITAL

	Number of shares of the Company	Share capital <i>HK\$'000</i>
Authorised:		
At 1 January 2021, 31 December 2021 and 30 June 2022	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2021	1,152,000,000	11,520
Issue of shares on placement (note)	230,400,000	2,304
At 31 December 2021 and 30 June 2022	1,382,400,000	13,824

All issued shares of the Company rank pari passu in all respects with each other.

On 21 September 2021, the Company entered into a subscription agreement with a subscriber in respect of the allotment and issuance of up to 230,400,000 new shares at an issue price of HK\$0.056 per share. On 15 October 2021, the subscription was completed and 230,400,000 new shares were issued and allotted to the subscriber at an issue price of HK\$0.056 per share resulting in raising proceeds, with net proceeds of approximately HK\$12,618,000.

13 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	1,429	1,544
Other payables and accruals	10,724	10,401
Total	12,153	11,945

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0 to 30 days	272	183
31 to 60 days	–	5
61 to 90 days	–	1
Over 90 days	1,157	1,355
	1,429	1,544

14 BANK BORROWINGS

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Bank overdrafts	–	12
Other bank borrowing	38	38
	38	50
Unsecured	38	50
	38	50
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms: – Within one year	38	50

Bank overdrafts carry interest at market rates at 11.50% per annum as at 31 December 2021.

The other bank borrowing carry interest at market rate. The effective interest rate on the Group's other bank borrowing was 6.25% per annum.

None of the bank borrowings are secured and guaranteed as at 30 June 2022 and 31 December 2021.

15 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following transactions with its related party:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Catering income from:		
– Mr. Chuk Stanley	–	37
	–	37

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the six months ended 30 June 2022 and 2021 were as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term benefits	294	292
Post-employment benefits	12	12
	306	304

16 FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 June 2022 and 31 December 2021.

17 EVENTS AFTER THE REPORTING PERIOD

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 2022 financial statements.

Save as disclosed above and in the opinion of the directors of the Company, there is no material subsequent events undertaken by the Company or by the Group after 30 June 2022 and up to the date of this report.

18 LITIGATION

Except for the litigations disclosed in the Group's annual report for the year ended 31 December 2021 and in this interim report, there are no other material litigations filed against the Group or remain active during the six months period ended 30 June 2022.

19 COMPARATIVES FIGURES

Certain comparative figures have been reclassified to confirm with the current periods presentation.

20 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based catering group that offers Sichuanese and Cantonese under the “San Xi Lou (三希樓)” brand (which was discontinued in the third quarter of 2021), operates a bar under the brand name “The Code” and online sales of wines. The Group’s revenue for the six months ended 30 June 2022 was primarily derived from catering income through its restaurants.

For the six months ended 30 June 2022, the Group recorded an increase in revenue of approximately HK\$1.8 million, representing an increase of approximately 3 times, from approximately HK\$0.6 million for the six months ended 30 June 2021 to approximately HK\$2.4 million for the six months ended 30 June 2022. Such increase was mainly due to the bar “The Code” was acquired in June 2021 and only half month’s revenue was recognized during the six months ended 30 June 2021.

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 six months ended 30 June 2022, the Group recorded an increase in revenue to approximately HK\$2.4 million as compared that of approximately HK\$0.6 million for the six months ended 30 June 2021. Such increase was mainly due to the bar “The Code” was acquired in June 2021 and only half month’s revenue was recognized during the six months ended 30 June 2021.

Raw materials and consumables used

The raw materials and consumables used increased to approximately HK\$0.9 million for the six months ended 30 June 2022 from approximately HK\$0.2 million for the six months ended 30 June 2021. The increase was because only half month’s costs spent on raw materials and consumables used was recognized during the six months ended 30 June 2021 since the acquisition of “The Code” in June 2021.

Staff costs

The Group’s staff costs was approximately HK\$0.4 million for the six months ended 30 June 2021 and that increased to approximately HK\$2.1 million for the six months ended 30 June 2022. Such increase in the Group’s staff costs was mainly attributable to the costs were fully incurred in the six months ended 30 June 2022 while only half months of “The Code” during the six months ended 30 June 2021.

Depreciation

During the six months ended 30 June 2022, the Group incurred depreciation of approximately HK\$0.3 million as compared to approximately HK\$0.1 million for the six months ended 30 June 2021. The reason for the increase of depreciation in the continuing operations was primarily due to the acquisition of property and equipment during the six months ended 30 June 2022.

Rental and related expenses

Rental and related expenses increased to approximately HK\$0.6 million for the six months ended 30 June 2022 from approximately HK\$62,000 for the six months ended 30 June 2021. Such increase in the Group's rental and related expenses was mainly due to only half month's rental and related expenses were incurred during the six months ended 30 June 2021.

Utilities expenses

Utilities expenses increased from approximately HK\$14,000 for the six months ended 30 June 2021 to approximately HK\$72,000 for the six months ended 30 June 2022. Such increase in the Group's utilities expenses was mainly due to "The Code" was acquired in June 2021 and the utilities expenses were only recognized since its acquisition.

Finance costs

Finance costs increased from HK\$Nil for the six months ended 30 June 2021 to approximately HK\$0.2 million for the six months ended 30 June 2022. Such increase in the Group's finance costs was mainly due to the interest expenses of lease liabilities incurred from the lease agreement entered.

Loss and total comprehensive expense

The loss and total comprehensive expense for the six months ended 30 June 2022 were both approximately HK\$3.3 million. (Six months ended 30 June 2021: approximately HK\$1.0 million). The change was mainly attributable to the combination of the factors discussed above.

Basic loss per share

The Group has basic loss per share of approximately 0.21 HK cents for the six months ended 30 June 2022 and has a basic loss per share for the six months ended 30 June 2021 of approximately 0.33 HK cents. Such decrease was in line with the change in loss and total comprehensive expenses for the six months ended 30 June 2022 than that of 30 June 2021.

RESERVES

Movements in reserves of the Group for the six months ended 30 June 2022 are set out above in the unaudited condensed consolidated statement of changes in equity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had total assets of approximately HK\$13.1 million (31 December 2021: approximately HK\$16.7 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK\$23.3 million (31 December 2021: approximately HK\$23.7 million) and approximately HK\$10.3 million (31 December 2021: approximately HK\$7.0 million), respectively. The current ratio of the Group as at 30 June 2022 was approximately 0.29 times (31 December 2021: approximately 0.82 times).

As at 30 June 2022, the Group had bank balances and cash of approximately HK\$4.6 million (31 December 2021: approximately HK\$3.0 million). The total interest-bearing loan of the Group as at 30 June 2022 was approximately HK\$38,000 (31 December 2021: approximately HK\$50,000). The gearing ratio (calculated based on interest bearing loan and the obligation under finance lease divided by total equity) of the Group as at 30 June 2022 was zero (31 December 2021: zero) due to negative owners equity.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Board considers that the Group has no material foreign exchange exposure for both reporting periods and no hedging policy has been taken.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. The share capital of the Group comprises only ordinary shares.

As at 30 June 2022, the Company's issued share capital was HK\$13,824,000 divided into 1,382,400,000 Shares of HK\$0.01 each.

BORROWINGS

As at 30 June 2022, the Group has interest-bearing borrowings amounting to approximately HK\$38,000 (31 December 2021: approximately HK\$50,000). The other bank borrowing carry interest at market rate. The effective interest rate on the Group's other bank borrowing was 6.25% per annum as at 30 June 2022 (31 December 2021: 11.5%). No financial instrument was being used for interest rate hedging purpose.

The Group had no amounts due to a director as at 30 June 2022 and 31 December 2021.

Save as disclosed in this report, the Group did not have other bank borrowings as at 30 June 2022 and 31 December 2021.

PLEDGE OF ASSETS

As at 31 December 2021 and 30 June 2022, the Group did not have any pledge of assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the total number of full time and casual or part time employees of the Group was 37 (31 December 2021: 20). Total staff costs (including Directors' emoluments) were approximately HK\$2.1 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$0.4 million).

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.



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. 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 note 18 to the condensed consolidated financial statements.

CAPITAL COMMITMENTS

As at 31 December 2021 and 30 June 2022, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP AND PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not hold any significant investments as at 31 December 2021 and 30 June 2022. Save as disclosed in this report and in the Prospectus, the Group does not have other plans for material investments and capital assets as at the date of this report.

USE OF NET PROCEEDS FROM PLACING AND SUBSCRIPTION OF SHARES

The aggregate net proceeds from the placing completed on 4 September 2020, subscription completed on 10 November 2020 and the subscription completed on 15 October 2021 were approximately HK\$44.2 million. Set out below is a breakdown of the planned use of the net proceeds and the unused amount thereof up to 30 June 2022:

	Intended use of net proceeds <i>HK\$'000</i>	Proceeds utilised up to 31 December 2021 <i>HK\$'000</i>	Proceeds utilised during the six months ended 30 June 2022 <i>HK\$'000</i>	Unutilised net proceeds as at 30 June 2022 <i>HK\$'000</i>	Expected time of full utilisation of the remaining balance
Repayment of bond and finance costs payables	11,196	11,196	-	-	N/A
Repayment of bank loan and other payables	4,278	4,278	-	-	N/A
Acquisition/setting up of new restaurants	11,000	1,064	6,767	3,169	End of 2022
General working capital	17,717	13,734	3,983	-	N/A
	44,191	30,272	10,750	3,169	

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are the principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

1. During the six months ended 30 June 2022, the Group's revenue was mainly generated in Hong Kong. If Hong Kong experience any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.
2. Rental expenses, cost of raw materials and consumables and staff cost contributed the majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of the Group:
 - (i) The Group's business depends on reliable suppliers of large quantities of food ingredients such as seafood, vegetables and meat. The price of food ingredients may continue to rise or fluctuate.
 - (ii) As at 30 June 2022, the Group leased the property for its restaurant operating in Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

PROSPECTS

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 since 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.

In view of the COVID-19 has become less severe in recent months, the Group is optimistic to the performance of our bar and online sales platform in the coming future. The Group would put our best effort to expand our existing business to provide sustainable and stable income to the Group.

Whilst the Group has taken our first step by acquiring to acquire a bar and establish the online sales platform, the Group is now planning to set up new restaurants in Hong Kong and overseas to expand sources of income. The Group will continue to explore new business opportunities and monitor our costs to maintain our profitability and competitiveness in the market.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, 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 (Note 1)	461,888,000	Short	33.41%

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 30 June 2022, 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 report, at no time during the six months ended 30 June 2022 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 30 June 2022, 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	33.41%
JSS Group	Beneficial owner	461,888,000	Short	33.41%
Axis Motion Limited	Beneficial owner	230,400,000	Long	16.67%
Focus Dynamics Group Berhad	Beneficial owner	192,000,000	Long	13.89%

Save as disclosed above, as at 30 June 2022, 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 six months ended 30 June 2022, 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 six months ended 30 June 2022.

COMPETING INTERESTS

As at 30 June 2022, 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 six months ended 30 June 2022.

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 C.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 taking 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 C.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can maintain and enhance the philosophies of the Group, ensure the leadership direction of the Group, and allow 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 D.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 D.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 interim results for the six months ended 30 June 2022 of the Group and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.



EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the condensed consolidated financial statements in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this report.

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

Hong Kong, 12 August 2022

As at the date of this report, 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.