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Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Top Standard Corporation (the “**Company**”) announces the unaudited third quarterly results of the Company and its subsidiaries for the nine months ended 30 September 2023.

This announcement, containing the full text of the 2023 third quarterly report of the Company (the “**2023 Third 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 third quarterly results. Printed version of the 2023 Third 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 November 2023

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 Stock Exchange’s website 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 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**”) hereby reports the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and nine months ended 30 September 2023, together with the comparative unaudited figures for the corresponding periods in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Continuing Operations					
Revenue	5	1,852	4,076	7,846	6,488
Other income		271	250	703	906
Other losses net		(197)	(175)	(13,620)	(236)
Raw materials and consumables used		(814)	(978)	(3,398)	(1,859)
Staff costs		(912)	(2,090)	(3,597)	(4,143)
Depreciation of property and equipment		(245)	(330)	(783)	(556)
Depreciation of right-of-use assets		(425)	(460)	(883)	(544)
Rental and related expenses		(382)	(14)	(756)	(646)
Utilities expenses		(105)	(48)	(259)	(120)
Other expenses		(606)	(1,842)	(2,753)	(3,999)
Finance costs		(212)	(150)	(448)	(359)
Share of result of an associate		81	–	80	–
Loss before taxation		(1,694)	(1,761)	(17,868)	(5,068)
Income tax expense	6	–	–	–	–
Loss for the period from continuing operations		(1,694)	(1,761)	(17,868)	(5,068)
Discontinued operations					
Profit/(loss) for the period from discontinued operations		–	–	26,402	(2)
Profit/(loss) for the period		(1,694)	(1,761)	8,534	(5,070)

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Other comprehensive income for the period:				
Items that may be reclassified subsequently to profit or loss				
Exchange difference arising on translation of a foreign operation	33	93	77	117
Total comprehensive income/(expense) for the period	(1,661)	(1,668)	8,611	(4,953)
Profit/(loss) for the period attributable to owners of the Company				
– from continuing operations	(1,554)	(1,195)	(17,506)	(4,086)
– from discontinued operations	–	–	26,402	(2)
	(1,554)	(1,195)	8,896	(4,088)
Loss attributable to non-controlling interests				
– from continuing operations	(140)	(566)	(362)	(982)
– from discontinued operations	–	–	–	–
	(140)	(566)	(362)	(982)
Total comprehensive income/(expense) for the period attributable to the owners of the Company				
– from continuing operations	(1,521)	(1,102)	(17,429)	(3,969)
– from discontinued operations	–	–	26,402	(2)
	(1,521)	(1,102)	8,973	(3,971)

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Total comprehensive expense attribute to:				
Owners of the Company	(1,521)	(1,102)	8,973	(3,971)
Non-controlling interests	(140)	(566)	(362)	(982)
	(1,661)	(1,668)	8,611	(4,953)
Basic and diluted earning/(loss) per share (Hong Kong cents)				
– from continuing and discontinued operations	(0.11)	(0.09)	0.64	(0.30)
– from continuing operations	(0.11)	(0.09)	(1.27)	(0.30)

Notes

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to owners of the Company						Non-controlling interest	Total equity/(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 2022 (Audited)	13,824	98,691	566	-	2	(119,971)	(6,888)	(96)	(6,984)
Loss for the period	-	-	-	-	-	(4,088)	(4,088)	(982)	(5,070)
Exchange difference arising on translation of foreign operation	-	-	-	-	117	-	117	-	117
Total comprehensive income/(expense) for the period	-	-	-	-	117	(4,088)	(3,971)	(982)	(4,953)
Balance as at 30 September 2022 (Unaudited)	13,824	98,691	566	-	119	(124,059)	(10,859)	(1,078)	(11,937)
Balance as at 1 January 2023 (Audited)	13,824	98,691	566	-	32	(127,476)	(14,363)	(1,410)	(15,773)
Loss for the period	-	-	-	-	-	(17,506)	(17,506)	(362)	(17,868)
Gain on de-consolidation/disposal of subsidiaries of part of the discontinued operations	-	-	-	-	-	26,402	26,402	-	26,402
Exchange difference arising on translation of foreign operation	-	-	-	-	77	-	77	-	77
Total comprehensive income/(expense) for the period	-	-	-	-	77	8,896	8,973	(362)	8,611
Release upon de-consolidation of a subsidiary	-	-	-	-	-	500	500	-	500
Acquisition of subsidiary	-	-	-	-	-	-	-	5	5
Balance as at 30 September 2023 (Unaudited)	13,824	98,691	566	-	109	(118,080)	(4,890)	(1,767)	(6,657)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION FINANCIAL STATEMENTS

1. GENERAL

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 on 13 February 2018.

The address of the registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, and the principal place of business of the Company in Hong Kong is Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong. 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. The Group is principally engaged in the operation of restaurants and online sales of wine.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.


2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2022 and 2023 is presented as if the Company had always been the holding company of the Group.

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

3. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the nine months ended 30 September 2023 (the “**Financial Information**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the Financial Information include applicable disclosures required by the GEM Listing Rules. The Financial Information have been prepared under the historical cost convention and are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.



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

In preparing the Financial Information, the significant judgments made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's audited consolidated financial statements for the year ended 31 December 2022.

Except as described below, the accounting policies and methods of computation used in the preparation of the Financial Information are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2022. 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 HK\$14,344,000 as at 30 September 2023 (31 December 2022: HK\$18,542,000), the Group's total liabilities exceeded its total assets by HK\$6,657,000 as of that date (31 December 2022: HK\$15,773,000), and that the Group incurred a loss of HK\$17,868,000 (nine months period ended 30 September 2022: HK\$5,068,000) from continuing operations for the nine months period ended 30 September 2023.
- (ii) Since the outbreak of the COVID-19 in January 2020, 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 30 September 2023, the Group has cash and cash equivalents of HK\$465,000 (30 September 2022: HK\$1,636,000) 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.

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. During the year ended 31 December 2022 and 2021, the management discontinued the operations of certain subsidiaries, as disclosed in Note 32 to the Group's annual report for the year ended 31 December 2022, to reduce the Group's liabilities and cash outflows.
- (b) During the year ended 31 December 2022, the Company has started up its restaurants business through its subsidiary, Xperience Lifestyle in Singapore.
- (c) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group.
- (d) The Group will continue to seek for alternative financing solutions and/or group reorganisation to turnaround the difficulties encountered by the Group.

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 nine months period ended 30 September 2023 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 mandatorily 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 and beverage served and online sales of wines from external customers for privileged services in the Group's restaurants during the period. The Group's revenue from external customers based on their nature is detailed below:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Continuing Operations				
Catering income (including services provided and food and beverage served)	1,705	4,026	7,518	6,418
Online sales of wines	147	50	328	70
	1,852	4,076	7,846	6,488

6. INCOME TAX EXPENSE

	For the nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Continuing Operations		
Hong Kong Profit Tax Current Tax	—	—

No provision for Hong Kong Profit tax has been made as the Group has no assessable profit for both periods.

7. DIVIDEND

No dividend has been paid or declared by the Company for the nine months ended 30 September 2023 (nine months ended 30 September 2022: 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 September		For the nine months ended 30 September	
	2023 <i>HK\$'000</i> Unaudited	2022 <i>HK\$'000</i> Unaudited	2023 <i>HK\$'000</i> Unaudited	2022 <i>HK\$'000</i> Unaudited
Loss attributable to owners of the Company (HK\$'000)				
– from continuing and discontinued operations	(1,554)	(1,195)	8,896	(4,088)
– from continuing operations	(1,554)	(1,195)	(17,506)	(4,086)
Weighted average number of ordinary shares in issues (in thousands)	1,382,400	1,382,400	1,382,400	1,382,400

No diluted loss per share information has been presented for the nine months ended 30 September 2023 and 2022 as there were no potential ordinary shares outstanding during both periods.

9. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report 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 September 2023 and up to the date of this report.

10. LITIGATION

Except for the litigations disclosed in the Group's annual report for the year ended 31 December 2022 and in this quarterly report, there are no other material litigations filed against the Group or remain active during the nine months period ended 30 September 2023.

11. COMPARATIVE FIGURES

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



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a restaurant group that operates Japanese restaurants, a bar under the brand name “The Code” and online sales of wines. The Group’s revenue for the nine months ended 30 September 2023 was primarily derived from catering income through its restaurants and bar.

For the nine months ended 30 September 2023, the Group recorded an increase in revenue of approximately HK\$1.4 million, representing an increase of approximately 20.93%, from approximately HK\$6.5 million for the nine months ended 30 September 2022 to approximately HK\$7.8 million for the nine months ended 30 September 2023. Such increase was mainly due to the recovery from the negative impacts brought by COVID-19 in during 2022.

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 nine months ended 30 September 2023, the Group recorded an approximately 20.93% increase in revenue to approximately HK\$7.8 million from approximately HK\$6.5 million for the nine months ended 30 September 2022. Such increase was mainly due to the recovery from the negative impacts brought by COVID-19 in during 2022.



Other losses

The Group recorded net other losses of approximately HK\$13.6 million for the nine months ended 30 September 2023 (nine months ended 30 September 2022: HK\$236,000).

The losses for the nine months ended 30 September 2023 was due to written off of balances due from Leading Win Limited with the Company and its fellow subsidiaries.

Raw materials and consumables used

The raw materials and consumables increased to approximately HK\$3.4 million for the nine months ended 30 September 2023 as compared to approximately HK\$1.9 million for the nine months ended 30 September 2022. The increase was mainly due to the recovery from the negative impacts brought by COVID-19 in during 2022 and hence increased its material costs.

Staff costs

The Group's staff costs were approximately HK\$3.6 million for the nine months ended 30 September 2023. The amount for the nine months ended 30 September 2022 was HK\$4.1 million. There was no significant changes in the staff costs for the two periods.

Depreciation

During the nine months ended 30 September 2023, the Group incurred depreciation of approximately HK\$1.7 million as compared to approximately HK\$1.1 million for the nine months ended 30 September 2022. The reason for the increase of depreciation in the continuing operations was primarily due to the acquisition of property and equipment for the new restaurants.

Finance costs

Finance costs remain stable at HK\$0.4 million for the nine months ended 30 September 2023 (2022: HK\$0.4 million).



Profit/(loss) and total comprehensive income/(expense)

The profit and total comprehensive income for the nine months ended 30 September 2023 were approximately HK\$8.5 million and approximately HK\$8.6 million respectively (nine months ended 30 September 2022: loss and total comprehensive expense of approximately HK\$5.1 million and HK\$5.0 million). The change from loss to profit position was mainly attributable to the combination of gain on de-consolidation and the factors discussed above.

Basic earning/(loss) per share

The Group has basic earning per share of approximately 0.64 HK cents for the nine months ended 30 September 2023 and has a basic loss per share for the nine months ended 30 September 2022 of approximately 0.3 HK cents. Such change was in line with the change in loss and total comprehensive expenses for the nine months ended 30 September 2023 than that of 30 September 2022.

RESERVES


Movements in the reserves of the Group for the nine months ended 30 September 2023 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 nine months ended 30 September 2023 (for the nine months ended 30 September 2022: nil).

FUTURE PROSPECTS

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 since 2020 and starting to recover since early 2023. During the first nine months in 2023, the operations of the Group was recovering from the negative impacts under COVID-19 and recorded improvements as compared with last year, which can be reflected from the increase in revenue and decrease in the net loss (excluding a non-recurring written off of inter-group balances under other expenses) by the continuing operations. However, the pace of recovery of the food and beverage industry in Hong Kong was slower than that expected by the Group and thus the Group would still take attention to the operations and future expansion in Hong Kong.



On the other hand, the Group is continuously exploring new business possibilities in order to maintain its market position and diversify and stabilize its source of income and the outcome is positive. The Group is in the view that there is much potential in South-east Asia, where the demand in quality food and beverage is increasing while the rental expenses and staff costs are comparatively more competitive than that of Hong Kong. The Group is actively investigating several potential projects in South-east Asia and inspecting the feasibility to launch. Looking forward, as Hong Kong and the whole world are returning to normal life from the COVID-19 situation, the Group is optimistic to the recover in the entire food and beverage business but at the same time would continue to take cautious actions to control costs and exploring new business opportunities within Hong Kong and overseas to maintain our profitability and competitiveness in the market.

WINDING UP ORDER AGAINST THE SUBSIDIARY OF THE COMPANY

On 22 March 2023, a winding up order of Leading Win, a wholly owned subsidiary of the Company, was granted by the High Court of the Hong Kong Special Administrative Region and Leading Win is in compulsory winding up process by its provisional liquidator during the three months ended 31 March 2023. Leading Win was running a Sichuanese and Cantonese restaurant under the “San Xi Lou” brand which operation was discontinued in the third quarter of 2021. All the assets and liabilities of Leading Win has been de-consolidated from the Group’s consolidation statement of financial position as at 31 March 2023. A gain on deconsolidation was recognized and intra-group balances due from Leading Win with the Company and its fellow subsidiaries were written off.

Except for the above, to the best knowledge of the Company, the winding up order of Leading Win has no material impact to the current core business operation and financial position of the Company and its other subsidiaries. The Company is actively seeking legal advice in relation to the winding up order of Leading Win and will keep its shareholders and investors informed of any significant development of the winding up order of Leading Win. The Company will make further announcement(s) as and when appropriate in accordance with the GEM Listing Rules.



PLACING

On 2 November 2023, the Company entered into the placing agreement with the Sanston Financial Group Limited (the “**Placing Agent**”) pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 276,480,000 Placing Shares at the Placing Price of HK\$0.013 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties (the “**Placing**”).

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$3.6 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$3.5 million. On such basis, the net issue price will be approximately HK\$0.012 per Placing Share. The Company intends to apply the net proceeds from the Placing as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group’s financial position, and enlarge shareholders’ base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

For details, please refer to the announcement of the Company dated 2 November 2023.

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 9 to the condensed consolidated financial statement.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2022 and 2023, 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 note 10 to the unaudited condensed consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2023, 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 September 2023, 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.

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

As at 30 September 2023, 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 September 2023, 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.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the nine months ended 30 September 2023 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 debentures securities of the Company or any other body corporate or had exercised any such right.

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 nine months ended 30 September 2023 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 nine months ended 30 September 2023.

COMPETING INTERESTS

As at 30 September 2023, 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 nine months ended 30 September 2023.

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 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 take up both positions of 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 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 secured 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 third quarterly results for the nine months ended 30 September 2023 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 of
Top Standard Corporation
Chuk Stanley
Chairman and Executive Directors

Hong Kong, 14 November 2023

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.

This report will remain on the “Latest Listed Company Information” page of the Stock Exchange at www.hkexnews.hk 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.