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Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



建泉融資有限公司
VBG Capital Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 16 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.110 per Placing Share.

The maximum of 160,000,000 Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.110 per Placing Share represents: (i) a premium of approximately 14.58% to the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on 14 August 2020, being the last full trading day immediately before the execution of the Placing Agreement; and (ii) a discount of approximately 20.29% to the average closing price of approximately HK\$0.138 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$17,600,000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$728,000, are estimated to be approximately HK\$16,872,000. The Company intends to apply the net proceeds from the Placing as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or

may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 16 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.110 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 16 August 2020 (after trading hours)

Parties: (i) the Company (as issuer); and
(ii) VBG Capital Limited (as placing agent)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3.00% of the aggregate consideration received by the Company from the sale of Placing Shares shall be payable to the Placing Agent, which amount the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company under the Placing Agreement. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market rates charged by other placing agents.

Placees

The Placing Shares will be placed to not less than six Placees who shall be any person or entity, who is professional, institutional or other investors, who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

The Placing Shares will be allotted and issued pursuant the General Mandate. Under the General Mandate, the Company is authorised to issue up to a maximum of 160,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. The maximum of 160,000,000 Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the Placing Shares.

Ranking of the Placing Shares

The Placing Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.110 per Placing Share represents: (i) a premium of approximately 14.58% to the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on 14 August 2020, being the last full trading day immediately before the execution of the Placing Agreement; and (ii) a discount of approximately 20.29% to the average closing price of approximately HK\$0.138 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares.

Conditions of the Placing

Completion of the Placing shall be conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder.

If any of the conditions precedent above is not fulfilled at or before 5:00 p.m. (Hong Kong time) on 31 August 2020 (or such later time or date as may be agreed between the Placing Agent and the Company in writing), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 160,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the Placing is not subject to any Shareholders' approval. The General Mandate will be utilised as to 100.00% upon the allotment and issue of all the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement, if, at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations, warranties and undertakings as provided by the Company to the Placing Agent under the Placing Agreement; or
- (ii) any of the following events:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in Hong Kong which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
 - (b) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the operation of full-service restaurants under our self-owned brands in Hong Kong.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$17,600,000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$728,000, are estimated to be approximately HK\$16,872,000. On such basis, the net issue price will be

approximately HK\$0.105 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.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms following arm's length negotiations between the Company and the Placing Agent and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) are set out as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx.% of shareholding	Number of Shares	Approx.% of shareholding
JSS Group Corporation (Note i)	458,088,000	57.26%	458,088,000	47.72%
J & W Group Limited (Note ii)	5,000,000	0.63%	5,000,000	0.52%
Dr. Chen Liang	1,000,000	0.13%	1,000,000	0.10%
Public Shareholders				
The Places	-	-	160,000,000	16.67%
Other public Shareholders	335,912,000	41.98%	335,912,000	34.99%
Total	800,000,000	100.00%	960,000,000	100.00%

Notes:

(i) Mr. Chuk Stanley, the chairman and an executive Director, directly owned 100.00% equity interests in JSS Group Corporation. As such, Mr. Chuk Stanley was deemed to be interested in all the shares held by JSS Group Corporation pursuant to Part XV of the SFO.

(ii) Mr. Chuk Kin Yuen, an executive Director, directly owned 100.00% equity interests in J & W Group Limited. As such, Mr. Chuk Kin Yuen was deemed to be interested in all the shares held by J & W Group Limited pursuant to Part XV of the SFO.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for trading business to deal in securities
“Company”	Top Standard Corporation, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8510)
“Completion Date”	the day falling on the second Business Day after fulfilment of all conditions precedent or such other date as agreed in writing by the Company and the Placing Agent in respect of the Placing under the Placing Agreement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting (the “AGM”) of the Company on 21 August 2019 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Group, its connected persons and their respective associates and not acting in concert with any substantial shareholder (as defined under the GEM Listing Rules) of the Company within the meaning of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Listing Committee”	The Listing Committee of the Stock Exchange
“Placee(s)”	any person or entity, who is professional, institutional or other investors, procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 160,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	VBG Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of Securities and Futures Ordinance) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities in Hong Kong.
“Placing Agreement”	the placing agreement dated 16 August 2020 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.110 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to 160,000,000 new Shares to be placed pursuant to the Placing Agreement and to be allotted and issued under the General Mandate, and each a “Placing Share”
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 16 August 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 enquiries, 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 GEM website of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> and The Stock Exchange of Hong Kong Limited's website at www.hkexnews.hk "Latest Listed Company Information" page 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.