

Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510

**FIRST
QUARTERLY
REPORT
2022**



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

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

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*This report, for which the directors (the “**Directors**”) of Top Standard Corporation (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of the Directors (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months period ended 31 March 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

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

For the three months period ended 31 March 2022

	Notes	For the three months period ended 31 March	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Continuing operations			
Revenue	5	619	–
Other income		154	–
Raw materials and consumables used		(134)	–
Staff costs		(805)	(151)
Rental and related expenses		(194)	–
Utilities expenses		(22)	–
Other expenses		(455)	(944)
Finance costs		(98)	–
Loss before taxation		(935)	(1,095)
Income tax expense	6	–	–
Loss for the period from continuing operations		(935)	(1,095)
Discontinued operations			
(Loss)/profit for the period from discontinued operations		(1)	4,300
(Loss)/profit for the period		(936)	3,205
Other comprehensive income for the period: <i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of a foreign operation		–*	–
Other comprehensive income for the period, net of tax		–	–
Total comprehensive (expense)/income for the period		(936)	3,205

		For the three months period ended 31 March	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
	<i>Notes</i>		
(Loss)/profit for the period attributable to owners of the Company			
– from continuing operations		(844)	(1,095)
– from discontinued operations		(1)	4,300
		(845)	3,205
Loss attributable to non-controlling interests			
– from continuing operations		(91)	–
– from discontinued operations		–	–
		(91)	–
Total comprehensive (expense)/income for the period attributable to the owners of the Company			
– from continuing operations		(844)	(1,095)
– from discontinued operations		(1)	4,300
		(845)	3,205
Total comprehensive (expense)/income for the period attributable to:			
– owners of the Company		(845)	3,205
– non-controlling interests		(91)	–
		(936)	3,205
Basic and diluted (loss)/earnings per share (Hong Kong cents)			
– from continuing and discontinued operations	<i>8</i>	(0.06)	0.28
– from continuing operations	<i>8</i>	(0.06)	(0.10)

* Less than HK\$1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2022

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Other reserves HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	11,520	88,377	566	3,686	-	(120,602)	(16,453)	-	(16,453)
Profit for the period	-	-	-	-	-	3,205	3,205	-	3,205
At 31 March 2021 (unaudited)	11,520	88,377	566	3,686	-	(117,397)	(13,248)	-	(13,248)
At 1 January 2022 (audited)	13,824	98,691	566	-	2	(119,971)	(6,888)	(96)	(6,984)
Loss for the period	-	-	-	-	-	(845)	(845)	(91)	(936)
Exchange difference arising on translation of a foreign operation	-	-	-	-	*	-	-	-	-
Other comprehensive expense for the period	-	-	-	-	*	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-	(845)	(845)	(91)	(936)
At 31 March 2022 (unaudited)	13,824	98,691	566	-	2	(120,816)	(7,733)	(187)	(7,920)

* Less than HK\$1,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the laws of the Cayman Islands on 11 February 2016. The Company's shares have been listed on the GEM of the Stock Exchange since 13 February 2018.

The address of the registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, and the principal place of business of the Company is unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company.

The Group is principally engaged in restaurant operation and online sales of wines.

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

2. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The unaudited condensed consolidated financial information of the Group for the three months period ended 31 March 2022 is presented as if the Company had always been the holding company of the Group.

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

3. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months period ended 31 March 2022 (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 Accounts ("**HKICPA**") and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the Financial Information include applicable disclosures required by the GEM Listing Rules. The Financial Information have been prepared under the historical cost convention and are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

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

In preparing the Financial Information, the significant judgments made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's audited consolidated financial statements for the year ended 31 December 2021.

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 2021. The auditor has expressed a disclaimer opinion on the multiple uncertainties relating to going concern.

Going Concern Assumption

In preparing the Financial Information, 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\$5,400,000 as at 31 March 2022 (31 December 2021: HK\$3,396,000), the Group's total liabilities exceeded its total assets by HK\$7,920,000 as of that date (31 December 2021: HK\$6,984,000), and that the Group incurred a loss of HK\$935,000 (three months period ended 31 March 2021: HK\$1,095,000) from continuing operations for the three months period ended 31 March 2022.
- (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) As at 31 March 2022, the Group has cash and cash equivalents of HK\$786,000 (31 December 2021: HK\$2,983,000) which is insufficient to settle all the current liabilities, which includes lease liabilities, trade and other payables and accruals and other provisions.
- (iv) As at 31 March 2022, restricted bank balances of HK\$11,812,000 (31 December 2021: HK\$11,812,000) of the Company represented bank balances that are frozen due to the court case HCCW417/2021.
- (v) 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 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 2021, 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 PRC and Macau to improve the profitability and cash flows of the Group.
- (b) In view of the impact of COVID-19 is still affecting the catering business, the Group plans to diversify its businesses by developing an online platform to sell and distribute premium grades of wines and during in year ended 31 December 2021, the Group entered distributor's agreements to secure the supply of these stocks. This new business stream is expected to provide immediate cash flows for the Group.
- (c) 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 and the Company will continue to seek for alternative financing solutions and/or group reorganisation to turnaround the difficulties encountered by the Group and the Company.

The directors of the Company, has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the Financial Information. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Financial Information for the three months period ended 31 March 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 flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Financial Information.

4. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

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

5. REVENUE

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food 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 period ended 31 March	
	2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Continuing operation		
Catering service income (including services provided and food and beverage served)	611	–
Online sales of wines	8	–
	619	–

6. INCOME TAX EXPENSE

	For the three months period ended 31 March	
	2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Continuing operation		
Hong Kong Profits Tax:		
Current tax	–	–

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

7. DIVIDEND

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the three months period ended 31 March 2022 (for the three months period ended 31 March 2021: Nil).

8. (LOSS)/EARNINGS PER SHARE

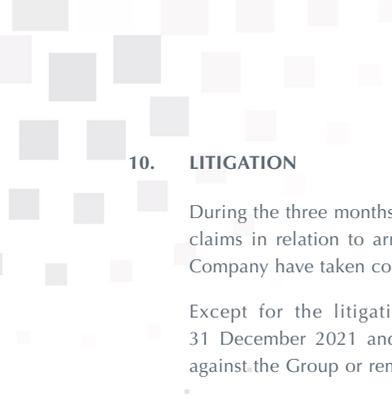
The calculation of the basic (loss)/earnings per share is based on the following data:

	For the three months period ended 31 March	
	2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Loss for the purpose of calculating basic loss per share:		
(Loss)/profit for the period attributable to owners of the Company	(845)	3,205
Less: (Loss)/profit for the period from discontinued operations	(1)	4,300
Loss for the purpose of basic and diluted loss per share from continuing operation	(844)	(1,095)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,382,400	1,152,000

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

9. EVENTS AFTER THE REPORTING PERIOD

- (i) As previously reported, the outbreak of COVID-19 in January 2020 has caused certain impact on the catering business of the Group due to the restrictions and suspension on restaurants. The Group's business operations have been disrupted by the outbreak of COVID-19 and the subsequent precautionary measures. The Group estimated that the degree of COVID-19 impact would depend on the pandemic preventive measures and the duration of the pandemic. Given the dynamic circumstance and uncertainties of COVID-19 situation, the Group will keep continuous attention on the development of COVID-19 situation and react actively to its impacts on the operation and financial position of the Group, and in the event that there are any significant financial impacts, the Company will reflect it in this Financial Information and the Group's 2022 financial statements.
- (ii) As at 31 March 2022, restricted bank balances of HK\$11,812,000 (31 December 2021: HK\$11,812,000) of the Company represented bank balances that are frozen due to the court case HCCW417/2021 as disclosed in the Group's annual report for the year ended 31 December 2021. The relevant bank account status has resumed to normal in April 2022 after the withdrawal of the petition in February 2022.



10. LITIGATION

During the three months period ended 31 March 2022, the Group has been involved in several claims in relation to arrears rent and salaries, the management and the legal advisors of the Company have taken collective effort to resolve these cases.

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

11. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese under the “**San Xi Lou (三希樓)**” brand (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 three months ended 31 March 2022 was primarily derived from catering income through its restaurants.

For the three months ended 31 March 2022, the Group recorded an increase in revenue to approximately HK\$0.6 million as compared that of approximately HK\$Nil for the three months ended 31 March 2021 for continuing operations. Such increase was mainly due to the reallocation of the comparative figures from restaurants discontinued.

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

FINANCIAL REVIEW

Revenue

For the three months ended 31 March 2022, the Group recorded revenue to approximately HK\$0.6 million while there was no revenue recorded for the three months ended 31 March 2021 which was mainly due to the reallocation of the comparative figures from restaurants discontinued.

Raw materials and consumables used

The raw materials and consumables used changed to approximately HK\$0.1 million for the three months ended 31 March 2022 from approximately HK\$Nil for the three months ended 31 March 2021. The Directors believed that such change, mainly due to the reallocation of the comparative figure from restaurants discontinued. The raw materials and consumables were incurred for the operation of the bar acquired in June 2021.

Staff costs

The Group's staff costs was approximately HK\$0.2 million for the three months ended 31 March 2021 and that amounted to approximately HK\$0.8 million for the three months ended 31 March 2022. Such increase in the Group's staff costs was mainly due to the comparative figures from discontinued restaurants were reallocated. The staff costs was the staff costs paid to the staff of the bar.

Depreciation

The Group did not incur depreciation during the three months ended 31 March 2022 (Three months ended 31 March 2021: Nil). The reason for no depreciation was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the three months ended 31 March 2022.

Impairment loss

The Group did not have impairment loss on right-of-use assets and property and equipment incurred during the three months ended 31 March 2022 (Three months ended 31 March 2021: nil). The reason for no impairment loss was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the three months ended 31 March 2022.

Other expenses

Other expenses changed from approximately HK\$0.9 million for the three months ended 31 March 2021 to approximately HK\$0.5 million for the three months ended 31 March 2022. Such change in the Group's other expenses was mainly due to the absence of certain non-recurring legal and professional fee incurred in 2021.

Finance costs

Finance costs was approximately HK\$98,000 for the three months ended 31 March 2022 (Three months ended 31 March 2021: nil). Such change in the Group's finance costs was mainly due to the interest expenses of lease liabilities incurred from the lease agreement entered.

Profit/loss and total comprehensive income/expense

The loss and total comprehensive expenses for the three months ended 31 March 2022 were both approximately HK\$0.9 million (Three months ended 31 March 2021: profit and total comprehensive income of approximately HK\$3.2 million). The change from profit to loss position was mainly attributable to the combination of the factors discussed above and the negative impact imposed on the Group's operations from the preventive measures implemented by the Hong Kong government towards the COVID-19 pandemic throughout three months ended 31 March 2022.

Basic earnings/(loss) per share

The Group has basic loss per share of approximately 0.06 HK cents for the three months ended 31 March 2022 and has a basic earning per share for the three months ended 31 March 2021 of approximately 0.28 HK cents. Such change was in line with the change from profit and total comprehensive income to loss and total comprehensive expenses for the three months ended 31 March 2022.

RESERVES

Movements in the reserves of the Group for the three months ended 31 March 2022 are set out above in the unaudited condensed consolidated statement of changes in equity.

DIVIDEND

No dividend was paid, proposed or declared for the shareholders of the Company (the "Shareholders") for the three months ended 31 March 2022 (Three months ended 31 March 2021: 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. The management expects that the overall economic environment in Hong Kong in near term would still be unstable and would be challenging to the Group.

The management has put much efforts on tightening the control over the procurement of the raw materials and other costs incurred in our operations. The effectiveness of the measures has been reflected in the decreasing trend over various costs. The management also actively negotiates with the suppliers, landlords and other business partners to sort out feasible measures to overcome this tough time.

On the other hand, the Group established an online sales platform for the sales of food and beverage products in late 2021. The Group will continuously explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income.

Whilst the Group has taken our first step by acquiring a bar in 2021, the Group will continue to take actions to control costs and exploring new business opportunities to maintain our profitability and competitiveness in the market.

EVENTS AFTER REPORTING PERIOD

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

SIGNIFICANT INVESTMENT HELD

As at 31 March 2021 and 2022, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. The Group had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions. Details of the litigation and claims could be referred to the note 10 to the condensed consolidated financial statements.

LITIGATION

DCDT4446/2020, DCDT248/2021 and HCCW417/2021

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

On 9 November 2021, petition for the winding up was filed by Spark View against the Company under HCCW417/2021 for HK\$3,001,790 of unpaid rent and rates.

All parties filed consent summons on 7 February 2022 after payment of agreed sum by the Company of HK\$1,400,000 and costs of HK\$60,000. The petition was withdrawn in February 2022.

On 11 April 2022, the Board has received an order for the withdrawal of the petition from the High Court.

For further details, please refer to the announcements of the Company, dated 19 November 2021, 25 November 2021, 2 December 2021 and 14 April 2022.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 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. Stanley Chuk	Interest in controlled corporation (<i>Note 1</i>)	461,888,000	Short	33.41%

Note:

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

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

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

Save as disclosed above, as at 31 March 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 three months ended 31 March 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 31 March 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 31 March 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 the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the three months ended 31 March 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 three months ended 31 March 2022.

COMPETING INTERESTS

As at 31 March 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 three months ended 31 March 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 take up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision 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 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.

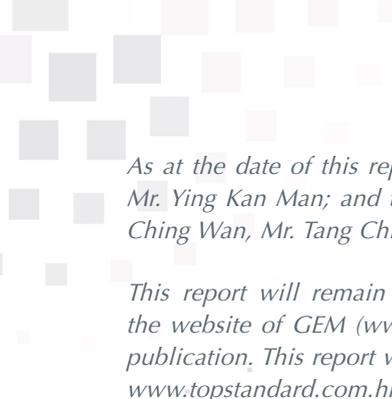
AUDIT AND RISK MANAGEMENT COMMITTEE

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 first quarterly results for the three months ended 31 March 2022 of the Group and confirmed that the preparation of the same complied with the applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

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

Hong Kong, 13 May 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.

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