

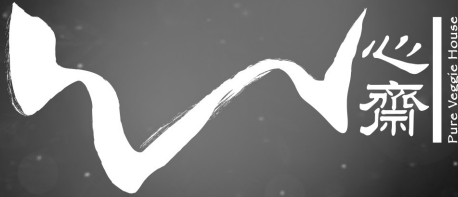
# Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510



日本料理




RONIN  
JAPANESE CUISINE

三希樓  
*San Xi Lou*

2018

FIRST QUARTERLY REPORT




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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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



The board of the Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

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

For the three months ended 30 June 2018

	Notes	For the three months ended 30 June	
		2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited
Revenue	4	30,160	22,608
Other income		45	13
Raw materials and consumables used		(10,770)	(5,851)
Staff costs		(12,244)	(8,282)
Depreciation		(1,765)	(1,208)
Rental and related expenses		(6,863)	(4,456)
Utilities expenses		(2,031)	(1,074)
Other expenses		(2,634)	(1,260)
Finance costs		(137)	(119)
<b>(Loss) profit before taxation</b>		<b>(6,239)</b>	371
Income tax expense	5	(6)	(334)
<b>(Loss) profit and total comprehensive (expense) income for the period</b>		<b>(6,245)</b>	37
<b>(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company</b>		<b>(6,245)</b>	37
<b>(Loss) earnings per share</b>			
— basic (Hong Kong cents)	7	(0.78)	0.01

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	- <sup>+</sup>	8,072	4,686	(1,256)	11,502
Profit and total comprehensive income for the period	-	-	-	37	37
At 30 June 2017 (unaudited)	- <sup>+</sup>	8,072	4,686	(1,219)	11,539
At 1 April 2018 (audited)	8,000	60,304	4,686	(23,150)	49,840
Loss and total comprehensive expense for the period	-	-	-	(6,245)	(6,245)
At 30 June 2018 (unaudited)	8,000	60,304	4,686	(29,395)	43,595

<sup>+</sup> Less than HK\$1,000

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 11 February 2016. The shares of the Company (the “**Shares**”) have been listed on the GEM of the Stock Exchange since 13 February 2018.

The address of the registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, and the principal place of business of the Company in Hong Kong is 4th Floor, Coda Plaza, 51 Garden Road, Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of catering services (including the provision of food and services).

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

## 2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The Historical Financial Information has been prepared based on the accounting policies which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the principles of merger accounting under Accounting Guideline 5 “Merger Accounting for Common Control Consolidations” (“**AG5**”) issued by the HKICPA.

Before the reorganisation as mentioned below, Mr. Chuk Stanley (“**Mr. Stanley Chuk**”), the founder of the Group, had 65% beneficial interests over Great Planner Limited (“**Great Planner**”) and Sky Honour Consultants Limited (“**Sky Honour**”), the operating subsidiaries of the Group. Mr. Tang Sung Kwong (“**Mr. Tang**”) had the remaining 35% beneficial interests over Great Planner and Sky Honour.

In preparation of the listing of the Company’s shares on the GEM of the Stock Exchange (the “**Listing**”), the companies comprising the Group underwent the reorganisation as described below.

- (i) On 11 February 2016, JSS Group Corporation (“**JSS Group**”) was incorporated in the British Virgin Islands (“**BVI**”) with limited liability. 650 and 350 shares of JSS Group were allotted and issued to Mr. Stanley Chuk and Mr. Tang, respectively. Mr. Stanley Chuk and Mr. Tang held 65% and 35% of JSS Group, respectively.
- (ii) On 11 February 2016, the Company was incorporated as an exempted company in the Cayman Islands with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each. On the same date, one share of the Company was allotted and issued to the initial subscriber and then transferred to JSS Group.

## 2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (iii) On 11 February 2016, Skyreach Investment Holdings Limited (“**Skyreach**”) was incorporated in the BVI with limited liability. On the same date, one share was allotted and issued to the Company. Upon the completion of allotment, Skyreach became the wholly-owned subsidiary of the Company.
- (iv) On 11 February 2016, each of Everbloom Group Limited (“**Everbloom**”), Ironforge Group Limited (“**Ironforge**”) and Legion Holdings Group Limited (“**Legion**”) was incorporated in the BVI with limited liability. On the same date, one share of each of Everbloom, Ironforge and Legion was allotted and issued to Skyreach. Upon the completion of allotments, each of Everbloom, Ironforge and Legion became wholly-owned by Skyreach.
- (v) On 18 March 2016, Stormwind Limited (“**Stormwind**”) was incorporated in Hong Kong with limited liability. On the same date, 10,000 shares were allotted and issued to Skyreach. Upon the completion of allotment, Stormwind is wholly-owned by Skyreach.
- (vi) On 24 June 2016, Everbloom acquired entire equity interest of Great Planner from Top Standard Group Limited (“**TSGL**”), the then immediate holding company of Great Planner, at a cash consideration of HK\$1. Upon completion of the acquisition, Great Planner became the wholly-owned subsidiary of Everbloom.
- (vii) On 24 June 2016, Ironforge acquired entire equity interest of Sky Honour from TSGL, the then immediate holding company of Sky Honour, at a cash consideration of HK\$1. Upon completion of the acquisition, Sky Honour became the wholly-owned subsidiary of Ironforge.
- (viii) Pursuant to a sale and purchase agreement dated 30 June 2016 entered into between Mr. Stanley Chuk and Mr. Tang, Mr. Stanley Chuk acquired 35% equity interest of JSS Group from Mr. Tang at a consideration of HK\$12,474,350. Upon completion of the acquisition, JSS Group was owned as to 100% by Mr. Stanley Chuk.
- (ix) On 20 October 2016, the Company issued 8,111 shares of the Company to JSS Group (as instructed by Mr. Stanley Chuk) at par. At the same time, the Company issued 944 shares and 944 shares to J & W Group Limited (“**J & W Group**”), which is a BVI incorporated limited company owned by Mr. Chuk Kin Yuen, and Oxlo Corporation (“**Oxlo**”), which is a BVI incorporated limited company owned by Mr. Chuk Chon Fai, Steve, at a cash consideration of HK\$4,036,000 and HK\$4,036,000, respectively. Upon the completion of share subscription, the Company is 81.12% owned by JSS Group, 9.44% owned by J & W Group and 9.44% owned by Oxlo.

Pursuant to the reorganisation detailed above, the Company had become the holding company of the companies now comprising the Group on 30 June 2016.

The unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2017 and 2018 is presented as if the Company had always been the holding company of the Group.

### 3. BASIS OF PREPARATION

This unaudited condensed consolidated financial statement for the three months ended 30 June 2018 (the “**Financial Statements**”) have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the Financial Statements include applicable disclosures required by the GEM Listing Rules. The Financial Statements 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 Statements 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 Statements, 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 March 2018.

### 4. REVENUE

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount, and membership fee income from external customers for privileged services in the Group’s restaurants during the respective periods. The Group’s revenue from external customers based on their nature are detailed below:

	<b>For the three months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$’000</b>	HK\$’000
	<b>Unaudited</b>	Unaudited
Catering income (including services provided and food served)	<b>29,976</b>	22,445
Membership fee income	<b>184</b>	163
	<b>30,160</b>	22,608

## 5. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited
Hong Kong Profits Tax:		
Current tax	6	334

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

## 6. DIVIDEND

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the three months ended 30 June 2018 (For the three months ended 30 June 2017: Nil).

## 7. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 June	
	2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited
<b>(Loss) earnings:</b>		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	(6,245)	37
	'000	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	800,000	600,000

No diluted (loss) earnings per share for both periods was presented as there were no potential ordinary shares in issue for both periods.

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective since 1 April 2016.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisine under the “San Xi Lou (三希樓)”, “Pure Veggie House (心齋)” and “Ronin (浪人)” brands, respectively. The Group’s revenue for the three months ended 30 June 2018 was primarily derived from catering income through its restaurants.

For the three months ended 30 June 2018, the Group recorded an increase in revenue of approximately HK\$7.6 million, representing an increase of approximately 33.4%, from approximately HK\$22.6 million for the three months ended 30 June 2017 to approximately HK\$30.2 million for the three months ended 30 June 2018. Such increase was mainly due to the inclusion of revenue derived from the second Sichuanese and Cantonese restaurant of the Group under the “San Xi Lou (三希樓)” brand opened at Times Square in Causeway Bay (“**SXL Times Square**”) in November 2017.

On 13 February 2018, the shares of the Company (the “**Shares**”) were successfully listed on GEM by way of public offer and placing (the “**Share Offer**”). After deducting all the relevant commission and expenses borne by the Company, there were 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.

## FINANCIAL REVIEW

### Revenue

For the three months ended 30 June 2018, the Group recorded an increase in revenue of approximately 33.4% as compared with that for the corresponding period in 2017. Such increase was mainly due to the inclusion of revenue derived from SXL Times Square.

Excluding the revenue contributions from SXL Times Square, the Group’s revenue decreased from approximately HK\$22.6 million for the three months ended 30 June 2017 to HK\$19.3 million for the three months ended 30 June 2018, representing a decrease of approximately 14.6%.

## **Raw materials and consumables used**

Raw materials and consumables used increased significantly to approximately HK\$10.8 million for the three months ended 30 June 2018 (three months ended 30 June 2017: approximately HK\$5.9 million), which was due to the Group's increased purchases of raw materials and consumables since the opening of SXL Times Square. The Directors believe that such increase, which was not in proportion to the Group's revenue growth, was primarily due to a shift in customers' ordering preference.

## **Staff costs**

Staff costs increased significantly to approximately HK\$12.2 million for the three months ended 30 June 2018 (three months ended 30 June 2017: approximately HK\$8.3 million), which was primarily due to the additional salaries and other benefits payable to staff employed by SXL Times Square and a higher number of administrative and management personnel employed by the Group after the Company's shares became listed in February 2018.

## **Rental and related expenses**

Rental and related expenses increased significantly to approximately HK\$6.9 million for the three months ended 30 June 2018 (three months ended 30 June 2017: approximately HK\$4.5 million), which was primarily due to the additional rental and related expenses incurred after the opening of SXL Times Square.

## **Loss attributable to the owners of the Company**

Loss attributable to owners of the Company was approximately HK\$6.2 million for the three months ended 30 June 2018 (three months ended 30 June 2017: profit attributable to owners of the Company of approximately HK\$37,000). The change from a profit to a loss position of the Group was mainly due to the additional rental and related expenses incurred after the opening of SXL Times Square, the increase in raw materials and consumables used and additional staff costs as mentioned above.

## RESERVES

Movements in the reserves of the Group for the three months ended 30 June 2018 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 30 June 2018 (three months ended 30 June 2017: Nil).

## FUTURE PROSPECTS

The Shares were successfully listed on GEM on 13 February 2018 (the “**Listing**”). The Board considers that the Company’s public listing status on the Stock Exchange allows the Company to access the capital market for corporate finance activities, which assists the Company in its future business development, enhances the Group’s corporate profile and recognition, and strengthens the Group’s competitiveness and increase revenue.

Part of the proceeds from the Share Offer will be used to commission a feasibility study for the central kitchen and purchase a property from an independent third party in the New Territories, Hong Kong as our central kitchen premises. The Group has engaged an independent expert for the preparation of the feasibility report.

Further, at the end of June 2018 we have commenced the refurbishment work of the premises of our Japanese restaurant under the “Ronin (浪人)” brand located in Wanchai, and the refurbishment work is expected to cost around HK\$1.5 million.

The Group has recently increased its marketing efforts and has utilised part of its proceeds of Listing for this purpose. The Directors believe that the Group’s marketing efforts will allow the Group to better compete in the increasingly competitive catering services industry, and also to increase the awareness by the public of the Group’s brands and the new offerings of the Group’s restaurants. We believe that in the long run, our brands will enhance our market position and enhance our Group’s reputation. It is therefore important for us to promote our brands through strengthening our marketing efforts and opening new restaurants.



As mentioned in the Company's annual report for the year ended 31 March 2018, the Group is actively exploring opportunities in expanding its restaurant network. In July 2018, the Group had entered into a lease agreement for the premises located on Granville Road, Tsim Sha Tsui, at which the Group intends to operate a new Sichuanese-style restaurant. It is intended that the new restaurant, which is expected to have around 150 seats, will commence operations in the fourth quarter of 2018 and will target middle-end and value-conscious customers.

The Group is continuing its preparations to open a new restaurant under the "Pure Veggie House (心齋)" brand in Taipei, Taiwan, and the Group is in the process of finalising the location of the new restaurant. Subject to the entering into of a lease agreement for the new premises, the Directors expect the new restaurant will commence operations in or before the first quarter of 2019.

The Group is also looking for a suitable location in Hong Kong for the opening of a new restaurant under the "Pure Veggie House (心齋)" brand and also planning to re-locate some of its existing restaurants in Coda Plaza in Central to other location(s) in Hong Kong. Further announcements will be made by the Company in due course.

## **EVENTS AFTER REPORTING PERIOD**

Save as disclosed in this report, the Group had no significant events after the end of the reporting period of this report.

## **SIGNIFICANT INVESTMENT HELD**

As at 30 June 2017 and 2018, the Group did not hold any significant investments.

## **CONTINGENT LIABILITIES**

As at 30 June 2017 and 2018, the Group did not have any material contingent liabilities.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) held by the Directors and the chief executive of the Company which were 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 were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

(i) **Long position in the Shares, underlying Shares and debentures of the Company**

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Chuk Stanley ("Mr. Stanley Chuk")	Interests of controlled corporation (Note 1)	486,720,000	60.84%
Mr. Chuk Kin Yuen ("Mr. KY Chuk")	Interests of controlled corporation (Note 2)	56,640,000	7.08%

Notes:

- (1) Mr. Stanley Chuk directly owns 100% of JSS Group Corporation ("**JSS Group**"), which in turn holds approximately 60.84% of the issued share capital of the Company. Mr. Stanley Chuk is deemed, or taken to be interested in, all the Shares held by JSS Group for the purpose of the SFO.
- (2) Mr. KY Chuk directly owns 100% of J & W Group Limited ("**J & W Group**"), which in turn holds approximately 7.08% of the issued share capital of the Company. Mr. KY Chuk is deemed, or taken to be interested in, all the Shares held by J & W Group for the purpose of the SFO.

**(ii) Long position in the shares, underlying shares and debentures of associated corporations**

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held</b>	<b>Percentage of interest</b>
Mr. Stanley Chuk	JSS Group	Beneficial owner	1,000	100%
Mr. KY Chuk	J & W Group	Beneficial owner	1	100%

Other than as disclosed above, as at 30 June 2018, so far as known to any Director or chief executive of the Company, none of the Directors or the chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 had taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register that was required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise to be 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 THE SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as known to any Director or chief executive of the Company, Shareholders (not being a Director 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 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 under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/ Nature of interest	Number of Shares held/ interested	Approximate percentage interest of issued share capital of the Company
JSS Group	Beneficial owner	486,720,000 (L)	60.84%
J & W Group	Beneficial owner	56,640,000 (L)	7.08%
Oxlo Corporation (" <b>Oxlo</b> ")	Beneficial owner	56,640,000 (L)	7.08%
Mr. Chuk Chon Fai Steve (" <b>Mr. Steve Chuk</b> ")	Interest in controlled corporation ( <i>Note 1</i> )	56,640,000 (L)	7.08%
Mrs. Chuk Cheng Sau Mun, Winnie	Interest of spouse ( <i>Note 2</i> )	56,640,000 (L)	7.08%

Notes:

- (1) Mr. Steve Chuk directly owns 100% of Oxlo, which in turn holds approximately 7.08% of the issued share capital of the Company. Mr. Steve Chuk is deemed, or taken to be interested in, all the Shares held by Oxlo for the purpose of the SFO.
- (2) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, is deemed to be interested in all the Shares that Mr. KY Chuk holds an interest in for the purpose of Part XV of the SFO.
- (3) The letter "L" denotes as long positions in the Shares.



Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company, who held an interest or short position in the Shares and/or underlying Shares 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 required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

At no time during the three months ended 30 June 2018 was the Company, any of its holding companies, fellow subsidiaries or subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **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 30 June 2018, 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 30 June 2018.

## **COMPETING INTERESTS**

As at 30 June 2018, 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.



## COMPLIANCE ADVISER'S INTEREST

As at the date of this report, CLC International Limited (“**CLC**”), the compliance adviser of the Company, has confirmed that except for the compliance adviser agreement entered into between the Company and CLC dated 30 January 2018, neither CLC nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 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 30 June 2018.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE


The Company's corporate governance practices are based on principles and code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the “**Corporate Governance Code**”). Save as disclosed below, the Group has complied with the code provisions of the Corporate Governance Code:

Code provision A.2.1 of the Corporate Governance Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating and managing the main operating subsidiaries of the Company, the Board believes that it is in the best interest of

the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit and Risk Management Committee currently consists of three independent non-executive Directors, namely Ms. Chian Yat Ping, as the chairman of the Audit and Risk Management Committee, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen. The primary duties of the Audit and Risk Management Committee include, among others, monitoring compliance with the laws and regulations that are applicable to the operations of the Group, reviewing the reports and findings submitted by the internal control consultant to ensure the effectiveness of the Group's regulatory compliance procedures and system, reviewing and monitoring the Group's financial reporting process, the risk management procedures as well as internal control system, reviewing the Group's financial information, considering issues relating to the external auditors and their appointment, and performing other duties and responsibilities as assigned by the Board.



Pursuant to code provision C.3.3 of the Corporate Governance Code, the Audit and Risk Management Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited first quarterly results for the three months ended 30 June 2018 of the Group and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

By order of the Board  
**Top Standard Corporation**  
**Chuk Stanley**  
*Chairman*

Hong Kong, 6 August 2018

*As at the date of this report, the executive Directors are Mr. Chuk Stanley, Mr. Lam Ka Wong, Johnson and Mr. Chuk Kin Yuen; and the independent non-executive Directors are Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen.*

*This report will remain on the “Latest Company Announcements” page of the website of GEM ([www.hkgem.com](http://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](http://www.topstandard.com.hk).*