TOP STANDARD CORPORATION

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8510

2019

Interim 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 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

FINANCIAL HIGHLIGHTS

During the six months ended 30 September 2019:

- the Group recorded unaudited revenue of approximately HK$60.9 million (2018: HK$59.2 million), representing an increase of approximately 3.0% as compared to the corresponding period ended 30 September 2018; and

- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$20.5 million (2018: HK$15.2 million).

During the three months ended 30 September 2019:

- the Group recorded unaudited revenue of approximately HK$26.7 million (2018: HK$29.0 million), representing a decrease of 7.9% as compared to the corresponding period ended 30 September 2018; and

- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$13.0 million (2018: HK$9.0 million).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

The Directors hereby report the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2019

		For the three months ended 30 September		For the six months ended 30 September	
	Notes	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Revenue	*3*	**26,712**	29,018	**60,935**	59,178
Other income		**168**	69	**264**	114
Other losses		**(2,821)**	–	**(2,821)**	–
Raw materials and consumables used		**(9,905)**	(10,612)	**(21,304)**	(21,382)
Staff costs		**(12,590)**	(12,093)	**(27,482)**	(24,337)
Depreciation		**(6,192)**	(1,835)	**(12,341)**	(3,600)
Rental and related expenses		**(1,666)**	(7,490)	**(4,723)**	(14,353)
Utilities expenses		**(1,703)**	(1,981)	**(3,733)**	(4,012)
Other expenses		**(4,303)**	(3,858)	**(7,871)**	(6,492)
Finance costs	*4*	**(667)**	(201)	**(1,410)**	(338)
Loss before taxation		**(12,967)**	(8,983)	**(20,486)**	(15,222)
Income tax credit	*5*	**–**	6	**–**	–
Loss and total comprehensive expense for the period		**(12,967)**	(8,977)	**(20,486)**	(15,222)
Loss and total comprehensive expense for the period attributable to owners of the Company		**(12,967)**	(8,977)	**(20,486)**	(15,222)
Loss per share — basic (Hong Kong cents)	*7*	**(1.62)**	(1.12)	**(2.56)**	(1.90)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current assets			
Property and equipment	8	**32,020**	38,139
Deposits	9	**7,908**	6,838
Right-to-use assets		**38,509**	–
Deferred tax assets		**95**	235
		78,532	45,212
Current assets			
Inventories		**553**	637
Trade receivables, deposits and prepayments	9	**11,428**	8,017
Amounts due from a related company		**7**	10
Tax recoverable		**1,256**	1,256
Pledged bank deposits		**–**	8,038
Bank balances and cash		**10,609**	1,875
		23,853	19,833
Current liabilities			
Trade and other payables and accruals	11	**23,017**	20,736
Bank borrowings	12	**9,251**	23,005
Obligation under a finance lease		**70**	80
Lease liabilities		**17,048**	–
		49,386	43,821
Net current liabilities		**(25,533)**	(23,988)
Total assets less current liabilities		**52,999**	21,224

	Notes	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current liabilities			
Obligation under a finance lease		**99**	129
Provisions		**970**	970
Deferred tax liabilities		**–**	140
Amounts due to directors		**7,522**	8,062
Bonds payable		**12,000**	–
Lease liabilities		**24,594**	–
		45,185	9,301
Net assets		**7,814**	11,923
Capital and reserves			
Share capital	*10*	**8,000**	8,000
Reserves		**(186)**	3,923
Equity attributable to owners of the Company		**7,814**	11,923

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company						
	Share capital	**Share premium**	**Capital reserves**	**Other reserves**	**Translation reserves**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 April 2018 (Audited)	8,000	60,304	–	4,686	–	(23,150)	49,840
Loss and total comprehensive expenses for the period	–	–	–	–	–	(15,222)	(15,222)
Balance as at 30 September 2018 (Unaudited)	8,000	60,304	_	4,686	_	(38,372)	34,618
(Unaudited)							
Balance as at 1 April 2019 (Audited)	**8,000**	**60,304**	**–**	**4,686**	**(37)**	**(61,030)**	**11,923**
Adjustment (note 2)	**–**	**–**	**–**	**–**	**–**	**(2,923)**	**(2,923)**
At 1 April 2019 (Restated)	**8,000**	**60,304**	**–**	**4,686**	**(37)**	**(63,953)**	**9,000**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**–**	**(20,486)**	**(20,486)**
Waiver of amounts due to a director	**–**	**–**	**19,300**	**–**	**–**	**–**	**19,300**
Balance as at 30 September 2019 (Unaudited)	**8,000**	**60,304**	**19,300**	**4,686**	**(37)**	**(84,439)**	**7,814**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2019

		For the six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Loss before taxation		**(20,486)**	(15,222)
Adjustments for:			
Depreciation of property, plant and equipment		**4,757**	3,600
Depreciation of right-to-use assets		**7,584**	–
Loss on disposal of property, plant and equipment		**2,821**	–
Finance costs		**1,410**	338
Operating cash flows before movements in working capital		**(3,914)**	(11,284)
Decrease (increase) in inventories		**84**	(62)
Increase in trade receivables, deposits and prepayments		**(4,481)**	(13,956)
Decrease (increase) in amounts due from related parties/ former related parties		**3**	(9)
Increase (decrease) in trade and other payables and accruals		**2,281**	(2,779)
Increase in amounts due to related parties		**–**	87
Cash used in operations		**(6,027)**	(28,003)
Hong Kong profits tax paid		**–**	(592)
NET CASH USED IN OPERATING ACTIVITIES		**(6,027)**	(28,595)
INVESTING ACTIVITIES			
Withdrawal of pledged bank deposits		**8,038**	–
Deposits paid for acquisition of property and equipment		**–**	(33)
Purchases of property and equipment		**(1,459)**	(3,081)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**6,579**	(3,114)

	Notes	For the six months ended 30 September **2019** *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
FINANCING ACTIVITIES			
Advance from a director		**18,760**	–
Repayment of obligation under finance lease		**(40)**	(26)
New borrowings raised		**–**	19,109
Repayment of bank borrowings		**(12,116)**	(8,583)
Repayment of bank overdrafts		**(1,638)**	–
Payment on lease liabilities		**(7,374)**	–
Issuance of bonds		**12,000**	–
Interests paid		**(1,410)**	(338)
NET CASH FROM FINANCING ACTIVITIES		**8,182**	10,162
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,734**	(21,547)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**1,875**	52,127
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash		**10,609**	30,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The addresses of the Company's registered office and the principal place of business are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and 4th Floor, Coda Plaza, 51 Garden Road, Central, Hong Kong, respectively.

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

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2019 (the "**2019 Interim Financial Statements**") have been prepared in accordance with the accounting principles generally accepted in Hong Kong which include Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of GEM Listing Rules.

The 2019 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

The 2019 Interim Financial Statements are presented in thousand of Hong Kong dollars ("**HK$'000**"), which is also the functional currency of the Company.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2019 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 March 2019.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern basis

During the six months ended 30 September 2019, the Group reported a loss of HK$20,486,000. As at 30 September 2019, the Group's current liabilities exceeded its current assets by approximately HK$25,533,000. As at 30 September 2019, the Group had total bank borrowings and bank overdrafts of HK$9,251,000 which are scheduled to be repayable within the coming twelve months from 30 September 2019. As at the same date, its bank balances and cash amounted to HK$10,609,000.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations. All of the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 September 2019. The directors are of the opinion that, taking into account the following facts and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2019:

(i) The Group has newly adopted HKFRS 16 in its accounts for the six months ended 30 September 2019, which has resulted in the recognition of lease liabilities as current liabilities and non-current liabilities. In case if the lease liabilities is excluded, the net current liabilities would become approximately HK$8,485,000, which has improved as compared with the net current liabilities amounting to approximately HK$23,988,000 as at 31 March 2019.

(ii) Mr. Chuk Kin Yuen ("**Mr. KY Chuk**"), the shareholder of the Group would contribute approximately HK$7.0 million as a voluntary injection of funds to the Group in November 2019 to repay the bank borrowings. Mr. Chuk Stanley ("**Mr. Stanley Chuk**"), the major shareholder of the Group, and Mr. KY Chuk have agreed to contribute further funds to the Group upon necessary and the Board is also considering to raise funds by launching a placement of new shares and bonds for additional funds; and

(iii) The Group had obtained a loan facility with an aggregated amount of HK$20,000,000 from a licensed money lending company in Hong Kong. As at the date of this report, no facility had been drawn down by the Group.

In the opinion of the directors, in light of the above facts and plans, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 30 September 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16 Leases

HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's condensed consolidated interim financial statements. The nature and impact of HKFRS 16 are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 April 2019, and the comparative information for 31 March 2019 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

New definition of a lease (Continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for offices and restaurants. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before 1 April 2019 as an alternative to performing an impairment review; and
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase *HK$'000* (Unaudited)
Assets	
Right-to-use assets	46,093
Liabilities	
Lease liabilities	49,016
Reserves	
Accumulated losses	2,923

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount, membership fee income from external customers for privileged services in the Group's restaurants and trading income of food materials 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 six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Catering service income (including services provided and food served)	**25,571**	28,836	**59,563**	58,812
Membership fee income	**221**	182	**452**	366
Trading of food materials	**920**	–	**920**	–
	26,712	29,018	**60,935**	59,178

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

The Group's operating and reportable segments are (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou (三希樓)" ("**San Xi Lou**"); (ii) vegetarian cuisine under the brand of "Pure Veggie House (心齋)" in Hong Kong ("**Pure Veggie House**"); (iii) vegetarian cuisine under the brand of "Pure Veggie House (心齋)" in Taipei ("**PVH Taipei**"); (iv) Sichuanese cuisine under the brand of "Man Jiang Hong (滿江紅)" ("**MJH TST**"), (v) Japanese cuisine located in Central, Hong Kong ("**Ronin Central**"); (vi) Japanese cuisine located in Wanchai, Hong Kong ("**Ronin Wanchai**"); and (vii) trading of food materials.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	PVH Taipei HK$'000	MJH TST HK$'000	Trading of food materials HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
For the six months ended 30 September 2019										
External revenue	36,492	3,867	1,726	6,318	5,131	6,481	920	60,935	–	60,935
Inter segment sales	–	–	–	–	–	–	–	–	–	–
Total	36,492	3,867	1,726	6,318	5,131	6,481	920	60,935	–	60,935
Segment results	(985)	(1,748)	(3,265)	(778)	(1,480)	(3,135)	79	(11,312)	–	(11,312)
Other income										264
Other losses										(2,821)
Finance costs										(1,410)
Other expenses										(5,207)
Loss before taxation										(20,486)

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
For the six months ended 30 September 2018							
External revenue	42,869	6,222	5,379	4,708	59,178	–	59,178
Inter segment sales	–	–	–	–	–	–	–
Total	42,869	6,222	5,379	4,708	59,178	–	59,178
Segment results	(1,026)	293	(1,101)	(1,787)	(3,621)	–	(3,621)
Other income							114
Finance costs							(338)
Other expenses							(11,377)
Loss before taxation							(15,222)

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	San Xi Lou *HK$'000*	Pure Veggie House *HK$'000*	Ronin Central *HK$'000*	Ronin Wanchai *HK$'000*	PVH Taipei *HK$'000*	MJH TST *HK$'000*	Trading of food materials *HK$'000*	Consolidated *HK$'000*
As at 30 September 2019								
ASSETS								
Segment assets	40,339	7,057	105	1,168	14,836	18,607	1,098	83,210
Unallocated property and equipment								1,139
Unallocated right-use assets								1,596
Deferred tax assets								95
Unallocated prepayments								4,480
Tax recoverable								1,256
Bank balances and cash								10,609
Consolidated total assets								102,385
LIABILITIES								
Segment liabilities	35,106	5,630	476	2,286	8,728	8,182	1,142	61,550
Unallocated other payables and accruals								9,892
Bank borrowings								8,734
Bank overdrafts								517
Obligation under finance lease								169
Unallocated provision								50
Deferred tax liabilities								–
Bonds payable								12,000
Unallocated lease liabilities								1,659
Consolidated total liabilities								94,571

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	PVH Taipei	MJH TST	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019							
ASSETS							
Segment assets	21,704	990	5,180	875	8,809	14,382	51,940
Unallocated property and equipment							1,208
Deferred tax assets							235
Unallocated prepayments							493
Tax recoverable							1,256
Pledged bank deposits							8,038
Bank balances and cash							1,875
Consolidated total assets							65,045
LIABILITIES							
Segment liabilities	12,212	1,050	1,118	1,166	1,326	2,233	19,105
Unallocated other payables and accruals							10,613
Bank borrowings							23,005
Obligations under finance leases							209
Unallocated provision							50
Deferred tax liabilities							140
Consolidated total liabilities							53,122

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property and equipment for corporate use, deferred tax assets, unallocated prepayments, tax recoverable, non-trade nature amounts due from related parties/former related parties and bank balances and cash.

- all liabilities are allocated to operating and reportable segments, other than tax payable, bank borrowings, obligation under finance lease, certain other payables and accruals, non-trade amounts due to related parties, unallocated provision and deferred tax liabilities.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	San Xi Lou *HK$'000*	Pure Veggie House *HK$'000*	Ronin Central *HK$'000*	Ronin Wanchai *HK$'000*	PVH Taipei *HK$'000*	MJH TST *HK$'000*	Trading of food materials *HK$'000*	Total segment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 September 2019										
Amounts included in the measure of segment profit (loss) or segment assets:										
Additions of property and equipment	49	1,219	–	34	92	–	–	1,394	65	1,459
Depreciation of property and equipment	2,209	53	516	7	735	1,103	–	4,623	134	4,757

	San Xi Lou *HK$'000*	Pure Veggie House *HK$'000*	Ronin Central *HK$'000*	Ronin Wanchai *HK$'000*	Total segment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 September 2018							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	230	–	89	2,762	3,081	–	3,081
Depreciation of property and equipment	1,804	77	1,044	668	3,593	7	3,600

Geographical information

The following tables present revenue from external customers for the period and certain non-current assets information as at 30 September 2019, by geographical area.

(a) ***Revenue from external customers***

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**55,804**	59,178
Taiwan	**5,131**	–
	60,935	59,178

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

(b) ***Non-current assets***

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**64,808**	38,041
Taiwan	**13,629**	6,936
	78,437	44,977

The non-current asset information above is based on the physical locations of the assets and excludes deferred tax assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during each of the six months ended 30 September 2019 and 2018.

4 FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
The finance costs represent interest on:				
— Bank borrowings	**228**	198	**535**	333
— Obligation under finance lease	**2**	3	**4**	5
— Leased liabilities	**437**	–	**871**	–
	667	201	**1,410**	338

5 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the six months ended 30 September 2019.

Taiwan Income Tax is charged at 20% on the estimated assessable profits for both reporting periods. No provision for Taiwan Income Tax has been made as the Group does not have assessable profit arising in Taiwan for both reporting periods.

6 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 September 2019 (2018: Nil).

7 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 six months ended 30 September**	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Loss attributable to owners of the company (HK$'000)	**(12,967)**	(8,977)	**(20,486)**	(15,222)
Weighted average number of ordinary shares in issues (in thousands)	**800,000**	800,000	**800,000**	800,000
Basic and diluted losses per share (HK cents)	**(1.62)**	(1.12)	**(2.56)**	(1.90)

No diluted loss per share information has been presented for the six months ended 30 September 2019 and 2018 as there were no potential ordinary shares outstanding during both periods.

8 PROPERTY AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired property and equipment at a cost of approximately HK$1.5 million (2018: HK$3.1 million).

9 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**1,485**	1,999
Deposits, prepayment and other receivables	**17,851**	12,856
Total	**19,336**	14,855
Analysed for reporting purposes as:		
Non-current assets	**7,908**	6,838
Current assets	**11,428**	8,017
	19,336	14,855

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

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1 to 30 days	**1,183**	1,955
31 to 60 days	**302**	42
61 to 90 days	**–**	–
Over 90 days	**–**	2
	1,485	1,999

10 SHARE CAPITAL

	Number of shares of the Company	Share capital *HK$'000*	Share premium *HK$'000*
Authorised:			
At 1 April 2018, 31 March 2019 and 30 September 2019	2,000,000,000	20,000,000	20,000
Issued and fully paid:			
At 1 April 2018, 31 March 2019 and 30 September 2019	800,000,000	8,000,000	8,000

11 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2019 ***HK$'000*** **(Unaudited)**	At 31 March 2019 *HK$'000* (Audited)
Trade payables	**7,146**	5,149
Other payables and accruals	**15,871**	15,587
Total	**23,017**	20,736

11 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

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

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1 to 30 days	**4,673**	3,180
31 to 60 days	**1,797**	1,412
61 to 90 days	**369**	300
Over 90 days	**307**	257
	7,146	5,149

12 BANK BORROWINGS

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank borrowings	**8,734**	20,850
Bank overdrafts	**517**	2,155
	9,251	23,005

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	**9,251**	23,005

The bank borrowings are at floating rate which carry interest at HK$ Best Lending Rate plus or minus a spread or Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5%. The effective interest rate on the Group's bank borrowings ranged from 3.38% to 5.13% per annum as at 31 March 2019 and 30 September 2019.

Bank overdrafts carry interest at market rates which range from 4.38% to 6.38% per annum as at 30 September 2019 and 31 March 2019.

12 BANK BORROWINGS (CONTINUED)

As at 30 September 2019, all bank borrowings are unsecured and guaranteed by a group entity (31 March 2019: HK$15,580,000).

The Group's borrowings that were denominated in NT$ of the relevant group entities were re-translated in HK$ and stated for reporting purposes as:

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
— NT$	**1,780**	1,525

13 RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Catering income from:		
— Mr. Stanley Chuk	**45**	102
— Mr. KY Chuk	**9**	20
	54	122
Advertising fee paid/payable to Darnassus Limited	**–**	63
Parking fee paid/payable to Darnassus Limited	**–**	239
Rental expenses paid/payable to Charm Region Limited	**1,150**	1,200

13 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the six months ended 30 September 2019 and 2018 were as follows:

	For the six moths ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Short-term benefits	**840**	900
Post-employment benefits	**18**	36
	858	936

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisines 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 six months ended 30 September 2019 was primarily derived from catering income through its restaurants.

For the six months ended 30 September 2019, the Group recorded an increase in revenue of approximately HK$1.8 million, representing an increase of approximately 3.0%, from approximately HK$59.2 million for the six months ended 30 September 2018 to approximately HK$60.9 million for the six months ended 30 September 2019. Such increase was mainly due to the inclusion of revenue generated by the Group's new Sichuanese restaurant under the "Man Jiang Hong (滿江紅)" brand in Hong Kong ("**MJH TST**") and a new fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand in Taipei ("**PVH Taipei**"), which were opened in October 2018 and January 2019 respectively. However, at the same time, there was a decrease in revenue in other restaurants amidst the continuous weakened market sentiment during the Reporting Period.

On 13 February 2018 (the "**Listing Date**"), the shares of the Company (the "**Share**") were successfully listed on GEM by way of public offer and placing (the "**Share Offer**"). After deducting all the relevant commissions and expenses borne by the Company, there were approximately HK$42.3 million of net proceeds (the "**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, as updated in the Company's announcement dated 9 October 2018. For details, please refer to the section headed "Use of Proceeds" in this report.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$60.9 million for the six months ended 30 September 2019 from approximately HK$59.2 million for the six months ended 30 September 2018, representing an increase of approximately 3.0%. Such increase in the Group's revenue was mainly attributable to the inclusion of revenue generated by the Group's new Sichuanese restaurant MJH TST and a new fusion vegetarian restaurant PVH Taipei. However, at the same time, there was a decrease in revenue in other restaurants amidst the continuous weakened market sentiment during the Reporting Period.

Raw materials and consumables used

The raw materials and consumables used decreased slightly to approximately HK$21.3 million for the six months ended 30 September 2019 from approximately HK$21.4 million for the six months ended 30 September 2018, representing a decrease of approximately 0.4%, which was mainly due to the Group's tightened control on procurement of raw materials and consumables.

Staff costs

The Group's staff costs increased to approximately HK$27.5 million for the six months ended 30 September 2019 from approximately HK$24.3 million for the six months ended 30 September 2018, representing an increase of approximately 12.9%. Such increase in the Group's staff costs was mainly attributable to new staff employed by MJH TST and PVH Taipei.

Depreciation

The Group's depreciation increased to approximately HK$12.3 million for the six months ended 30 September 2019 from approximately HK$3.6 million for the six months ended 30 September 2018, representing an increase of approximately 242.8%. The Group's depreciation increased primarily due to the additional depreciation charge incurred by the Group arising from leasehold improvement of MJH TST, PVH Taipei, our office of principal place of business in Hong Kong and the effect arising from the new adoption of HKFRS 16 "Leases".

Rental and related expenses

Rental and related expenses decreased to approximately HK$4.7 million for the six months ended 30 September 2019 from approximately HK$14.4 million for the six months ended 30 September 2018, representing a decrease of approximately 67.1%. Such decrease in the Group's rental and related expenses was mainly due to the new adoption of HKFRS 16 "Leases".

Utilities expenses

The Group's utilities expenses decreased to approximately HK$3.7 million for the six months ended 30 September 2019 from approximately HK$4.0 million for the six months ended 30 September 2018, representing a decrease of approximately 7.0%. The Group's utilities expenses decreased primarily due to the increase in intensity of utilities usage control on all restaurants.

Other expenses

Other expenses increased to approximately HK$7.9 million for the six months ended 30 September 2019 from approximately HK$6.5 million for the six months ended 30 September 2018, representing an increase of approximately 21.2%. The main reason for the increase were the increase in advertising and promotion expenses of approximately HK$1.2 million.

Loss and total comprehensive expense

The Group recorded a loss and total comprehensive expense for the six months ended 30 September 2018 and 2019 of approximately HK$15.2 million and HK$20.5 million, respectively. The increase in the loss and total comprehensive expense of the Group of approximately HK$5.3 million was mainly attributable to the factors discussed above.

Basic loss per share

The Group's basic loss per share increased to approximately 2.56 HK cents for the six months ended 30 September 2019 from approximately 1.90 HK cents for the six months ended 30 September 2018, representing an increase of approximately 0.66 HK cents. Such change was in line with the increase in the loss and total comprehensive expense for the six months ended 30 September 2019.

RESERVES

Movements in reserves of the Group for the six months ended 30 September 2019 are set out above in the unaudited condensed consolidated statement of changes in equity.

USE OF PROCEEDS

The Shares have been successfully listed on GEM on the Listing Date. The actual net proceeds from the Share Offer, after deducting commissions and expenses borne by the Company in connection with the Share Offer, were approximately HK$42.3 million (the "**Actual Net Proceeds**"), which were lower than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 31 March 2020 (the "**Period**") but with monetary adjustments to each business strategic plan on a pro-rata basis.

On 9 October 2018, the Board had resolved that (i) part of the Net Proceeds that was originally intended for the establishment of a central kitchen will be applied towards paying the set-up costs of MJH TST, and (ii) the Net Proceeds that was originally intended for the establishment of a new restaurant under the "Pure Veggie House (心齋)" brand in Kowloon will be applied towards PVH Taipei. Details of the change in the use of proceeds has been disclosed in the announcement dated 9 October 2018.

The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds as at 30 September 2019.

	Adjusted allocation of the Actual Net Proceeds	Actual usage of the Actual Net Proceeds as at 30 September 2019
	HK$ (million)	*HK$ (million)*
Business strategies as set out in the Prospectus and announcement regarding change in use of proceeds		
Establishing a central kitchen	6.0	Nil
Renovating our premises and upgrading our equipment	10.7	10.7
Establishing MJH TST	10.0	10.0
Establishing PVH Taipei	8.9	7.9
Repayment of utilised banking facility	3.6	3.6
Strengthening our marketing effort	1.0	1.0
Upgrading our information system	0.9	0.2
General working capital	1.2	1.2
	42.3	34.6

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had total assets of approximately HK$102.4 million (31 March 2019: approximately HK$65.0 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$94.6 million (31 March 2019: approximately HK$53.1 million) and approximately HK$7.8 million (31 March 2019: approximately HK$11.9 million), respectively. The current ratio of the Group as at 30 September 2019 was approximately 0.5 times (31 March 2019: approximately 0.5 times).

As at 30 September 2019, the Group had bank balances and cash of approximately HK$10.6 million (31 March 2019: approximately HK$1.9 million). The total interest-bearing loan of the Group as at 30 September 2019 was approximately HK$9.2 million (31 March 2019: approximately HK$23.0 million). The gearing ratio (calculated based on interest bearing loan and the obligation under finance lease divided by total equity) of the Group as at 30 September 2019 was approximately 1.2 times (31 March 2019: approximately 1.9 times).

FOREIGN EXCHANGE EXPOSURE

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

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

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. These has been no changes in the capital structure of the Group since then. The share capital of the Group comprises only ordinary shares.

As at 30 September 2019, the Company's issued share capital was HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each.

BANK BORROWINGS

As at 30 September 2019, the total borrowings of the Group comprise bank borrowings and bank overdrafts amounted to HK$8.7 million and HK$0.5 million respectively. The bank borrowings of the Group were denominated in Hong Kong dollars and New Taiwan dollars and amounted to approximately HK$6.9 million and HK$1.8 million respectively (31 March 2019: approximately HK$21.5 million and HK$1.5 million respectively) with interest rates from 3.4% to 5.1% per annum as at 30 September 2019. The bank overdrafts was denominated in Hong Kong dollars and carried interest at market rates from 4.4% to 6.4% per annum as at 30 September 2019 and 31 March 2019. No financial instrument was being used for interest rate hedging purpose.

The Group had unsecured and interest-free amounts due to directors in the sum of HK$7.5 million as at 30 September 2019 (31 March 2019: HK$8.1 million).

Save as disclosed in this report, the Group did not have other bank borrowings as at 30 September 2019 (31 March 2019: nil).

PLEDGE OF ASSETS

As at 30 September 2019, the Group's obligation under a finance lease was secured by the lessor's title to the leased asset, which had a carrying amount of approximately HK$0.1 million (31 March 2019: HK$0.2 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the total number of full time and casual or part time employees of the Group was 180 (31 March 2019: 241). Total staff costs (including Directors' emoluments) were approximately HK$27.5 million for the six months ended 30 September 2019 (six months ended 30 September 2018: approximately HK$24.3 million).

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

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

Save as disclosed in this report, the Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the six months ended 30 September 2018 and 2019.

CONTINGENT LIABILITIES

As at 31 March 2019 and 30 September 2019, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2019 and 30 September 2019, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019.

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

Save as disclosed in this report, the Group did not hold any significant investments as at 31 March 2019 and 30 September 2019. Save as disclosed in this report and in the Prospectus, the Group does not have other plans for material investments and capital assets as at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. During the six months ended 30 September 2019, all of the Group's revenue was generated in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

2. Rental expenses, cost of raw materials and consumables, staff cost and depreciation contributed majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of the Group:

   (i) The Group's business depends on reliable sources of large quantities of food ingredients such as seafood, vegetables and meat. The price of food ingredients may continue to rise or fluctuate.

   (ii) Minimum wage requirements in Hong Kong was raised from HK$34.5 per hour to HK$37.5 per hour with effect from 1 May 2019, and may further increase and affect our staff costs in the future.

   (iii) As at 30 September 2019, the Group leased all the properties for its restaurants operating in Hong Kong and Taiwan. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

3. If our expansion plan proves to be unsuccessful, our business and growth prospects may be adversely affected.

PROSPECTS

For the first half of current financial year, the catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment and recent social incidents since June 2019. The management expects that the overall economic environment in Hong Kong in the second half of the financial year would still be unstable and would be challenging to the Group.

To cope with this, 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 effects from the measures begin to be 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.

The Group has continuously adjusted its overall business strategic of each restaurant. In view of the keen competition of Japanese cuisine in the neighborhood, the Group has ceased the operation of our Japanese restaurant in Central and relocated our vegetarian cuisine PHV to that premise in August 2019. The Group is in the view that the relocation would be beneficial to the Group as the competition of vegetarian cuisine would be relatively less keen over that location and a brand new environment could maintain existing customers and to attract potential customers. The Group expects that the restaurant could bring an improving performance after the relocation.

By applying these measures and plans, the Group is optimistic to the performance of the restaurants and hope that would bring a positive effect to the Group to overcome the obstacles currently faced by the Group and have breakthrough in the coming future.

The Group hopes to bring its top standard cuisine to wide range of customer and as such is actively exploring opportunities in expanding its restaurant network and is also looking at the possibility of expanding its geographical coverage.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2019, 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)*	486,720,000	Long	60.84%
Mr. Chuk Kin Yuen ("**Mr. KY Chuk**")	Interest in controlled corporation *(Note 2)*	62,568,000	Long	7.82%

Notes:

(1) 486,720,000 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.

(2) 62,568,000 Shares were held by J & W Group Limited ("**J & W Group**"), which is wholly owned by Mr. KY Chuk. As such, Mr. KY Chuk was deemed to be interested in all the shares held by J & W 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	Long	100%
Mr. KY Chuk	J & W Group	Beneficial owner	1	Long	100%

Save as disclosed above, as at 30 September 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 30 September 2019, 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 (%)
JSS Group	Beneficial owner	486,720,000	Long	60.84%
J & W Group	Beneficial owner	62,568,000	Long	7.82%
Mrs. Chuk Cheng Sau Mun, Winnie	Interest of spouse *(Note 1)*	62,568,000	Long	7.82%

Notes:

(1) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, was deemed to be interested in the same number of Shares held by Mr. KY Chuk.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2019, and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the six months ended 30 September 2019.

COMPETING INTERESTS

As at 30 September 2019, 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 six months ended 30 September 2019.

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 maintain and enhance the philosophies of the Group, ensure the leadership direction of the Group, and allow efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision 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 interim results for the six months ended 30 September 2019 of the Group and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

EVENTS AFTER THE REPORTING PERIOD

Save as described in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this report.

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

Hong Kong, 13 November 2019

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.