

# Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 8510**

INTERIM REPORT  
**2020**

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*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 2020:

- the Group recorded unaudited revenue of approximately HK\$13.5 million (2019: HK\$26.3 million), representing a decrease of approximately 48.7% as compared to the corresponding period ended 30 September 2019; and
- the Group recorded an unaudited profit attributable to the owners of the Company of approximately HK\$21.4 million (2019: HK\$20.5 million loss).

During the three months ended 30 September 2020:

- the Group recorded unaudited revenue of approximately HK\$5.2 million (2019: HK\$11.2 million), representing a decrease of 53.6% as compared to the corresponding period ended 30 September 2019; and
- the Group recorded an unaudited profit attributable to the owners of the Company of approximately HK\$18.6 million (2019: loss of approximately HK\$7.5 million).

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

The Directors hereby report the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2020, together with the unaudited comparative figures for the corresponding periods in 2019, as follows:

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

For the three months and six months ended 30 September 2020

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>					
Revenue	3	5,191	11,236	13,546	26,307
Other income		52	42	1,396	108
Other gain/(losses)		333	(26)	333	(26)
Raw materials and consumables used		(1,626)	(3,800)	(4,080)	(8,254)
Staff costs		(3,124)	(4,693)	(6,368)	(10,300)
Depreciation		–	(2,882)	–	(5,169)
Rental and related expenses		(677)	(811)	(1,419)	(2,148)
Utilities expenses		(383)	(742)	(956)	(1,641)
Other expenses		(2,720)	(1,128)	(3,669)	(2,777)
Finance costs	4	(579)	(245)	(1,208)	(464)
<b>Loss before tax</b>		<b>(3,533)</b>	<b>(3,049)</b>	<b>(2,425)</b>	<b>(4,364)</b>
Income tax expense	5	–	–	–	–
<b>Loss for the period from continuing operations</b>		<b>(3,533)</b>	<b>(3,049)</b>	<b>(2,425)</b>	<b>(4,364)</b>
<b>Discontinued operations</b>					
Profit/(loss) for the period from discontinued operations	6	22,168	(4,470)	23,841	(16,122)
Profit/(loss) for the period		18,635	(7,519)	21,416	(20,486)

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Other comprehensive expense for the period:				
Item that may be reclassified subsequently to profit or loss				
Release of translation reserve upon disposal of a subsidiary	(112)	–	(112)	–
<b>Total comprehensive income/(expense) for the period</b>	<b>18,523</b>	<b>(7,519)</b>	<b>21,304</b>	<b>(20,486)</b>
(Loss)/profit for the period attributable to owners of the Company				
— from continuing operations	(3,533)	(3,049)	(2,425)	(4,364)
— from discontinued operation	22,168	(4,470)	23,841	(16,122)
	<b>18,635</b>	<b>(7,519)</b>	<b>21,416</b>	<b>(20,486)</b>
<b>Total comprehensive income/(expense) for the period attributable to the owners of the Company</b>				
— from continuing operations	(3,533)	(3,049)	(2,425)	(4,364)
— from discontinued operation	22,056	(4,470)	23,729	(16,122)
	<b>18,523</b>	<b>(7,519)</b>	<b>21,304</b>	<b>(20,486)</b>
Basic and diluted earnings/(loss) per share (Hong Kong cents)				
— from continuing and discontinued operations	2.20	(0.94)	2.60	(2.56)
— from continuing operations	(0.42)	(0.38)	(0.29)	(0.55)

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# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property and equipment	9	–	24
Deposits	10	2,360	5,416
		<b>2,360</b>	5,440
<b>Current assets</b>			
Inventories		133	373
Trade receivables, deposits and prepayments	10	2,342	1,979
Bank balances and cash		1,129	1,187
		<b>3,604</b>	3,539
<b>Current liabilities</b>			
Trade and other payables and accruals	12	9,745	21,650
Bond payables		2,000	10,000
Bank borrowings	13	–	2,618
Lease liabilities		13,882	20,013
Provisions		–	120
		<b>25,627</b>	54,401
<b>Net current liabilities</b>		<b>(22,023)</b>	(50,862)
<b>Total assets less current liabilities</b>		<b>(19,663)</b>	(45,422)

	<b>As at 30 September 2020 HK\$'000 (Unaudited)</b>	As at 31 March 2020 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Provisions	500	775
Amounts due to directors	–	313
Bond payables	–	2,000
Lease liabilities	5,611	15,576
	<b>6,111</b>	18,664
<b>Net liabilities</b>	<b>(25,774)</b>	(64,086)
<b>Capital and reserves</b>		
Share capital	9,600	8,000
Reserves	(35,374)	(72,086)
	<b>(25,774)</b>	(64,086)

Notes

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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Other reserves HK\$'000	Translation reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 31 March 2019	8,000	60,304	-	4,686	(37)	(61,030)	11,923
Adoption of Hong Kong Financial Reporting Standard 16	-	-	-	-	-	(2,155)	(2,155)
At 1 April 2019 (Restated)	8,000	60,304	-	4,686	(37)	(63,185)	9,768
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)	(83,671)	8,582
Balance as at 1 April 2020 (Audited)	<b>8,000</b>	<b>60,304</b>	<b>19,300</b>	<b>4,686</b>	<b>112</b>	<b>(156,488)</b>	<b>(64,086)</b>
Profit for the period	-	-	-	-	-	21,416	21,416
Release of translation reserve upon disposal of a subsidiary	-	-	-	-	(112)	-	(112)
Total comprehensive (expense)/ income for the period	-	-	-	-	(112)	21,416	21,304
Release upon disposal of subsidiaries	-	-	-	(1,000)	-	1,000	-
Release of capital reserves	-	-	(19,300)	-	-	19,300	-
Issue of shares upon placing of shares, net of costs	1,600	15,408	-	-	-	-	17,008
Balance as at 30 September 2020 (Unaudited)	<b>9,600</b>	<b>75,712</b>	<b>-</b>	<b>3,686</b>	<b>-</b>	<b>(114,772)</b>	<b>(25,774)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2020

	For the six months ended 30 September	
Notes	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,740)</b>	<b>(6,027)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	1	–
Withdrawal of pledged bank deposits	–	8,038
Net cash outflows on disposal of subsidiaries	(378)	–
Purchases of property and equipment	–	(1,459)
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(377)</b>	<b>6,579</b>
<b>FINANCING ACTIVITIES</b>		
Advance from a director	672	18,760
Net proceeds from issue of shares	17,008	–
Repayment of bank borrowings	(594)	(12,116)
Repayment of bank overdrafts	(118)	(1,638)
Repayment on lease liabilities/ obligation under finance lease	(976)	(7,414)
(Repayment)/issuance of bonds	(10,000)	12,000
Interests paid	(933)	(1,410)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5,059</b>	<b>8,182</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(58)</b>	<b>8,734</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>1,187</b>	<b>1,875</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash</b>	<b>1,129</b>	<b>10,609</b>

# 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 Room 1901, 19/F, V POINT, 18 Tang Lung Street, Causeway Bay, 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 2020 (the “**2020 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 2020 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The 2020 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 2020 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 March 2020. The auditors have expressed a disclaimer opinion on the multiple uncertainties relating to going concern and potential and contingent liabilities thereon.

In preparing the 2020 Interim Financial Statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$22,023,000 (31 March 2020: HK\$50,862,000) as at 30 September 2020, the Group’s total liabilities exceeded its total assets by HK\$25,774,000 (31 March 2020: HK\$64,086,000) as of that date.

## 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

- (a) The Group had completed a share placing on 4 September 2020 (the "**First Placing**") and raised an aggregate of HK\$17.0 million net proceeds to repay its existing debts and for further operation.
- (b) The Group had further completed a share subscription on 10 November 2020 (the "**Subscription**") and raised an aggregate of HK\$14.5 million net proceeds to repay its existing debts and for future operation.
- (c) The Group had disposal certain subsidiaries with operating losses and net liability position.
- (d) The Group will also continue actively seek other alternative financing, including borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors of the Company, has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the 2020 Interim Financial Statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the 2020 Interim Financial Statements for the six months ended 30 September 2020 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the Group is able to obtain continuous external financial support; (ii) the Group will be able to improve its business operations; and (iii) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the 2020 Interim Financial Statements.

## 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 2020 for the preparation of the Group's condensed consolidated financial statements:

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosure set out in these condensed consolidated interim financial statements.

## 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations				
Catering service income (including services provided and food served)	5,153	11,236	13,508	26,307
Membership fee income	38	–	38	–
	<b>5,191</b>	11,236	<b>13,546</b>	26,307

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.

### 3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group's operating and reportable segments are (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou Causeway Bay" ("San Xi Lou CWB") and San Xi Lou Central ("San Xi Lou Central"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" in Hong Kong ("Pure Veggie House"); (iii) vegetarian cuisine under the brand of "Pure Veggie House" in Taipei ("PVH Taipei"); (iv) Sichuanese cuisine under the brand of "Man Jiang Hong" ("MJH TST"), (v) Japanese cuisine located Hong Kong ("Ronin"); and (vii) and other unallocated segment. During the current period, the brand of MJH TST had been change to vegetarian cuisine under the brand of Pure Veggie House TST ("PVH TST"). As disclosed in note 6, the segments of Pure Veggie Taiwan, San Xi Lou Central, Ronin and Pure Veggie TST are classified as discontinued operations.

#### Segment revenue and results

	Continuing operations				Discontinued operations					Total
	San Xi Lou CWB	Pure Veggie House	Sub-total	PVH Taipei	San Xi Lou Central	Ronin	PVH TST	Other	Subtotal	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>For the six months ended 30 September 2020</b>										
Revenue	13,546	-	13,546	1,678	5,036	1,411	1,175	-	9,300	22,846
Segment results	1,168	(401)	767	122	682	(86)	(131)	-	587	1,354
Other income										2,226
Other gain or loss										25,583
Finance costs										(1,440)
Unallocated other expenses										(6,307)
Profit before tax										21,416

	Continuing operations				Discontinued operations					Total
	San Xi Lou CWB	Pure Veggie House	Sub-total	PVH Taipei	San Xi Lou Central	Ronin	MJH TST	Other	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>For the six months ended 30 September 2019</b>										
Revenue	22,440	3,867	26,307	5,131	14,052	8,044	6,481	920	34,628	60,935
Segment results	(400)	(1,748)	(2,148)	(1,480)	(607)	(4,043)	(3,135)	101	(9,164)	(11,312)
Other income										264
Other losses										(2,821)
Finance costs										(1,410)
Unallocated other expenses										(5,207)
Loss before tax										(20,486)

### 3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Geographical information

The following tables present revenue from external customers for the period and certain non-current assets information as at 30 September 2020 and 2019, by geographical area.

#### Revenue from external customers

	For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Hong Kong	13,546	26,307

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

### 4 FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations				
The finance costs represent interest on:				
— Bank borrowings	–	1	–	6
— Bank overdrafts	1	–	1	–
— Bonds	234	–	534	–
— Leased liabilities	344	244	673	458
	579	245	1,208	464

## 5 INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%

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 DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

During the current interim period, the Group entered into several sale agreements to dispose of its entire equity interests in Good Step Limited, Dalaran Group Limited, Higher Top Limited, Great Planner Limited and Stormwind Limited on 26 June 2020, 3 July 2020, 6 July 2020, 7 July 2020 and 11 September 2020 respectively. Upon completion, the Group lost control of these subsidiaries and they are treated as discontinued operations during current period.

The loss from the discontinued operations for the current and preceding interim periods is analysed as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit/(loss) of restaurant operations for the period	643	(16,122)
Gain on disposal of operations	23,198	–
	<b>23,841</b>	<b>(16,122)</b>

The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present.

## 6 DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (CONTINUED)

The results of the restaurant operations for the current and preceding interim periods were as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	9,300	34,628
Other income	830	156
Other gain/(loss)	2,052	(2,795)
Raw materials and consumables used	(2,833)	(13,050)
Staff costs	(5,781)	(17,182)
Depreciation	(2)	(7,172)
Rental and related expenses	(921)	(2,750)
Utilities expenses	(682)	(2,092)
Other expenses	(1,088)	(4,919)
Finance costs	(232)	(946)
<b>Profit/(loss) before tax</b>	<b>643</b>	<b>(16,122)</b>
Income tax expense	–	–
<b>Profit/(loss) for the period</b>	<b>643</b>	<b>(16,122)</b>

The net liabilities of the discontinued operations at the date of disposal were as follows:

	HK\$'000
Net liabilities disposed	(23,310)
Reclassification of cumulative translation reserve upon disposal of the discontinued operations to profit or loss	112
Gain on disposal	23,198
Total consideration	–
Net cash outflows on disposal of subsidiaries:	
Total cash consideration received	–
Bank balances and cash disposed of	(378)
	(378)

## 7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 September 2020 (2019: Nil).

## 8 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the company (HK\$'000)				
— from continuing and discontinued operations	18,635	(7,519)	21,416	(20,486)
— from continuing operations	(3,533)	(3,049)	(2,425)	(4,364)
Weighted average number of ordinary shares in issues (in thousands)	848,696	800,000	824,481	800,000

No diluted earnings/(loss) per share information has been presented for the six months ended 30 September 2020 and 2019 as there were no potential ordinary shares outstanding during both periods.

## 9 PROPERTY AND EQUIPMENT

During the six months ended 30 September 2020, the Group did not acquire any property and equipment (2019: Nil).

## 10 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Trade receivables	253	241
Deposits, prepayment and other receivables	4,449	7,154
Total	4,702	7,395
Analysed for reporting purposes as:		
Non-current assets	2,360	5,416
Current assets	2,342	1,979
	4,702	7,395

## 10 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
1 to 30 days	235	196
31 to 60 days	–	1
61 to 90 days	8	–
Over 90 days	10	44
	<b>253</b>	<b>241</b>

## 11 SHARE CAPITAL

	Number of shares of the Company	Share capital HK\$'000
<b>Authorised:</b>		
At 1 April 2019, 31 March 2020 and 30 September 2020	2,000,000,000	20,000
<b>Issued and fully paid:</b>		
At 1 April 2019 and 31 March 2020	800,000,000	8,000
Issue of shares on placement (note)	160,000,000	1,600
At 30 September 2020	960,000,000	9,600

On 16 August 2020, the Company entered into a placing agreement with a placing agent and a supplemental agreement on 17 August 2020 in respect of the placing of up to 160,000,000 new shares at an issue price of HK\$0.112 per share. On 4 September 2020, the placing was completed and 160,000,000 new shares were placed by the placing agent to not less than six placees at an issue price of HK\$0.112 per share resulting in raising proceeds, with net proceeds of approximately HK\$17.0 million.

## 12 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Trade payables	1,915	4,654
Other payables and accruals	7,830	16,996
Total	<b>9,745</b>	<b>21,650</b>

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 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
1 to 30 days	529	1,092
31 to 60 days	36	611
61 to 90 days	247	1,670
Over 90 days	1,103	1,281
	<b>1,915</b>	<b>4,654</b>

## 13 BANK BORROWINGS

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Bank borrowings	–	2,500
Bank overdrafts	–	118
	<b>–</b>	<b>2,618</b>

### 13 BANK BORROWINGS (CONTINUED)

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	—	2,618

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 was 6.50% per annum as at 31 March 2020.

Bank overdrafts carry interest at market rates at 15.25% per annum as at 31 March 2020.

As at 31 March 2020, bank borrowings of HK\$2,500,000 are unsecured and guaranteed by a director.

### 14 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 2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Catering income from:		
— Mr. Stanley Chuk	—	45
— Mr. KY Chuk	—	9
	—	54
Rental expenses paid/payable to Charm Region Limited	—	1,150

## 14 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 2020 and 2019 were as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	825	840
Post-employment benefits	15	18
	<b>840</b>	<b>858</b>

## 15 FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 September 2020 and 31 March 2020.

## 16 EVENTS AFTER THE REPORTING PERIOD

On 10 November 2020, the Company completed a share subscription and raised an aggregate of HK\$14.5 million net proceeds to repay its existing debts and for future operation.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including decrease and delay in rendering services, allowance for expected credit losses on various financial assets and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

Apart from the matters disclosed above, as from 30 September 2020 to the date of this report, the Board is not aware of any material event that have occurred which require disclosure.

## 17 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 November 2020.

# 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)”, “Man Jiang Hong (滿江紅)” and “Ronin (浪人)” brands, respectively. The Group’s revenue for the six months ended 30 September 2020 was primarily derived from catering income through its restaurants. In order to minimize the unsatisfactory performance on the operation and financial performance of the restaurants under the “Pure Veggie House”, “Man Jiang Hong” and “Ronin” brands, the Company disposed four restaurants in June and July 2020 such that the Group can focus its available financial resources on the development of its other existing restaurants and businesses.

For the six months ended 30 September 2020, the Group recorded a decrease in revenue of approximately HK\$12.8 million, representing a decrease of approximately 48.7%, from approximately HK\$26.3 million for the six months ended 30 September 2019 to approximately HK\$13.5 million for the six months ended 30 September 2020. Such decrease was mainly due to the recent outbreak of the coronavirus (COVID-19) pandemic (the “**Pandemic**”). To avoid the spread of the Pandemic, the Hong Kong government has executed several policies which have led to the decline of both local customers and tourists, seriously the consumers’ spending sentiment over the entire catering industry.

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

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decrease from approximately HK\$26.3 million for the six months ended 30 September 2019 to approximately HK\$13.5 million for the six months ended 30 September 2020, representing a decrease of approximately 48.7%. Such decrease in the Group's revenue was mainly attributable to the impact from the outbreak of the Pandemic and the effect of the government policies imposed to avoid the spread of the Pandemic.

### **Raw materials and consumables used**

The raw materials and consumables used decreased from approximately HK\$8.3 million for the six months ended 30 September 2019 to approximately HK\$4.1 million for the six months ended 30 September 2020, representing a decrease of approximately 50.6%. The decrease in the revenue due to the impact from the Pandemic which caused less raw materials and consumables were used.

### **Staff costs**

The Group's staff costs decreased from approximately HK\$10.3 million for the six months ended 30 September 2019 to approximately HK\$6.4 million for the six months ended 30 September 2020, representing a decrease of approximately 37.9%. Such decrease in the Group's staff costs was mainly attributable to the decrease in number of staff and adjustment on the salary level of staff.

### **Depreciation**

The Group did not have depreciation incurred during the six months ended 30 September 2020 as compared to approximately HK\$5.2 million for the six months ended 30 September 2019. The reason for no depreciation was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the year ended 31 March 2020.

### **Rental and related expenses**

Rental and related expenses decreased to approximately HK\$1.4 million for the six months ended 30 September 2020 from approximately HK\$2.1 million for the six months ended 30 September 2019, representing a decrease of approximately 33.3%. Such decrease in the Group's rental and related expenses was mainly due to the new adoption of HKFRS 16 "Leases".

### **Utilities expenses**

Utilities expenses decreased from approximately HK\$1.6 million for the six months ended 30 September 2019 to approximately HK\$1.0 million for the six months ended 30 September 2020, representing a decrease of approximately 37.5%. Such decrease in the Group's utilities expenses was mainly due to the impact from the Pandemic and the increase in intensity of utilities usage control on restaurants.

### **Finance costs**

Finance costs increased from approximately HK\$0.5 million for the six months ended 30 September 2019 to approximately HK\$1.2 million for the six months ended 30 September 2020, representing an increase of approximately 140.0%. Such increase in the Group's rental and related expenses was mainly due to the interests paid for the bonds.

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

The Group has a profit and total comprehensive income for the six months ended 30 September 2020 of HK\$21.3 million and incurred a loss and total comprehensive expenses for the six months ended 30 September 2019 of HK\$20.5 million. The change from loss to profit position was mainly due to the combination of the factors discussed above and the gain on disposal of discontinued operations. Details of the gain on disposal of discontinued operations can be referred to Note 6 to the condensed consolidated financial statements.

## Basic earnings/(loss) per share

The Group has basic earnings per share of approximately 2.60 HK cents for the six months ended 30 September 2020 and has a basic loss per share for the six months ended 30 September 2019 of approximately 2.56 HK cents. Such change was in line with the change from loss and total comprehensive expenses to profit and total comprehensive income for the six months ended 30 September 2020.

## RESERVES

Movements in reserves of the Group for the six months ended 30 September 2020 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.

With reference the announcement dated 10 August 2020, based on the interests of the Company and its Shareholders as a whole and in light of current market conditions and the Group's business needs, the Board has reallocated the unutilised Net Proceeds of approximately HK\$7.7 million to general working capital so as to meet its operational needs (especially the impact of COVID-19 which resulted in the Group incurring higher operating expenses). The remaining unutilised Net Proceeds of approximately HK\$7.7 million has been fully utilised up to 30 September 2020.

The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds as at 30 September 2020.

	<b>Adjusted allocation of the Actual Net Proceeds</b> <i>HK\$ (million)</i>	<b>Actual usage of the Actual Net Proceeds as at 30 September 2020</b> <i>HK\$ (million)</i>
<b>Business strategies as set out in the Prospectus and announcement regarding change in use of proceeds</b>		
Renovating our premises and upgrading our equipment	10.7	10.7
Establishing MJH TST	10.0	10.0
Establishing PVH Taipei	7.9	7.9
Repayment of utilised banking facility	3.6	3.6
Strengthening our marketing effort	1.0	1.0
Upgrading our information system	0.2	0.2
General working capital	8.9	8.9
	42.3	42.3

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2020, the Group had total assets of approximately HK\$6.0 million (31 March 2020: approximately HK\$9.0 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK\$31.7 million (31 March 2020: approximately HK\$73.1 million) and approximately HK\$25.8 million (31 March 2020: approximately HK\$64.1 million), respectively. The current ratio of the Group as at 30 September 2020 was approximately 0.1 times (31 March 2020: approximately 0.1 times).

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$1.1 million (31 March 2020: approximately HK\$1.2 million). The total interest-bearing loan of the Group as at 30 September 2020 was HK\$Nil (31 March 2020: approximately HK\$2.6 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 2020 was approximately nil (31 March 2020: Nil).

## **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. There 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 2020, the Company's issued share capital was HK\$9,600,000 divided into 960,000,000 Shares of HK\$0.01 each.

## **BORROWINGS**

As at 30 September 2020, the Group did not have any bank borrowings. As at 31 March 2020, the total borrowings of the Group amounted to approximately HK\$2.6 million. The bank loans are at floating rate which carry interest at 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 loans was 6.50% per annum as at 31 March 2020. Bank overdrafts carry interest at market rates at 15.25% per annum as at 31 March 2020. No financial instrument was being used for interest rate hedging purpose.

The Group had no amounts due to a director as at 30 September 2020 and had HK\$0.3 million unsecured and interest-free amounts due to director as at 31 March 2020.

Save as disclosed in this report, the Group did not have other bank borrowings as at 30 September 2020 (31 March 2020: nil).

## **PLEDGE OF ASSETS**

As at 31 March 2020 and 30 September 2020, the Group did not have any pledge of assets.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the total number of full time and casual or part time employees of the Group was 55 (31 March 2020: 137). Total staff costs (including Directors' emoluments) were approximately HK\$6.4 million for the six months ended 30 September 2020 (six months ended 30 September 2019: approximately HK\$10.3 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

- (i) On 26 June 2020, the Group and the Purchaser A entered into a sale and purchase agreement, pursuant to which the Purchaser A agreed to acquire Good Step Limited (a wholly owned subsidiary which operates a Japanese restaurant under the "Ronin" brand) ("**Good Step**") shares and the benefit of and interest in Good Step from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19. The relevant sale shares in respect of the Good Step represents its total issued share capital. The net liabilities of Good Step was approximately HK\$2.1 million as at 31 March 2020. Upon Completion, the Company will cease to hold any interest in the Good Step, and Good Step will cease to be a subsidiary of the Company and the financial results of Good Step will no longer be consolidated into the Financial Information of the Company. The directors are assessing the financial impacts of the transaction to the Group.

- (ii) On 3 July 2020, the Group and the Purchaser B entered into a sale and purchase agreement, pursuant to which the Purchaser B agreed to acquire Dalaran Group Limited (a wholly owned subsidiary which operates Pure Veggie House Taipei) (“**Dalaran**”) shares and the benefit of and interest in Dalaran from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19. The relevant sale shares in respect of the Dalaran represents its total issued share capital. The net liabilities of Dalaran was approximately HK\$7.1 million as at 30 June 2020. Upon Completion, the Company will cease to hold any interest in the Dalaran, and Dalaran will cease to be a subsidiary of the Company and the financial results of Dalaran will no longer be consolidated into the Financial Information of the Company. The directors are assessing the financial impacts of the transaction to the Group.
  
- (iii) On 6 July 2020, the Group and the Purchaser C entered into a sale and purchase agreement, pursuant to which the Purchaser C agreed to acquire Higher Top Limited (a wholly owned subsidiary which operates Man Jiang Hong) (“**Higher Top**”) shares and the benefit of and interest in Higher Top from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19. The relevant sale shares in respect of the Higher Top represents its total issued share capital. The net liabilities of Higher Top was approximately HK\$4.7 million as at 30 June 2020. Upon Completion, the Company will cease to hold any interest in the Higher Top, and Higher Top will cease to be a subsidiary of the Company and the financial results of Higher Top will no longer be consolidated into the consolidated financial statements of the Company. The directors are assessing the financial impacts of the transaction to the Group.

- (iv) On 7 July 2020, the Group and the Purchaser D entered into a sale and purchase agreement, pursuant to which the Purchaser D agreed to acquire Great Planner Limited (a wholly owned subsidiary which operates San Xi Lou) (“**Great Planner**”) shares and the benefit of and interest in Great Planner from the Group, at an aggregate consideration of HK\$1 due to the unexpected political activities in Hong Kong since June 2019 and the recent outbreak of the COVID-19 pandemic. The relevant sale shares in respect of the Great Planner represents its total issued share capital. The net liabilities of Great Planner was approximately HK\$18.3 million as at 30 June 2020. Upon Completion, the Company will cease to hold any interest in the Great Planner, and Great Planner will cease to be a subsidiary of the Company and the financial results of Great Planner will no longer be consolidated into the consolidated financial statements of the Company. The directors are assessing the financial impacts of the transaction to the Group.

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 2019 and 2020.

## **CONTINGENT LIABILITIES**

As at 31 March 2020 and 30 September 2020, the Group had no significant contingent liabilities.

## **CAPITAL COMMITMENTS**

As at 31 March 2020 and 30 September 2020, 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 2020.

## **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 2020 and 30 September 2020. 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.

## **PLACING OF NEW SHARES**

On 16 August 2020, the Company entered into a placing agreement with a placing agent and a supplemental agreement on 17 August 2020 in respect of the placing of up to 160,000,000 new shares at an issue price of HK\$0.112 per share. On 4 September 2020, the placing was completed and 160,000,000 new shares were placed by the placing agent to not less than six places at an issue price of HK\$0.112 per share resulting in raising proceeds, with net proceeds of approximately HK\$17,182,400.

## **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 2020, 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 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) As at 30 September 2020, 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**

The outbreak of COVID-19 in Hong Kong and various countries around the globe has affected many businesses to different extent. Food and Beverage is one of the industries that encountered the most difficult impact.

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 turning from loss to profit position reflects that the measures are effective and the Group would continue to improve the performance and financial position of our operations.

The Group estimates that the degree of COVID-19 impact would be dependent on the outcome of various preventive measures and the duration of the epidemic. The Group is closely monitoring the market development and continuously evaluating the financial impact of the COVID-19 situation on the Group's operational and financial performance. Given the unpredictability of future development of COVID-19, the impacts to the Group could not be reasonably and accurately estimated at this stage. However, the Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

During the six months ended 30 September 2020, the Group has disposed four under-performed restaurants and can focus its available financial resources on the development of its other existing restaurants and businesses. The Group has also put much effort on tightening costs and adjusted the number of staff and operating costs to a more optimal level in order to improve the sustainability of our restaurants. With the placing of new shares and subscription of new shares completed in September and November 2020 respectively, the Group has also improved its financial position by settled certain bank and other borrowings and provide working capital to the Group for further development. With the above-mentioned favourable factors, the Board is of the view that it is optimistic to improve the Group's performance and financial position steadily in the coming future.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2020, 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	Approximate Percentage of Shareholding in the Company (%)
Mr. Chuk Stanley (“Mr. Stanley Chuk”)	Interest in controlled corporation (Note 1)	461,888,000	48.11%

Notes:

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

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

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

Save as disclosed above, as at 30 September 2020, 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 2020 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 2020, 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	Approximate Percentage of Shareholding in the Company (%)
JSS Group	Beneficial owner	461,888,000 <i>(Note 1)</i>	48.11%

*Note:*

- (1) On 14 August 2020, JSS Group pledged 461,880,000 shares in favour of an independent third party as security of a loan facility.

Save as disclosed above, as at 30 September 2020, 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 2020, 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 2020.

## **COMPETING INTERESTS**

As at 30 September 2020, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause, any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

## **CORPORATE GOVERNANCE**

The Company has not engaged in any activities falling under the continuing disclosure requirements pursuant to the Rules 17.22 and 17.24 of the GEM Listing Rules.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the six months ended 30 September 2020.

## 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 Mr. Wong Ching Wan, as the chairman of the Audit and Risk Management Committee, Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke. The primary duties of the Audit and Risk Management Committee include, among others, monitoring compliance with the laws and regulations that are applicable to the operations of the Group, reviewing the reports and findings submitted by the internal control consultant to ensure the effectiveness of the Group’s regulatory compliance procedures and system, reviewing and monitoring the Group’s financial reporting process, the risk management procedures as well as internal control system, reviewing the Group’s financial information, considering issues relating to the external auditors and their appointment, and performing other duties and responsibilities as assigned by the Board.

Pursuant to code provision 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

On 10 November 2020, all conditions set out in the subscription agreement have been fulfilled and the completion of subscription took place in accordance with the terms and conditions of the subscription agreement. An aggregate of 192,000,000 subscription shares, representing approximately 16.67% of the issued share capital of the Company as at the date of completion as enlarged by the subscription, have been issued and allotted to the subscriber at the subscription price of HK\$0.077 per subscription share.

The gross proceeds and net proceeds (after deducting the expenses related to the subscription) from the subscription are approximately HK\$14,780,000 and HK\$14,500,000 respectively. The Company intends to apply the net proceeds from the Subscription as general working capital of the Group.

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 2020 and up to the date of this report.

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

Hong Kong, 13 November 2020

*As at the date of this report, the executive Directors are Mr. Chuk Stanley and Mr. Ying Kan Man, and the independent non-executive Directors are Mr. Wong Ching Wan, Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke.*