TOP STANDARD CORPORATION

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

2021

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 June 2021:

- the Group recorded unaudited revenue of approximately HK$16.8 million (2020: HK$14.7 million), representing an increase of approximately 14.3% as compared to the corresponding period ended 30 June 2020; and

- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$1.0 million (2020: HK$50.7 million).

During the three months ended 30 June 2021:

- the Group recorded unaudited revenue of approximately HK$8.7 million (2020: HK$8.4 million), representing an increase of 3.6% as compared to the corresponding period ended 30 June 2020; and

- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$4.2 million (2020: profit of approximately HK$16.4 million).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

The Directors hereby report the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding periods in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Unaudited) (Restated)	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Unaudited) (Restated)
Continuing operations					
Revenue	*3*	**8,741**	8,355	**16,763**	14,663
Other income		**23**	1,337	**554**	1,453
Other losses, net		**(1,682)**	(1,021)	**(1,703)**	(1,021)
Raw materials and consumables used		**(2,490)**	(2,453)	**(4,939)**	(4,741)
Staff costs		**(4,069)**	(2,992)	**(7,646)**	(5,858)
Depreciation of property and equipment		**(40)**	–	**(40)**	(818)
Depreciation of right-of-use assets		**(99)**	–	**(99)**	(863)
Impairment loss on:					
– property and equipment		**–**	–	**–**	(8,784)
– right-of-use assets		**–**	–	**–**	(12,378)
Rental and related expenses		**(1,238)**	(647)	**(1,885)**	(1,783)
Utilities expenses		**(413)**	(581)	**(939)**	(1,446)
Other expenses		**(2,711)**	(824)	**(4,048)**	(2,636)
Finance costs	*4*	**(209)**	(589)	**(461)**	(2,068)
(Loss)/profit before tax		**(4,187)**	585	**(4,443)**	(26,280)
Income tax expense	*5*	**–**	–	**–**	–
(Loss)/profit for the period from continuing operations		**(4,187)**	585	**(4,443)**	(26,280)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	*6*	**–**	15,848	**3,461**	(24,451)
(Loss)/profit for the period		**(4,187)**	16,433	**(982)**	(50,731)

	Notes	For the three months ended 30 June 2021 HK$'000 (Unaudited)	For the three months ended 30 June 2020 HK$'000 (Unaudited) (Restated)	For the six months ended 30 June 2021 HK$'000 (Unaudited)	For the six months ended 30 June 2020 HK$'000 (Unaudited) (Restated)
Other comprehensive income/(expense) for the period:					
Item that may be reclassified subsequently to profit or loss					
Exchange difference arising on translation of a foreign operation		**–**	56	**–**	205
Release of translation reserve upon disposal of a subsidiary		**–**	(168)	**–**	(168)
Total comprehensive (expense)/income for the period		**(4,187)**	16,321	**(982)**	(50,694)
(Loss)/profit for the period attributable to owners of the Company					
– from continuing operations		**(4,196)**	585	**(4,452)**	(26,280)
– from discontinued operations		**–**	15,848	**3,461**	(24,451)
		(4,196)	16,433	**(991)**	(50,731)
Profit attributable to non-controlling interests					
– from continuing operations		**9**	–	**9**	–
– from discontinued operations		**–**	–	**–**	–
		9	–	**9**	–
Total comprehensive (expense)/income for the period attributable to the owners of the Company					
– from continuing operations		**(4,196)**	585	**(4,452)**	(26,280)
– from discontinued operations		**–**	15,848	**3,461**	(24,414)
		(4,196)	16,433	**(991)**	(50,694)

	Notes	For the three months ended 30 June 2021 *HK$'000* (Unaudited)	 2020 *HK$'000* (Unaudited) (Restated)	For the six months ended 30 June 2021 *HK$'000* (Unaudited)	 2020 *HK$'000* (Unaudited) (Restated)
Total comprehensive (expense)/income attribute to:					
Owners of the Company		**(4,196)**	16,321	**(991)**	(50,694)
Non-controlling interests		**9**	–	**9**	–
		(4,187)	16,321	**(982)**	(50,694)
Basic and diluted (loss)/earnings per share (Hong Kong cents)	*8*				
– from continuing and discontinued operations		**(0.36)**	2.05	**(0.09)**	(6.34)
– from continuing operations		**(0.36)**	0.07	**(0.39)**	(3.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	As at 30 June 2021 HK$'000 (Unaudited)	As at 31 December 2020 HK$'000 (Audited)
Non-current assets			
Property and equipment	9	**1,630**	–
Right-of-use assets		**99**	–
Deposits	11	**191**	2,391
		1,920	2,391
Current assets			
Inventories		**105**	97
Trade receivables, deposits and prepayments	11	**866**	1,198
Cash and cash equivalents		**4,844**	9,024
		5,815	10,319
Current liabilities			
Trade and other payables and accruals	13	**14,470**	12,491
Bank borrowings	14	**35**	12
Lease liabilities		**100**	10,868
Provisions		**10,551**	1,287
		25,156	24,658
Net current liabilities		**(19,341)**	(14,339)
Total assets less current liabilities		**(17,421)**	(11,948)

	Notes	As at 30 June 2021 HK$'000 (Unaudited)	As at 31 December 2020 HK$'000 (Audited)
Non-current liabilities			
Provisions		–	500
Lease liabilities		–	4,005
		–	4,505
Net liabilities		**(17,421)**	(16,453)
Capital and reserves			
Share capital	*12*	**11,520**	11,520
Reserves		**(28,964)**	(27,973)
Equity attributable to owners of the Company		**(17,444)**	(16,453)
Non-controlling interests		**23**	–
Total deficit		**(17,421)**	(16,453)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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$'000	Non-controlling interest HK$'000	Total equity/(deficit) HK$'000
Balance as at 1 January 2020 (Unaudited)	8,000	60,304	19,300	4,686	(37)	(90,216)	2,037	–	2,037
Loss for the period	–	–	–	–	–	(50,731)	(50,731)	–	(50,731)
Exchange differences arising on translation of a foreign operation	–	–	–	–	205	–	205	–	205
Release of translation reserve upon disposal of a subsidiary	–	–	–	–	(168)	–	(168)	–	(168)
Other comprehensive income for the period	–	–	–	–	37	–	37	–	37
Total comprehensive income/(expense) for the period	–	–	–	–	37	(50,731)	(50,694)	–	(50,694)
Contribution from shareholders	–	–	1,656	–	–	–	1,656	–	1,656
Release upon disposal of subsidiaries	–	–	–	(1,000)	–	1,000	–	–	–
Release of capital reserves	–	–	(19,729)	–	–	–	(19,729)	–	(19,729)
Balance as at 30 June 2020 (Unaudited)	8,000	60,304	1,227	3,686	–	(139,947)	(66,730)	–	(66,730)
Balance as at 1 January 2021 (Audited)	**11,520**	**88,377**	**566**	**3,686**	**–**	**(120,602)**	**(16,453)**	**–**	**(16,453)**
(Loss)/profit for the period	**–**	**–**	**–**	**–**	**–**	**(991)**	**(991)**	**9**	**(982)**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**–**	**–**	**(991)**	**(991)**	**9**	**(982)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14**	**14**
Balance as at 30 June 2021 (Unaudited)	**11,520**	**88,377**	**566**	**3,686**	**–**	**(121,593)**	**(17,444)**	**23**	**(17,421)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(1,189)**	6,657
INVESTING ACTIVITIES			
Interest received		**–**	1
Net cash outflows on disposal of subsidiaries		**(15)**	(822)
Net cash outflows on acquisition of a subsidiary		**(99)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(114)**	(821)
FINANCING ACTIVITIES			
Advance from a director		**–**	1,589
Raise/(repayment) of bank borrowings		**23**	(2,912)
Repayment on lease liabilities/ obligation under finance lease		**(2,439)**	(2,164)
Interests paid		**(461)**	(2,823)
NET CASH USED IN FINANCING ACTIVITIES		**(2,877)**	(6,310)

	Notes	For the six months ended 30 June **2021** ***HK$'000*** **(Unaudited)**	 2020 *HK$'000* (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,180)**	(474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**9,024**	1,603
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash		**4,844**	1,129

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 2202, 22/F, West Exchange Tower, 322 Des Voeux 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 June 2021 (the "**2021 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 2021 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the nine months period ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

The 2021 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 2021 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the nine months period ended 31 December 2020. The auditor has expressed a disclaimer opinion on the multiple uncertainties relating to going concern.

Going Concern Assumption

In preparing the Interim Financial Statements, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company in light of the fact that:

(i) The Group's current liabilities exceeded its current assets by HK$19,341,000 (31 December 2020: HK$14,339,000) as at 30 June 2021, the Group's total liabilities exceeded its total assets by HK$17,421,000 (31 December 2020: HK$11,948,000) as of that date, and that the Group incurred a loss of HK$4,452,000 (six months ended 30 June 2020: HK$26,280,000) from continuing operations for the six months ended 30 June 2021.

(ii) Since the outbreak of the COVID-19 in January 2020, the Group's operation are significantly affected by the prevention and control policies imposed by the local government. During these six months, the Group's restaurants were recorded continued operating losses and negative cash flows. As such, the Group is unable to settle its staff salaries, rental expenses and other accruals in the course of its daily operations. Pursuant to the announcement dated 11 June 2021, the Group had temporarily suspended the operation of the restaurant under the brand of San Xi Lou as it had ceased to operate at the leased premises in Causeway Bay.

(iii) As at 30 June 2021, the Group has cash and cash equivalents of HK$4,844,000 (31 December 2020: HK$9,024,000) which is insufficient to settle all the current liabilities of HK$25,156,000 (31 December 2020: HK$24,658,000).

(iv) As disclosed in note 18 to the Interim Financial Statements, the Group served a number of claims by various parties as a result of arrears rent and salaries. These claims are legal proceedings, and the outcomes might have a significant impact on the continuity of the Group and the Company.

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company 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 the Company and the available sources of financing in assessing whether the Group and the Company will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(a) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed. The Group takes active initiative to re-organise its operations by reducing the heavy financial burden on unperforming subsidiaries. During the nine months period ended 31 December 2020, management disposed these subsidiaries, to reduce the Group's liabilities and cash outflows. In March 2021, the Group entered into a distributor agreement and a supplementary agreement to the distributor agreement ("**Agreements**"), with a food products supplier to establish a distributorship relationship and the Group as a distributor to purchase food products from the supplier and resell in Hong Kong, the People's Republic of China and Macau to improve the profitability and cash flows of the Group.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going Concern Assumption *(Continued)*

(b) Pursuant to the announcement dated 11 June 2021, the Group had temporarily suspended the operation of the restaurant under the brand of San Xi Lou as it had ceased to operate at the leased premises in Causeway Bay. The Group is seeking for a new location as a place of business to continue this business.

(c) In view of the impact of COVID-19 is still affecting the catering business, the Group plans to diversify its businesses by developing an online platform to sell and distribute premium grades of Japanese beef and red wines. During the six months ended 30 June 2021, the Group entered distributor's agreements to secure the supply of these stocks. The Group is preparing the IT platform and infrastructure for this new business and expects the new business would be launched by end of 2021. This new business stream is expected to provide immediate cash flows for the Group.

(d) In order to meet the immediate financial obligations, the Company has obtained a loan facility amounting to HK$10,000,000 from a financing company. The loan facility is designated for new catering business development and is available upon request made by the Group. Management of the Company estimates that the loan facility of HK$10,000,000, together with the Group's cash and cash equivalents of HK$4,844,000, the Group and the Company are able to maintain its operations and achieve the measures undertaken by the Group.

(e) In June 2021, the Group had acquired 90% of a subsidiary, Code Entertainment Limited ("**Code Entertainment**") at a total consideration of HK$130,000. Code Entertainment is principally engaged in operation of a bar. Code Entertainment had demonstrated its profitability that it started generating profit in the month of June 2021.The directors of the Company believe that the acquisition will enhance the Group's efficiency of operations and allows a better leverage of human resources and implementation of the operation strategies of the Group.

(f) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group.

(g) The Group and the Company will continue to seek for alternative financing solutions and/or group reorganisation to turnround the difficulties encountered by the Group and the Company.

The directors of the Company, has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the 2021 Interim Financial Statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the 2021 Interim Financial Statements for the six months ended 30 June 2021 on a going concern basis of accounting.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going Concern Assumption *(Continued)*

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flows 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 other than which they are currently recorded in the condensed consolidated statement of financial position at 30 June 2021, 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 2021 Interim Financial Statements.

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments to standards did not have any significant financial impact on this condensed consolidated interim financial information.

New standard and amendments to standards which are not yet effective

The following are new standard and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods, but have not been early adopted by the Group.

Annual improvement project (Amendments)	Annual Improvements to HKFRSs 2018-2020[1]
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments[1]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations[1]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current[2]
HKFRS 17	Insurance Contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for the accounting period beginning on 1 January 2022
2 Effective for the accounting period beginning on 1 January 2023
3 Effective date to be determined

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

New standard and amendments to standards which are not yet effective *(Continued)*

The Group will apply the above new standard and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above new standard and amendments to standards and does not expect that the adoption of these new standard and amendments to standards will result in any material impact on the Group's results and financial position.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food and beverage served and net of discount from external customers for privileged services in the Group's restaurants during the period. The Group's revenue from external customers based on their nature is detailed below:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations		(Restated)		(Restated)
Catering service income (including services provided and food and beverage served)	**8,741**	8,355	**16,763**	14,663

The condensed consolidated financial statements reported to the management of the Group, being the chief operating decision maker ("**CODM**"), 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 previously has five operating and reportable segments, which includes (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou" ("**San Xi Lou**"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" ("**Pure Veggie House**"); (iii) vegetarian cuisine under the brand of "Pure Veggie House" in Taipei, Taiwan ("**PVH Taipei**"); (iv) Sichuanese cuisine under the brand of "Man Jiang Hong" ("**Man Jiang Hong**"); (v) Japanese cuisine located in Hong Kong ("**Ronin**"). During the six months ended 30 June 2021, the Group's operating and reportable segments have the following changes to reflect the CODM's current reviewing procedures:

(a) the segment of San Xi Lou has been divided into two segments, San Xi Lou CWB and San Xi Lou Central; San Xi Lou CWB is a Sichuanese and Cantonese cuisine restaurant operation located in Causeway Bay, while San Xi Lou Central was a Sichuanese and Cantonese cuisine restaurant operation located in Central; and

(b) Five reporting segments, San San Xi Lou Central, Pure Veggie House, PVH Taipei, Man Jiang Hong and Ronin were discontinued.

(c) During the six months ended 30 June 2021, the Group started the operating and reportable segment for bar operation under brand of "Code Entertainment" ("**Code**").

At the end of the reporting period, the Group has only two operating and reportable segments: San Xi Lou CWB and Code.

The comparative information is restated to reflect these changes

The CODM reviews the Group's result by the brand of each restaurant in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as the opinion of directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Continuing operations			Discontinued operations						
	San Xi Lou CWB	Code	Sub-total	Pure Veggie House	Man Jiang Hong	PVH Taipei	San Xi Lou Central	Ronin	Subtotal	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)
For the six months ended 30 June 2021										
Revenue	16,128	635	16,763	–	–	–	–	–	–	16,763
Segment results	(643)	92	(551)	–	–	–	–	–	–	(551)
Other income										554
Other loss, net										(2,430)
Finance costs										(461)
Unallocated other expenses										(1,555)
Loss before tax										(4,443)

	Continuing operations		Discontinued operations						
	San Xi Lou CWB	Sub-total	Pure Veggie House	Man Jiang Hong	PVH Taipei	San Xi Lou Central	Ronin	Subtotal	Total
	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)
For the six months ended 30 June 2020									
Revenue	14,663	14,663	1,654	903	2,470	7,875	2,949	15,851	30,514
Segment results	(2,431)	(2,431)	(1,400)	(2,843)	(1,505)	(2,074)	(991)	(8,813)	(11,244)
Other income									2,953
Other loss, net									(38,925)
Finance costs									(2,799)
Unallocated other expenses									(615)
Loss before tax									(50,630)

3 **REVENUE AND SEGMENT INFORMATION** *(Continued)*

Geographical information

The following table presents revenue from external customers for the periods ended 30 June 2021 and 2020, by geographical area.

Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		(Restated)
Hong Kong	**16,763**	14,663

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 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations		(Restated)		(Restated)
The finance costs represent interest on:				
– Bank overdrafts	**–**	1	**1**	2
– Bonds	**–**	300	**–**	1,229
– Leased liabilities	**209**	288	**460**	837
	209	589	**461**	2,068

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 DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

As disclosed in note 18, a winding up order of Sky Honour Consultants Limited ("**Sky Honour**") was granted by the court and Sky Honour is in compulsory winding up process by its provisional liquidators.

During the previous 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 ("**Higher Top**"), Great Planner Limited. Upon completion, the Group lost control of these subsidiaries and they are treated as discontinued operations.

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

	For the six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss of restaurant operations for the period	**–**	(42,108)
Gain on de-consolidation/disposal of operations	**3,461**	17,657
	3,461	(24,451)

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

6 DE-CONSOLIDATION/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 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	–	15,851
Other income	–	1,500
Other loss, net	–	(1,458)
Raw materials and consumables used	–	(5,228)
Staff costs	–	(9,922)
Depreciation of property and equipment	–	(1,301)
Depreciation of right-of-use assets	–	(3,024)
Impairment loss on:		
– property and equipment	–	(17,910)
– right-of-use assets	–	(15,031)
Rental and related expenses	–	(1,344)
Utilities expenses	–	(1,653)
Other expenses	–	(1,755)
Finance costs	–	(732)
Loss before tax	–	(42,007)
Income tax expense	–	(101)
Loss for the period	–	(42,108)
Other comprehensive expense for the period:		
Item that maybe reclassified subsequently to profit or loss		
Exchange differences arising on translation of a foreign operation	–	205
Release of translation reserve upon disposal of a subsidiary	–	(168)
Total comprehensive expense for the period	–	(42,071)

6 DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The net liabilities of the discontinued operations at the date of de-consolidation/disposal were as follows:

	As at 30 June 2021 *HK$'000*	As at 30 June 2020 *HK$'000*
Gain on de-consolidation/disposal of subsidiaries:		
Consideration received and receivable	**–***	–*
Net liabilities de-consolidated/disposed of	**3,461**	21,628
Corporate guarantee provision	**–**	(3,803)
Release of translation reserve upon disposal of subsidiaries	**–**	(168)
Gain on de-consolidation/disposal	**3,461**	17,657
Net cash outflows on de-consolidation/disposal of subsidiaries:		
Consideration received	**–***	–*
Bank balances and cash de-consolidated/disposal of	**(15)**	(822)
	(15)	(822)

* Less than HK$1,000

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2021 (2020: Nil).

8 (LOSS)/EARNINGS 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 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit attributable to owners of the company (HK$'000)				
– from continuing and discontinued operations	**(4,196)**	16,433	**(991)**	(50,694)
– from continuing operations	**(4,196)**	585	**(4,452)**	(26,280)
Weighted average number of ordinary shares in issues (in thousands)	**1,152,000**	800,000	**1,152,000**	800,000

No diluted (loss)/earnings per share information has been presented for the six months ended 30 June 2021 and 2020 as there were no potential ordinary shares outstanding during both periods.

9 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property and equipment with an aggregate carrying amount of HK$1,670,000 (2020: Nil).

10 BUSINESS COMBINATION

On 8 June 2021, The Group acquired 90% equity interest in Code Entertainment Limited, which is principally engaged in operation of bar, at a consideration of HK$130,000. The aggregated fair value of identifiable net asset of Code Entertainment Limited on the acquisition date was HK$144,444. The acquisition was made as part of the Group's strategy to explore new and sustainable business opportunities.

10 BUSINESS COMBINATION *(Continued)*

The fair values of the identifiable assets and liabilities of Code Entertainment Limited as at the date of acquisition were as follows:

	HK$'000 (Unaudited)
Consideration for acquisition of a subsidiary	
Cash consideration:	130
Plus: Non-controlling interest (10%)	14
	144
Less: Net assets acquired:	(144)
An analysis of cash and cash equivalents included in cash flows from investing activities	
Cash and cash equivalent in subsidiary acquired	31
Consideration for acquisition settled in cash	(130)
Net cash outflow on acquisition	(99)

The above acquisition is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair values of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition dates.

During the period, the acquired business contributed HK$634,000 and HK$92,000 to the Group's revenue and profit for the period between the date of acquisition and the end of the reporting period, respectively.

The transaction costs incurred by the Group for the acquisition had been expensed and included in administrative expenses in the condensed consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2021.

11 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2021 HK$'000 (Unaudited)	At 31 December 2020 HK$'000 (Audited)
Trade receivables	**50**	98
Deposits, prepayment and other receivables	**1,007**	3,491
Total	**1,057**	3,589
Analysed for reporting purposes as:		
Non-current assets	**191**	2,391
Current assets	**866**	1,198
	1,057	3,589

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 June 2021 HK$'000 (Unaudited)	At 31 December 2020 HK$'000 (Audited)
0 to 30 days	**50**	98

12 SHARE CAPITAL

	Number of shares of the Company	Share capital
		HK$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 30 June 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2020	800,000,000	8,000
Issue of shares on placement (note)	352,000,000	3,520
At 31 December 2020 and 30 June 2021	1,152,000,000	11,520

All issued shares of the Company rank pari passu in all respects with each other.

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.

On 13 October 2020, the Company entered into a subscription agreement with a subscriber in respect of the subscription of up to 192,000,000 new shares at an issue price of HK$0.077 per share. On 10 November 2020, the subscription was completed and 192,000,000 new shares have been issued and allotted to the subscriber at HK$0.077 per share resulting in raising proceeds, with net proceeds of approximately HK$14.6 million. The proceeds were used to provide additional working capital for the Company.

There new shares issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 11 September 2020 and pari passu with other shares in issue in all respects.

13 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 *HK$'000* **(Unaudited)**	At 31 December 2020 *HK$'000* (Audited)
Trade payables	**2,168**	2,330
Other payables and accruals	**12,302**	10,161
Total	**14,470**	12,491

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

	At 30 June 2021 *HK$'000* **(Unaudited)**	At 31 December 2020 *HK$'000* (Audited)
0 to 30 days	**172**	368
31 to 60 days	**–**	537
61 to 90 days	**365**	253
Over 90 days	**1,631**	1,172
	2,168	2,330

14 BANK BORROWINGS

	At 30 June 2021 HK$'000 (Unaudited)	At 31 December 2020 HK$'000 (Audited)
Bank overdrafts	**35**	12

	At 30 June 2021 HK$'000 (Unaudited)	At 31 December 2020 HK$'000 (Audited)
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
– Within one year	**35**	12

Bank overdrafts carry interest at market rates at 15.19% per annum as at 30 June 2021 (31 December 2020: 15.07%).

As at 30 June 2021 and 31 December 2020, none of the bank borrowings are secured and guaranteed by directors.

15 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 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Catering income from:		
– Mr. Chuk Stanley	**37**	35
– Mr. Chuk Kin Yuen	**–**	8
	37	43
Rental expenses paid/payable to Charm Region Limited	**–**	450

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the six months ended 30 June 2021 and 2020 were as follows:

	For the six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**292**	739
Post-employment benefits	**12**	17
	304	756

16 FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 June 2021 and 31 December 2020.

17 EVENTS AFTER THE REPORTING PERIOD

As previously reported, the outbreak of COVID-19 in January 2020 has caused certain impact on the catering business of the Group due to the restrictions and suspension on restaurants. The Group's business operations have been disrupted by the outbreak of COVID-19 and the subsequent precautionary measures. The Group estimated that the degree of COVID-19 impact would depend on the pandemic preventive measures and the duration of the pandemic. Given the dynamic circumstance and uncertainties of COVID-19 situation, the Group will keep continuous attention on the development of COVID-19 situation and react actively to its impacts on the operation and financial position of the Group, and in the event that there are any significant financial impacts, the Company will reflect it in the Group's 2021 financial statements.

Apart from those litigations reported in the Group's annual report for the nine months period ended 31 December 2020, the Group has been involved in several claims in arrears rent and salaries, details of the material litigations filed against the Group are disclosed in note 18 to these condensed consolidated financial statements.

On 11 August 2021, the Group has entered into a sale and purchase agreement to further acquire the remaining 10% equity interest of Code Entertainment. Following the completion, Code Entertainment has become a wholly-owned subsidiary of the Group.

Save as disclosed above and in the opinion of the directors of the Company, there is no material subsequent events undertaken by the Company or by the Group after 30 June 2021 and up to the date of this report.

18 LITIGATION

During the six months ended 30 June 2021, the Group has been involved in several claims in relation to arrears rent and salaries, the management and the legal advisors of the Company, have taken collective effort to resolve these cases.

As at the reporting date, the following cases are open and had affected/might affect the Group.

Material Litigations filed against the Group

Action Number	**Filing Date**	**Status**
(a) HCCW403/2020	25 November 2020	Live
(b) HCA654/2021	27 April 2021	Live
(c) DCCT1915/2021	11 May 2021	Live
(d) DCCJ3578/2021 and DCCJ2589/2021	3 June 2021, 28 July 2021	Live

Material Litigations filed against the Group *(Continued)*

Details of the litigations are set out as follows:

(a) HCCW403/2020

On 25 November 2020, Goldford Limited petitioned for the winding up of Sky Honour for outstanding amounts of HK$2,646,863 due to Goldford Limited.

On 24 March 2021, a winding up order of Sky Honour was granted by the court and the Company is in compulsory winding up process by its liquidators.

The Company had obtained legal advice, that the maximum liability of the Group is limited to the total assets of Sky Honour. As at 24 March 2021, the total assets of Sky Honour is HK$14,633, and had been de-consolidated from the Group's assets as disclosed in note 6 to these condensed consolidated finance statements.

(b) HCA654/2021

On 27 April 2021, Spark View Limited claimed against Higher Top Limited and the Company for unpaid of rent and rates and interest of HK$2,286,459 under the tenancy agreement dated 27 August 2018.

The Company had recorded provision for the lease under the corporate guarantee clause.

(c) DCDT1915/2021

On 11 May 2021, Times Square Limited claimed against Leading Win Limited ("**Leading Win**") for unpaid rent and rates of HK$1,099,560 and interest on 1 May 2021 to judgment date and thereafter at judgment rate until payment, plus damages being the costs of the auction under the tenancy agreement dated 20 September 2017.

(d) DCCJ3578/2021 & DCCJ2589/2021

On 3 June 2021 and 28 July 2021, Mandatory Provident Fund Schemes Authority ("**MPFSA**") obtained distraint orders against Leading Win of HK$125,031 and HK$141,539 respectively for unpaid Mandatory Provident Fund ("**MPF**") contributions and surcharges.

18 LITIGATION *(Continued)*

Other legal matters involving the Group

As of 30 June 2021, the Group had been involved in several claims which were mainly in relation to:

(i) intended bankruptcy petitions by the Group against its related parties;

(ii) intended claims for alleged dishonoured cheques by the Group's related parties;

(iii) intended claims for alleged indebtedness by the Group's related parties; and

After seeking legal advice from the legal adviser, the management of the Group is in view that for that for:

(i) it is a pre-mature stage to advise the estimated amount that the Group could receive if the bankruptcy order(s) is granted in favour of the Group;

(ii) the related parties have no grounds for the claims and the Group is unlikely to incur loss on the intended claims for alleged dishonoured cheque;

(iii) the related parties have no grounds for the claims and the Group is unlikely to incur loss on the intended claims for alleged indebtedness.

19 COMPARATIVES FIGURES

Certain comparative figures have been reclassified to confirm with the current periods presentation.

20 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 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese under the "San Xi Lou（三希樓）" brand and operates a bar under the brand name "The Code". The Group's revenue for the six months ended 30 June 2021 was primarily derived from catering income through its restaurant and bar. After the disposal of four restaurants under the "Pure Veggie House", "Man Jiang Hong" and "Ronin" brands in June and July 2020, the Group can focus its available financial resources on the development of its other existing restaurant and businesses.

For the six months ended 30 June 2021, the Group recorded an increase in revenue of approximately HK$2.1 million, representing a increase of approximately 14.3%, from approximately HK$14.7 million for the six months ended 30 June 2020 to approximately HK$16.8 million for the six months ended 30 June 2021. Such increase was mainly due to the recovery of macroeconomic from the novel coronavirus disease 2019 pandemic (the "**COVID-19**") and the additional revenue generated from the new bar acquired in June 2021.

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

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group recorded an increase in revenue to approximately HK$16.8 million as compared that of approximately HK$14.7 million for the six months ended 30 June 2020. Such increase was mainly due to the recovery of macroeconomic from COVID-19 pandemic that induced relaxed preventative measures on catering industry as introduced by the Government and the additional revenue generated from the bar newly acquired in June 2021.

Raw materials and consumables used

The raw materials and consumables used slightly increased to approximately HK$4.9 million for the six months ended 30 June 2021 from approximately HK$4.7 million for the six months ended 30 June 2020. The Directors believed that such increase, mainly due to the purchase of consumption was more accurate than that in 2020 because some non-durable raw materials were wasted due to the strict preventative policy implemented in 2020.

Staff costs

The Group's staff costs was approximately HK$5.9 million for the six months ended 30 June 2020 and that amounted to approximately HK$7.6 million for the six months ended 30 June 2021. Such increase in the Group's staff costs was mainly attributable to the increase in number of staff to cope with the relaxed preventative measures on catering industry as introduced by the Government and the additional staff costs incurred in the new bar.

Depreciation

During the six months ended 30 June 2021, the Group incurred depreciation of approximately HK$139,000 as compared to approximately HK$1.7 million for the six months ended 30 June 2020. The reason for the depreciation was incurred in the continuing operations decreased significantly was primarily due to the right-of-use assets and property and equipment were fully impaired during the six months ended 30 June 2020. The depreciation incurred during the six months ended 30 June 2021 was mainly incurred in the new bar.

Impairment loss

The Group did not have impairment loss on right-of-use assets and property and equipment incurred during the six months ended 30 June 2021 as compared to approximately HK$21.2 million for the six months ended 30 June 2020. The reason for no impairment loss was incurred in the continuing operations was primarily due to the right-of-use assets and property and equipment were fully impaired during the six months ended 30 June 2020.

Rental and related expenses

Rental and related expenses increased to approximately HK$1.9 million for the six months ended 30 June 2021 from approximately HK$1.8 million for the six months ended 30 June 2020, representing an increase of approximately 5.6%. Such increase in the Group's rental and related expenses was mainly due to the rental and related expenses incurred in the new bar.

Utilities expenses

Utilities expenses decreased from approximately HK$1.4 million for the six months ended 30 June 2020 to approximately HK$0.9 million for the six months ended 30 June 2021, representing a decrease of approximately 35.7%. Such decrease in the Group's utilities expenses was mainly due to the impact from decrease in opening hours under COVID-19 and the increase in intensity of utilities control on restaurants.

Finance costs

Finance costs changed from approximately HK$2.1 million for the six months ended 30 June 2020 to approximately HK$0.5 million for the six months ended 30 June 2021. Such change in the Group's finance costs was mainly due to the interests incurred bonds payable during the six months ended 30 June 2020 and the bonds were repaid fully during 2020.

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

The loss and total comprehensive income for the six months ended 30 June 2021 were both approximately HK$1.0 million. (Six months ended 30 June 2020: Approximately HK$50.7 million). The change was mainly attributable to the combination of the factors discussed above.

Basic earnings/(loss) per share

The Group has basic loss per share of approximately 0.09 HK cents for the six months ended 30 June 2021 and has a basic loss per share for the six months ended 30 June 2020 of approximately 6.34 HK cents. Such change was in line with the change in loss and total comprehensive expenses for the six months ended 30 June 2021 than that of 30 June 2020.

RESERVES

Movements in reserves of the Group for the six months ended 30 June 2021 are set out above in the unaudited condensed consolidated statement of changes in equity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had total assets of approximately HK$7.7 million (31 December 2020: approximately HK$12.7 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK$25.2 million (31 December 2020: approximately HK$29.2 million) and approximately HK$17.4 million (31 December 2020: approximately HK$16.5 million), respectively. The current ratio of the Group as at 30 June 2021 was approximately 0.2 times (31 December 2020: approximately 0.4 times).

As at 30 June 2021, the Group had bank balances and cash of approximately HK$4.8 million (31 December 2020: approximately HK$9.0 million). The total interest-bearing loan of the Group as at 30 June 2021 was approximately HK$35,000 (31 December 2020: approximately HK$12,000). 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 June 2021 was nil (31 December 2020: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong 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. The share capital of the Group comprises only ordinary shares.

An aggregate of 160,000,000 placing shares have been successfully placed on 4 September 2020 at the placing price of HK$0.112 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK$17.2 million.

An aggregate of 192,000,000 subscription shares have been successfully subscribed on 10 November 2020 at the subscription price of HK$0.077 per subscription share pursuant to the terms and conditions of the subscription agreement. The net proceeds from the subscription amounted to approximately HK$14.5 million.

For details of the placing and subscription of shares, please refer to the announcement dated 4 September 2020 and 10 November 2020 respectively.

As at 30 June 2021, the Company's issued share capital was HK$11,520,000 divided into 1,152,000,000 Shares of HK$0.01 each.

BORROWINGS

As at 30 June 2021, the Group has interest-bearing borrowings amounting to approximately HK$35,000 (31 December 2020: approximately HK$12,000). Bank overdrafts carry interest at market rates at approximately 15.0% per annum as at 31 December 2020 (31 December 2020: 15.1%). No financial instrument was being used for interest rate hedging purpose.

The Group had no amounts due to a director as at 30 June 2021 and 31 December 2020.

Save as disclosed in this report, the Group did not have other bank borrowings as at 30 June 2021 and 31 December 2020.

PLEDGE OF ASSETS

As at 31 December 2020 and 30 June 2021, the Group did not have any pledge of assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the total number of full time and casual or part time employees of the Group was 21 (31 December 2020: 55). Total staff costs (including Directors' emoluments) were approximately HK$7.6 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK$5.9 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 7 June 2021, a direct wholly-owned subsidiary of the Group, VIVA JOY HOLDINGS LIMITED ("**VIVA JOY**") and Mr. Wong Kwong Sum ("**Mr. Wong**") (an individual and an independent third party) entered into a sale and purchase agreement, pursuant to which VIVA JOY agreed to acquire 90% of the equity interest in Code Entertainment Limited ("**Code Entertainment**") (a company incorporated in Hong Kong with limited liabilities which operates a bar under the brand name "The Code") from Mr. Wong, at an aggregate consideration of HK$130,000. The net assets of Code Entertainment was approximately HK$1.4 million as at 31 March 2021. Upon completion on 8 June 2021, Code Entertainment became an indirect non wholly-owned subsidiary of the Company and the financial results of Code Entertainment has been consolidated into the financial information of the Company.

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 June 2020 and 2021.

CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. The Group had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions. Details of the litigation and claims could be referred to note 18 to the condensed consolidated financial statements.

CAPITAL COMMITMENTS

As at 31 December 2020 and 30 June 2021, 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 June 2021.

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 December 2020 and 30 June 2021. 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 placees at an issue price of HK$0.112 per share resulting in raising proceeds, with net proceeds of approximately HK$17.2 million.

On 13 October 2020, the Company entered into a subscription agreement with a subscriber in respect of the subscription of up to 192,000,000 new shares at an issue price of HK$0.077 per share. On 10 November 2020, the subscription was completed and 192,000,000 new shares have been issued and allotted to the subscriber at HK$0.077 per share resulting in raising proceeds, with net proceeds of approximately HK$14.5 million. The proceeds were used to provide additional working capital for the Company.

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 June 2021, the Group's revenue was mainly generated in Hong Kong. If Hong Kong experience 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 staff cost contributed the 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 suppliers 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 June 2021, the Group leased the property for its restaurant operating in Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

PROSPECTS

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 in 2020. The management expects that the overall economic environment in Hong Kong in near term would still be unstable and would be challenging to the Group.

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

On the other hand, the Group is now establishing distributorship and conducting researches on the implementation of online sales platform for the sales of food and beverage products. The Group will continuously explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2021, 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)*	461,888,000	Short	40.09%

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

Save as disclosed above, as at 30 June 2021, 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 June 2021 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 June 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Lazarus Securities Pty Ltd	Beneficial owner	461,888,000	Long	40.09%
JSS Group	Beneficial owner	461,888,000	Short	40.09%
Focus Dynamics Group Berhad	Beneficial owner	192,000,000	Long	16.67%

Save as disclosed above, as at 30 June 2021, 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 June 2021, 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 June 2021.

COMPETING INTERESTS

As at 30 June 2021, 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 June 2021.

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 June 2021 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 11 August 2021, VIVA JOY and Mr. Wong entered into a sale and purchase agreement, pursuant to which VIVA JOY agreed to acquire the remaining 10% of the equity interest in Code Entertainment, a non wholly-owned subsidiary of the Company, from Mr. Wong, at an aggregate consideration of HK$15,000. The net assets of Code Entertainment was approximately HK$1.3 million as at 30 June 2021. Upon completion on 12 August 2021, Code Entertainment became an indirect wholly-owned subsidiary of the Company. As Mr. Wong is the director of Code Entertainment and is a connected person to the Group, this acquisition constitutes a connected transaction with a connected person at the subsidiary level pursuant to the GEM Listing Rules.

Save as described in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 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 August 2021

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.