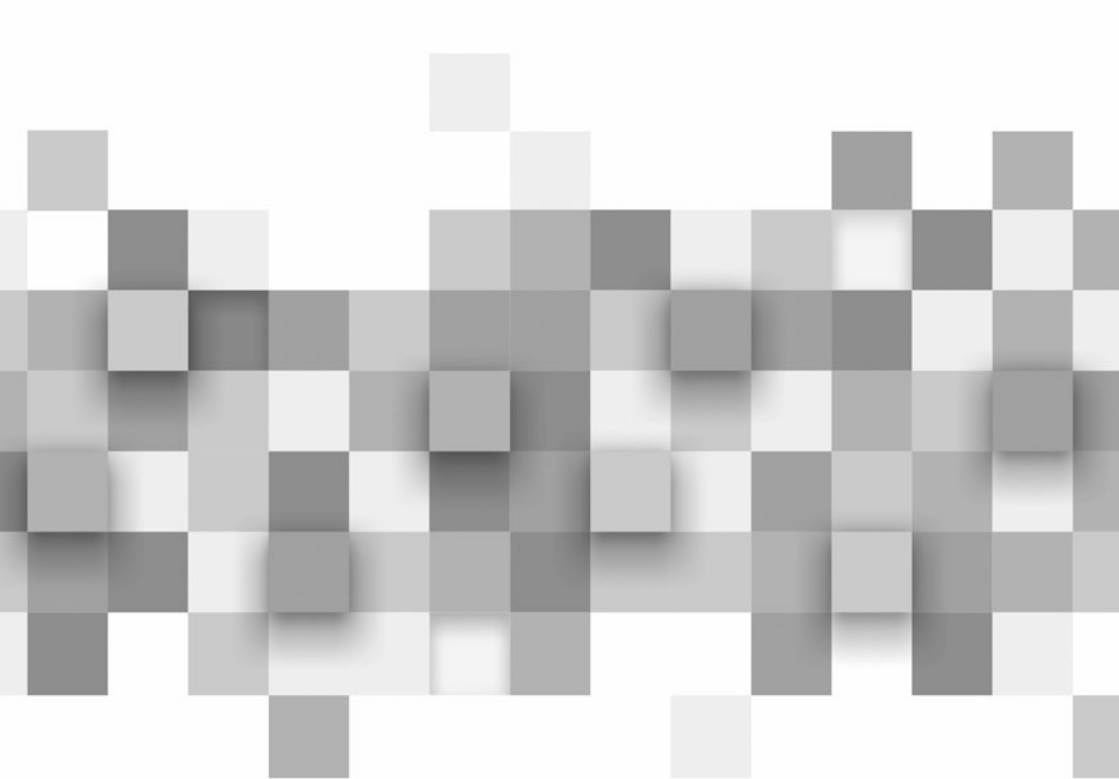


Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510



**INTERIM REPORT
2023**



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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 June 2023:

- the Group recorded unaudited revenue of approximately HK\$6.0 million (2022: approximately HK\$2.4 million), representing an increase of approximately 1.5 times as compared to the corresponding period ended 30 June 2022; and
- the Group recorded an unaudited profit attributable to the owners of the Company of approximately HK\$10.5 million (2022: unaudited loss attributable to the owners of the Company of approximately HK\$2.9 million).

During the three months ended 30 June 2023:

- the Group recorded unaudited revenue of approximately HK\$2.3 million (2022: approximately HK\$1.8 million), representing an increase of approximately 28.4% as compared to the corresponding period ended 30 June 2022; and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$1.2 million (2022: approximately HK\$2.0 million).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

The Directors hereby report the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2023, together with the unaudited comparative figures for the corresponding periods in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations					
Revenue	3	2,303	1,793	5,994	2,412
Other income		119	502	432	656
Other losses, net		(138)	(61)	(13,423)	(61)
Raw materials and consumables used		(1,310)	(747)	(2,584)	(881)
Staff costs		(916)	(1,248)	(2,685)	(2,053)
Depreciation of property and equipment		(228)	(226)	(538)	(226)
Depreciation of right-of-use assets		(172)	(84)	(458)	(84)
Rental and related expenses		(170)	(438)	(374)	(632)
Utilities expenses		(73)	(50)	(154)	(72)
Other expenses		(621)	(1,702)	(2,147)	(2,157)
Finance costs	4	(83)	(111)	(236)	(209)
Share of result of an associate		(1)	-	(1)	-
Loss before tax		(1,290)	(2,372)	(16,174)	(3,307)
Income tax expense	5	-	-	-	-
Loss for the period from continuing operations		(1,290)	(2,372)	(16,174)	(3,307)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	6	-	(1)	26,402	(2)
Profit/(loss) for the period		(1,290)	(2,373)	10,228	(3,309)

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other comprehensive income for the period:				
Item that may be reclassified subsequently to profit or loss				
Exchange difference arising on translation of a foreign operation	117	24	44	24
Total comprehensive income/ (expense) for the period	(1,173)	(2,349)	10,272	(3,285)
(Loss)/profit for the period attributable to owners of the Company				
– from continuing operations	(1,249)	(2,047)	(15,952)	(2,891)
– from discontinued operations	–	(1)	26,402	(2)
	(1,249)	(2,048)	10,450	(2,893)
Loss attributable to non-controlling interests				
– from continuing operations	(41)	(325)	(222)	(416)
– from discontinued operations	–	–	–	–
	(41)	(325)	(222)	(416)
Total comprehensive (expense)/income for the period attributable to the owners of the Company				
– from continuing operations	(1,132)	(2,023)	(15,908)	(2,867)
– from discontinued operations	–	(1)	26,402	(2)
	(1,132)	(2,024)	10,494	(2,869)

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Total comprehensive income/ (expense) attribute to:				
Owners of the Company	(1,132)	(2,024)	10,494	(2,869)
Non-controlling interests	(41)	(325)	(222)	(416)
	(1,173)	(2,349)	10,272	(3,285)
Basic and diluted (loss)/earnings per share (Hong Kong cents)				
– from continuing and discontinued operations	(0.09)	(0.15)	0.76	(0.21)
– from continuing operations	(0.09)	(0.15)	(1.15)	(0.21)

Notes

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property and equipment	9	4,727	3,480
Right-of-use assets		1,073	2,237
Goodwill		109	109
Deposits	10	1,369	1,275
Interests in an associate		160	–
		7,438	7,101
Current assets			
Inventories		343	582
Trade receivables, deposits and prepayments	10	817	1,161
Amounts due from related party		–	89
Cash and cash equivalents		331	1,179
		1,491	3,011
Current liabilities			
Trade and other payables and accruals	12	7,864	14,682
Bank borrowings	13	38	343
Lease liabilities		3,266	3,001
Provisions		–	3,487
Amounts due to non-controlling interests		40	40
		11,208	21,553
Net current liabilities		(9,717)	(18,542)
Total assets less current liabilities		(2,279)	(11,441)

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<i>Notes</i>		
Non-current liabilities		
Provisions	200	221
Lease liabilities	2,522	4,111
	2,722	4,332
Net liabilities	(5,001)	(15,773)
Capital and reserves		
Share capital	13,824	13,824
Reserves	(17,193)	(28,187)
Equity attributable to owners of the Company	(3,369)	(14,363)
Non-controlling interests	(1,632)	(1,410)
Total deficit	(5,001)	(15,773)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company						Total	Non-controlling interest	Total deficit
	Share capital	Share premium	Capital reserves	Other reserves	Translation reserves	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance as at 1 January 2022 (Audited)	13,824	98,691	566	-	2	(119,971)	(6,888)	(96)	(6,984)
Loss for the period	-	-	-	-	-	(2,893)	(2,893)	(416)	(3,309)
Exchange differences arising on translation of a foreign operation	-	-	-	-	24	-	24	-	24
Total comprehensive income/ (expense) for the period	-	-	-	-	24	(2,893)	(2,869)	(416)	(3,285)
Balance as at 30 June 2022 (Unaudited)	13,824	98,691	566	-	26	(122,864)	(9,757)	(512)	(10,269)
Balance as at 1 January 2023 (Audited)	13,824	98,691	566	-	32	(127,476)	(14,363)	(1,410)	(15,773)
Loss for the period	-	-	-	-	-	(15,952)	(15,952)	(222)	(16,174)
Gain on de-consolidation/ disposal of subsidiaries of part of the discontinued operations	-	-	-	-	-	26,402	26,402	-	26,402
Exchange differences arising on translation of a foreign operation	-	-	-	-	44	-	44	-	44
Total comprehensive income/ (expense) for the period	-	-	-	-	44	10,450	10,494	(222)	10,272
Release upon de-consolidation of a subsidiary	-	-	-	-	-	500	500	-	500
Balance as at 30 June 2023 (Unaudited)	13,824	98,691	566	-	76	(116,526)	(3,369)	(1,632)	(5,001)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2023

	For the six months ended 30 June	
Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	1,963	7,415
INVESTING ACTIVITIES		
Interest received	–	6
Net cash outflows on purchase of property, plant and equipment	(1,785)	(4,553)
Repayment from related parties	89	–
Repayment to non-controlling interests	–	(40)
NET CASH USED IN INVESTING ACTIVITIES	(1,696)	(4,587)
FINANCING ACTIVITIES		
Advance from related parties	–	27
Repayment of bank borrowings	(88)	(12)
Repayment on lease liabilities/ obligation under finance lease	(618)	(1,054)
Interests paid	(236)	(209)
NET CASH USED IN FINANCING ACTIVITIES	(942)	(1,248)

	For the six months ended 30 June	
<i>Notes</i>	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(675)	1,580
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	924	2,983
Effect of foreign exchange rate changes	44	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	293	4,563
Analysis of cash and cash equivalents		
Bank balances and cash	331	4,563
Bank overdrafts	(38)	–
	293	4,563



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 Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, 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 and online sales of wines.

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 2023 (the “**2023 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 2023 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The 2023 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 2023 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2022. 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\$9,717,000 as at 30 June 2023 (31 December 2022: HK\$18,542,000), the Group's total liabilities exceeded its total assets by HK\$5,001,000 as of that date (31 December 2022: HK\$15,773,000), and that the Group incurred a loss of HK\$16,174,000 (six months period ended 30 June 2022: HK\$3,307,000) from continuing operations for the six months period ended 30 June 2023.
- (ii) Since the outbreak of the COVID-19 in January 2020, the Group's operations are significantly affected by the prevention and control policies imposed by the local government. During these three months, the Group's restaurant had recorded continued operating loss and negative cash flows. As such, the Group is unable to settle its staff salaries, rental expenses and other accruals incurred in the course of its daily operations.
- (iii) At as 30 June 2023, the Group has cash and cash equivalents of HK\$331,000 (31 December 2022: HK\$1,179,000) which is insufficient to settle all the current liabilities, which includes lease liabilities, trade and other payables and accruals and other provisions.
- (iv) The Group served a number of claims by various parties as a result of arrears rent and salaries. These claims are legal proceedings and the outcomes might have a significant impact on the continuity of the Group.

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

- (a) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed. The Group takes active initiative to re-organise its operations by reducing the heavy financial burden on unperforming subsidiaries. During the year ended 31 December 2022 and 2021, the management discontinued the operations of certain subsidiaries, as disclosed in Note 32 to the Group's annual report for the year ended 31 December 2022, to reduce the Group's liabilities and cash outflows.

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

Going Concern Assumption *(Continued)*

- (b) During the year ended 31 December 2022, the Company has started up its restaurants business through its subsidiary, Xperience Lifestyle in Singapore.
- (c) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group.
- (d) The Group will continue to seek for alternative financing solutions and/or group reorganisation to turnaround the difficulties encountered by the Group.

The directors of the Company, has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the Financial Information. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Financial Information for the six months period ended 30 June 2023 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the 2023 Interim Financial Statements.

The adoption of the amendments to HKFRSs has no significant financial impact on this condensed consolidated interim financial information.

The Group has not early adopted the new and revised HKFRSs that have been issued, but are not yet effective for the current accounting period of the Group.

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food and beverage served and online sales of wines from external customers for privileged services in the Group's restaurants during the respective periods. The Group's revenue from external customers based on their nature are detailed below:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations				
Catering service income (including services provided and food and beverage served)	2,216	1,781	5,813	2,392
Online sales of wines	87	12	181	20
	2,303	1,793	5,994	2,412

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.

The Group previously has two operating and reportable segments, which includes (i) a bar restaurant under the brand of Code ("Code") and (ii) online sales of wines under the brand of MOW ("MOW"). During the year ended 31 December 2022, the Group's operating and reportable segments have the following changes to reflect the CODM's current reviewing procedures:

- (a) The Group has been operating new restaurants under the previous operating segment, which include two restaurants under the brand of MEW ("Sushi MEW (HK)") and Xperience Lifestyle ("Sushi MEW (Singapore)").

At the end of the reporting period, the Group has two operating and reportable segments: catering service and online sales of wines.

3 REVENUE AND SEGMENT INFORMATION (Continued)

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.

Segment revenue and results

	Code HK\$'000 (Unaudited)	MOW HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 30 June 2023				
Revenue	5,813	181	5,994	5,994
Segment results	(1,066)	(889)	(1,955)	(1,955)
Other income				432
Other losses, net				(13,423)
Finance costs				(236)
Share of result of an associate				(1)
Unallocated other expenses				(991)
Loss before tax				(16,174)

	Code HK\$'000 (Unaudited)	MOW HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 30 June 2022				
Revenue	2,392	20	2,412	2,412
Segment results	(250)	(410)	(660)	(660)
Other income				656
Other losses, net				(61)
Finance costs				(209)
Unallocated other expenses				(3,035)
Loss before tax				(3,309)

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The following table presents revenue from external customers for the periods ended 30 June 2023 and 2022, by geographical area.

Revenue from external customers

	For the six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Continuing operations		
Hong Kong	5,113	2,412
Singapore	881	–
	5,994	2,412

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	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Continuing operations				
The finance costs represent interest on:				
– Leased liabilities	83	111	236	209

5 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operations		
Hong Kong Profit tax:		
current tax	-	-

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

6 DE-CONSOLIDATION/DISPOSAL OF A SUBSIDIARY (DISCONTINUED OPERATIONS)

On 22 March 2023, a winding up order of Leading Win Limited (“**Leading Win**”) was granted by the court and Leading Win is in compulsory winding up process by its provisional liquidators during the six months ended 30 June 2023. All the assets and liabilities of Leading Win has been deconsolidated from the consolidated statement of financial position as at 30 June 2023.

The following table summarises the net liabilities being de-consolidated during six months period ended 30 June 2023 and the financial impacts are summarised as follows:

	As at 30 June 2023 HK\$'000
Analysis of assets and liabilities over which control was lost:	
Deposits	13
Trade and other payables	(9,912)
Amount due to ultimate holding company	(1,976)
Amount due to immediate holding company	(11,038)
Amount due to fellow subsidiary	(2)
Bank borrowings	-*
Provisions	(3,487)
Net liabilities de-consolidated	(26,402)
Gain on de-consolidation of a subsidiary:	
Net liabilities de-consolidated	26,402
Gain on de-consolidation	26,402

* Less than HK\$1,000

6 DE-CONSOLIDATION/DISPOSAL OF A SUBSIDIARY (DISCONTINUED OPERATIONS)

(Continued)

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

	As at 30 June 2023 HK\$'000	As at 30 June 2022 HK\$'000
Gain on de-consolidation/disposal of subsidiaries:		
Consideration received and receivable	–	–
Net liabilities de-consolidated/disposed of	26,402	–
Gain on de-consolidation/disposal	26,402	–
Net cash outflows on de-consolidation/disposal of subsidiaries:		
Consideration received	–	–
Bank balances and cash de-consolidated/disposal of	–	–
	–	–

* Less than HK\$1,000

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 (2022: Nil).

8 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
(Loss)/profit attributable to owners of the company (HK\$'000)				
– from continuing and discontinued operations	(1,249)	(2,048)	10,450	(2,893)
– from continuing operations	(1,249)	(2,047)	(15,952)	(2,891)
Weighted average number of ordinary shares in issues (in thousands)	1,382,400	1,382,400	1,382,400	1,382,400

No diluted (loss)/earnings per share information has been presented for the six months ended 30 June 2023 and 2022 as there were no potential ordinary shares outstanding during both periods.

9 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property and equipment with an aggregate carrying amount of HK\$1.8 million (2022: HK\$4.3 million).

10 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Trade receivables	113	223
Deposits, prepayment and other receivables	2,073	2,213
Total	2,186	2,436
Analysed for reporting purposes as:		
Non-current assets	1,369	1,275
Current assets	817	1,161
	2,186	2,436

The following is an aged 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 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
0 to 30 days	92	205
31 to 60 days	19	18
	113	223

11 SHARE CAPITAL

	Number of shares of the Company	Share capital <i>HK\$'000</i>
Authorised:		
At 1 January 2022, 31 December 2022 and 30 June 2023	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 30 June 2023	1,382,400,000	13,824

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

12 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Trade payables	2,485	2,100
Other payables and accruals	4,353	12,532
Total	6,838	14,682

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

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
0 to 30 days	180	390
31 to 60 days	1	39
61 to 90 days	79	72
Over 90 days	2,225	1,649
	2,485	2,100

13 BANK BORROWINGS

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Bank overdrafts	38	255
Other bank borrowing	–	88
	38	343
Unsecured	38	343
	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <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	38	343

Bank overdrafts carry interest at market rates at 14.13% per annum as at 31 December 2022.

The other bank borrowing carry interest at market rate. The effective interest rate on the Group's other bank borrowing was 14.12% per annum.

None of the bank borrowings are secured and guaranteed as at 30 June 2023 and 31 December 2022.

14 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the six months ended 30 June 2023 and 2022 were as follows:

	For the six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Short-term benefits	367	294
Post-employment benefits	18	12
	385	306

15 FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 June 2023 and 31 December 2022.



16 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report 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 2023 and up to the date of this report.

17 LITIGATION

Except for the litigations disclosed in the Group's annual report for the year ended 31 December 2022 and in this interim report, there are no other material litigations filed against the Group or remain active during the six months period ended 30 June 2023.

18 COMPARATIVES FIGURES

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

19 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 14 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a restaurant group that operates Japanese restaurant, a bar under the brand name “The Code” and online sales of wines. The Group’s revenue for the six months ended 30 June 2023 was primarily derived from catering income through its restaurants and bar.

For the six months ended 30 June 2023, the Group recorded an increase in revenue of approximately HK\$3.6 million, representing an increase of approximately 1.5 times, from approximately HK\$2.4 million for the six months ended 30 June 2022 to approximately HK\$6.0 million for the six months ended 30 June 2023. Such increase was mainly due to the improved performance of the bar and the revenue of new restaurants “Sushi MEW (HK)” and “Sushi MEW (Singapore)” set up during 2022.

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 2023, the Group recorded an increase in revenue to approximately HK\$6.0 million as compared that of approximately HK\$2.4 million for the six months ended 30 June 2022. Such increase was mainly due to the revenue of new restaurants “Sushi MEW (HK)” and “Sushi MEW (Singapore)” set up during 2022.

Other gains and losses

The Group recorded net other losses of approximately HK\$13.4 million for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$61,000).

The losses for the six months ended 30 June 2023 was due to written off of balances due from Leading Win Limited with the Company and its fellow subsidiaries.

Raw materials and consumables used

The raw materials and consumables used increased to approximately HK\$2.6 million for the six months ended 30 June 2023 from approximately HK\$0.9 million for the six months ended 30 June 2022. The increase was mainly due to the raw materials and consumables consumed in new restaurants “Sushi MEW (HK)” and “Sushi MEW (Singapore)”.

Staff costs

The Group’s staff costs was approximately HK\$2.1 million for the six months ended 30 June 2022 and that increased to approximately HK\$2.7 million for the six months ended 30 June 2023. Such increase in the Group’s staff costs was mainly due to new staff employed by new restaurants “Sushi MEW (HK)” and “Sushi MEW (Singapore)”.



Depreciation

During the six months ended 30 June 2023, the Group incurred depreciation of approximately HK\$1.0 million as compared to approximately HK\$0.3 million for the six months ended 30 June 2022. The reason for the increase of depreciation in the continuing operations was primarily due to the acquisition of property and equipment for the new restaurants “Sushi MEW (HK)” and “Sushi MEW (Singapore)”.

Finance costs

Finance costs remain stable at HK\$0.2 million for the six months ended 30 June 2023 (2022: HK\$0.2 million).

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

The profit and total comprehensive income for the six months ended 30 June 2023 were approximately HK\$10.2 million and approximately HK\$10.3 million respectively (Six months ended 30 June 2022: loss and total comprehensive expense of approximately HK\$3.3 million). The change from loss to profit position was mainly attributable to the combination of gain on de-consolidation and the factors discussed above.

Basic earnings/(loss) per share

The Group has basic earnings per share of approximately 0.76 HK cents for the six months ended 30 June 2023 and has a basic loss per share for the six months ended 30 June 2022 of approximately 0.21 HK cents. The change was in line with the change from loss and total comprehensive expenses for the six months ended 30 June 2022 than that of profit and total comprehensive income for the six months ended 30 June 2023.

RESERVES

Movements in reserves of the Group for the six months ended 30 June 2023 are set out above in the unaudited condensed consolidated statement of changes in equity.



LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had total assets of approximately HK\$8.9 million (31 December 2022: approximately HK\$10.1 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK\$13.9 million (31 December 2022: approximately HK\$25.9 million) and approximately HK\$5.0 million (31 December 2022: approximately HK\$15.8 million), respectively. The current ratio of the Group as at 30 June 2023 was approximately 0.1 times (31 December 2022: approximately 0.1 times).

As at 30 June 2023, the Group had bank balances and cash of approximately HK\$0.3 million (31 December 2022: approximately HK\$1.2 million). The total interest-bearing loan of the Group as at 30 June 2023 was approximately HK\$38,000 (31 December 2022: approximately HK\$343,000). 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 2023 was zero (31 December 2022: zero) due to negative owners equity.

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.

As at 30 June 2023, the Company's issued share capital was HK\$13,824,000 divided into 1,382,400,000 Shares of HK\$0.01 each.



BORROWINGS

As at 30 June 2023, the Group has interest-bearing borrowings amounting to approximately HK\$38,000 (31 December 2022: approximately HK\$343,000). The other bank borrowing carry interest at market rate. The effective interest rate on the Group's other bank borrowing was nil as at 30 June 2023 (31 December 2022: 14.12%). No financial instrument was being used for interest rate hedging purpose.

The Group had no amounts due to a director as at 30 June 2023 and 31 December 2022.

Save as disclosed in this report, the Group did not have other bank borrowings as at 30 June 2023 and 31 December 2022.

PLEDGE OF ASSETS

As at 31 December 2022 and 30 June 2023, the Group did not have any pledge of assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the total number of full time and casual or part time employees of the Group was 17 (31 December 2022: 31). Total staff costs (including Directors' emoluments) were approximately HK\$2.7 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$2.1 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

The Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.



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 17 to the condensed consolidated financial statements.

CAPITAL COMMITMENTS

As at 31 December 2022 and 30 June 2023, 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 2023.

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 2022 and 30 June 2023. 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.

USE OF NET PROCEEDS FROM PLACING AND SUBSCRIPTION OF SHARES

The aggregate net proceeds from the placing completed on 4 September 2020, subscription completed on 10 November 2020 and the subscription completed on 15 October 2021 were approximately HK\$44.2 million. Set out below is a breakdown of the use of the net proceeds for the six months ended 30 June 2023. The net proceeds from placing and subscription of shares had been fully utilised as at 30 June 2023.

	Intended use of net proceeds <i>HK\$'000</i>	Proceeds utilised up to 31 December 2022 <i>HK\$'000</i>	Proceeds utilised during the six months ended 30 June 2023 <i>HK\$'000</i>	Unutilised net proceeds as at 30 June 2023 <i>HK\$'000</i>	Expected time of full utilisation of the remaining balance
Repayment of bond and finance costs payables	11,196	11,196	-	-	N/A
Repayment of bank loan and other payables	4,278	4,278	-	-	N/A
Acquisition/setting up of new restaurants	11,000	10,150	850	-	N/A
General working capital	17,717	17,717	-	-	N/A
	44,191	43,341	850	-	



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 2023, 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 2023, 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 since 2020. During the year ended 31 December 2022, the Group has established a new two restaurants under the brand of MEW (“**Sushi MEW (HK)**”) and Xperience Lifestyle (“**Sushi MEW (Singapore)**”). In addition to the existing bar and online sales platform for the sales of food and beverage products since 2021, the Group has made remarkable improvement which can be reflected from the increase in revenue and decrease in the net loss for the year by the continuing operations. The Group is in the view that its strategies to explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income is a successful step. Looking forward, as Hong Kong and the whole world are returning to normal life from the COVID-19 situation, the Group is optimistic to the recover in the entire food and beverage business but at the same time would continue to take cautious actions to control costs and exploring new business opportunities within Hong Kong and overseas 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 2023, 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	33.41%

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 2023, 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 2023 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 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Lazarus Securities Pty Ltd	Beneficial owner	461,888,000	Long	33.41%
JSS Group	Beneficial owner	461,888,000	Short	33.41%
Axis Motion Limited	Beneficial owner	230,400,000	Long	16.67%
Focus Dynamics Group Berhad	Beneficial owner	192,000,000	Long	13.89%

Save as disclosed above, as at 30 June 2023, 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 2023, 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 2023.

COMPETING INTERESTS

As at 30 June 2023, 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 2023.



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Code provision C.2.1 of the Corporate Governance Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating and managing the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk 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 C.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 D.3.3 of the Corporate Governance Code. The Audit and Risk Management Committee currently consists of three independent non-executive Directors, namely Mr. Wong Ching Wan, as the chairman of the Audit and Risk Management Committee, Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke. The primary duties of the Audit and Risk Management Committee include, among others, monitoring compliance with the laws and regulations that are applicable to the operations of the Group, reviewing the reports and findings submitted by the internal control consultant to ensure the effectiveness of the Group’s regulatory compliance procedures and system, reviewing and monitoring the Group’s financial reporting process, the risk management procedures as well as internal control system, reviewing the Group’s financial information, considering issues relating to the external auditors and their appointment, and performing other duties and responsibilities as assigned by the Board.

Pursuant to code provision D.3.3 of the Corporate Governance Code, the Audit and Risk Management Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2023 of the Group and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 16 to the condensed consolidated financial statements in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 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, 14 August 2023

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.