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Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8510)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

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.

*This announcement, 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 announcement 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 announcement misleading.*

The board of the Directors (the “**Board**”) hereby reports the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and nine months ended 31 December 2018, together with the comparative unaudited figures for the corresponding periods in 2017, as follows:

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

For the three months and nine months ended 31 December 2018

| | <i>Notes</i> | For the three months ended 31 December | | For the nine months ended 31 December | |
|--|--------------|---|--------------------------------------|--|--------------------------------------|
| | | 2018 <i>HK\$'000</i> Unaudited | 2017 <i>HK\$'000</i> Unaudited | 2018 <i>HK\$'000</i> Unaudited | 2017 <i>HK\$'000</i> Unaudited |
| Revenue | 3 | 33,569 | 32,731 | 92,747 | 81,220 |
| Other income | | 28 | 27 | 142 | 28 |
| Raw materials and consumables used | | (12,009) | (8,897) | (33,391) | (21,763) |
| Staff costs | | (14,024) | (11,061) | (38,361) | (28,163) |
| Depreciation | | (2,322) | (1,361) | (5,922) | (3,831) |
| Rental and related expenses | | (8,151) | (6,680) | (22,504) | (16,948) |
| Utilities expenses | | (2,287) | (1,357) | (6,299) | (3,547) |
| Listing expenses | | – | (1,352) | – | (11,642) |
| Other expenses | | (3,125) | (1,835) | (9,617) | (4,227) |
| Finance costs | | (251) | (199) | (589) | (456) |
| (Loss)/profit before taxation | | (8,572) | 16 | (23,794) | (9,329) |
| Income tax expense | 4 | – | (570) | (42) | (1,342) |
| Loss and total comprehensive expense for the period | | (8,572) | (554) | (23,836) | (10,671) |
| Loss and total comprehensive expense for the period attributable to | | | | | |
| — owners of the Company | | (8,572) | (554) | (23,836) | (10,671) |
| Loss per share | | | | | |
| — basic (Hong Kong cents) | 6 | (1.07) | (0.09) | (2.98) | (1.78) |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY**

For the nine months ended 31 December 2018

| | Attributable to owners of the Company | | | | Total HK\$'000 |
|--|---------------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Accumulated losses HK\$'000 | |
| At 1 April 2017 (audited) | – ⁺ | 8,072 | 4,686 | (1,256) | 11,502 |
| Loss and total comprehensive expense for the period | – | – | – | (10,671) | (10,671) |
| At 31 December 2017 (unaudited) | – ⁺ | 8,072 | 4,686 | (11,927) | 831 |
| At 1 April 2018 (audited) | 8,000 | 60,304 | 4,686 | (23,150) | 49,840 |
| Loss and total comprehensive expense for the period | – | – | – | (23,836) | (23,836) |
| At 31 December 2018 (unaudited) | 8,000 | 60,304 | 4,686 | (46,986) | 26,004 |

⁺ Less than HK\$1,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION FINANCIAL STATEMENTS

1. GENERAL

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 on 13 February 2018.

The address of the registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, and the principal place of business of the Company in Hong Kong is Unit 2704, 27th Floor, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong. 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. The Group is principally engaged in the provision of catering services (including the provision of food and services).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statement for the three months and nine months ended 31 December 2018 (the “**Financial Statements**”) have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the Financial Statements include applicable disclosures required by the GEM Listing Rules. The Financial Statements have been prepared under the historical cost convention and are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Statements requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

In preparing the Financial Statements, the significant judgments made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group’s audited consolidated financial statements for the year ended 31 March 2018.

3. REVENUE

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

| | For the three months ended 31 December | | For the nine months ended 31 December | |
|--|---|-------------------------------|--|-------------------------------|
| | 2018 HK\$'000 Unaudited | 2017 HK\$'000 Unaudited | 2018 HK\$'000 Unaudited | 2017 HK\$'000 Unaudited |
| Catering income (including services provided and food served) | 33,380 | 32,530 | 92,192 | 80,660 |
| Membership fee income | 189 | 201 | 555 | 560 |
| | <u>33,569</u> | <u>32,731</u> | <u>92,747</u> | <u>81,220</u> |

4. INCOME TAX EXPENSE

| | For the three months ended 31 December | | For the nine months ended 31 December | |
|--------------------------|---|-------------------------------|--|-------------------------------|
| | 2018 HK\$'000 Unaudited | 2017 HK\$'000 Unaudited | 2018 HK\$'000 Unaudited | 2017 HK\$'000 Unaudited |
| Hong Kong Profits Tax: | | | | |
| Current tax | – | 570 | 42 | 1,412 |
| Deferred taxation credit | – | – | – | (70) |
| | <u>–</u> | <u>570</u> | <u>42</u> | <u>1,342</u> |

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

5. DIVIDEND

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the nine months ended 31 December 2018 (for the nine months ended 31 December 2017: nil).

6. LOSS PER SHARE

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

| | For the three months ended 31 December | | For the nine months ended 31 December | |
|--|---|-----------------|--|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Loss: | | | | |
| Loss for the purpose of calculating basic loss per share (loss for the period attributable to owners of the Company) | <u>(8,572)</u> | <u>(554)</u> | <u>(23,836)</u> | <u>(10,671)</u> |
| | '000 | '000 | '000 | '000 |
| Number of shares: | | | | |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>800,000</u> | <u>600,000</u> | <u>800,000</u> | <u>600,000</u> |

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisine under the “San Xi Lou (三希樓)”, “Pure Veggie House (心齋)” and “Ronin (浪人)” brands, respectively. In addition, the Group has taken over the operations of a Sichuanese restaurant under the “Man Jiang Hong (滿江紅)” (“**MJH TST**”) brand which was re-opened in October 2018. The Group’s revenue for the nine months ended 31 December 2018 was primarily derived from catering income through its restaurants.

For the nine months ended 31 December 2018, the Group recorded an increase in revenue of approximately HK\$11.5 million, representing an increase of approximately 14.2%, from approximately HK\$81.2 million for the nine months ended 31 December 2017 to approximately HK\$92.7 million for the nine months ended 31 December 2018. Such increases were mainly due to the inclusion of revenue derived from the second Sichuanese and Cantonese restaurant of the Group under the “San Xi Lou (三希樓)” brand opened at Times Square in Causeway Bay (“**SXL Times Square**”) in November 2017. The re-opening of MJH TST also contributed to the Group’s revenue.

On 13 February 2018, the Shares were successfully listed on GEM by way of public offer and placing (the “**Share Offer**”). After deducting all the relevant commission and expenses borne by the Company, there were approximately HK\$43.2 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 change in use of proceeds announcement dated 9 October 2018 (the “**9 October 2018 Announcement**”).

FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2018, the Group recorded an increase in revenue of approximately 14.2% as compared with that for the corresponding period in 2017. Such increase was mainly due to the inclusion of revenue derived from SXL Times Square opened in November 2017. MJH TST which was re-opened in October 2018 which also contributed to the Group’s revenue for the nine months ended 31 December 2018.

Raw materials and consumables used

Raw materials and consumables used increased significantly to approximately HK\$33.4 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: approximately HK\$21.8 million), which was mainly due to the Group’s increased purchases of raw materials and consumables since the opening of SXL Times Square and re-opening of MJH TST. The Directors believe that such increase, which was not in proportion with the Group’s revenue growth, was primarily due to a shift in customers’ ordering preference.

Staff costs

Staff costs increased significantly to approximately HK\$38.4 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: approximately HK\$28.2 million), which was primarily due to a higher number of administrative and management personnel of the Group and the additional salaries and other benefits payable to staff employed by SXL Times Square and MJH TST.

Rental and related expenses

Rental and related expenses increased significantly to approximately HK\$22.5 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: approximately HK\$16.9 million), which was primarily due to the rental expenses incurred on the premises for SXL Times Square after its commencement of business and re-opening of MJH TST.

Loss attributable to the owners of the Company

Loss attributable to owners of the Company was approximately HK\$23.8 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: approximately HK\$10.7 million). The increase in loss and total comprehensive expenses of the Group of approximately HK\$13.1 million was mainly attributed by the factors discussed above.

RESERVES

Movements in the reserves of the Group for the nine months ended 31 December 2018 are set out above in the unaudited condensed consolidated statement of changes in equity.

DIVIDEND

No dividend was paid, proposed or declared for the shareholders of the Company (the “**Shareholders**”) for the nine months ended 31 December 2018 (for the nine months ended 31 December 2017: nil).

FUTURE PROSPECTS

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

Reference is made to the 9 October 2018 Announcement in relation to the change in use of proceeds of the Listing. In the 9 October 2018, the Board has resolved that (i) a part of the net proceeds of the Listing (the “**Net Proceeds**”) that was originally intended for the establishment of a central kitchen would be applied towards paying the set-up costs of MJH TST, and (ii) the Net Proceeds that were originally intended for the establishment of a new restaurant under the “Pure Veggie House (心齋)” brand in Kowloon would be applied towards the Group’s new restaurant under the same brand in Taipei, Taiwan (“**PVH Taipei**”). For details of the revised allocation of the Net Proceeds, please refer to the 9 October 2018 Announcement.

The Group has recently increased its marketing efforts and has utilised part of its proceeds of Listing for this purpose. The Directors believe that the Group's marketing efforts will allow the Group to better compete in the increasingly competitive catering services industry, and also to increase the awareness by the public of the Group's brands and the new offerings of the Group's restaurants.

The Group was offered to open a new restaurant under the "Pure Veggie House (心齋)" brand in Breeze Nanshan Mall (微風南山), a new shopping mall located at No. 3, Songlian Road (松廉路), Xinyi District (信義區), Taipei, Taiwan and PVH Taipei was opened in January 2019.

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

We believe that in the long run, our brands will enhance our market position when we build up our reputation. It is therefore important for us to promote our brands through strengthening our marketing efforts and opening new restaurants.

EVENTS AFTER THE REPORTING PERIOD

The tenancy agreements for the premises at 3rd floor and 22nd floor of Coda Plaza had been renewed and continued to operate since 1 January 2019 while those for the 5th floor and 7th floor expired on 31 December 2018. The Group is looking for suitable premises to re-locate the restaurants.

Save as the above and described in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2018 and up to the date of this announcement.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2017 and 2018, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

As at 31 December 2017 and 2018, the Group did not have any material contingent liabilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 December 2018, 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, Chapter 571 of the Laws of Hong Kong (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) Long positions in 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”) | Interests of controlled corporation (<i>Note 1</i>) | 486,720,000 | Long | 60.84% |
| Mr. Chuk Kin Yuen (“Mr. KY Chuk”) | Interests of controlled corporation (<i>Note 2</i>) | 56,640,000 | Long | 7.08% |

Notes:

- (1) 486,720,000 Shares were held by JSS Group Corporation (“**JSS Group**”), which is wholly-owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group pursuant to Part XV of the SFO.
- (2) 56,640,000 Shares were held by J & W Group Limited (“**J & W Group**”), which is wholly-owned by Mr. KY Chuk. As such, Mr. KY Chuk was deemed to be interested in all the shares held by J & W Group pursuant to Part XV of the SFO.

(ii) Long positions in shares, underlying shares and debentures of associated corporations

| Name | Name of associated corporation | Capacity/ Nature of interest | Number of Shares | Long/Short Position | Approximate percentage of Shareholding in associated corporation (%) |
|------------------|---------------------------------------|---|-----------------------------|--------------------------------|---|
| Mr. Stanley Chuk | JSS Group | Beneficial owner | 1,000 | Long | 100% |
| Mr. KY Chuk | J & W Group | Beneficial owner | 1 | Long | 100% |

Save as disclosed above, as at 31 December 2018, 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.

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

As at 31 December 2018, 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 held/ interested | Long/Short Position | Approximate percentage of Shareholding in the Company (%) |
|---|---|---|------------------------|--|
| JSS Group | Beneficial owner | 486,720,000 | Long | 60.84% |
| J & W Group | Beneficial owner | 56,640,000 | Long | 7.08% |
| Mrs. Chuk Cheng Sau Mun, Winnie | Interest of spouse (<i>Note 1</i>) | 56,640,000 | Long | 7.08% |
| Oxlo Corporation (“Oxlo”) | Beneficial owner (<i>Note 2</i>) | 56,640,000 | Long | 7.08% |
| Mr. Chuk Chon Fai Steve (“Mr. Steve Chuk”) | Interest in controlled corporation (<i>Note 2</i>) | 56,640,000 | Long | 7.08% |

Notes:

- (1) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, was deemed to be interested in the same number of Shares held by Mr. KY Chuk.
- (2) 56,640,000 Shares were held by Oxlo, which is wholly owned by Mr. Steve Chuk. As such, Mr. Steve Chuk was deemed to be interested in all the Shares held by Oxlo pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2018 the Directors were not aware of any other persons (who were not Directors or chief executive of the Company) who held an interest or short position in the shares or underlying shares of the Company which would fall to as at 31 December 2018 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this announcement, at no time during the nine months ended 31 December 2018 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 debentures securities of the Company or any other body corporate or had exercised any such right.

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 nine months ended 31 December 2018 and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the nine months ended 31 December 2018.

COMPETING INTERESTS

As at 31 December 2018, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause, any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

COMPLIANCE ADVISER'S INTEREST

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

CORPORATE GOVERNANCE

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the nine months ended 31 December 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Code provision A.2.1 of the Corporate Governance Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating and managing the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

Pursuant to code provision C.3.3 of the Corporate Governance Code, the Audit and Risk Management Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited third quarterly results for the nine months ended 31 December 2018 of the Group and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

By order of the Board
Top Standard Corporation
Chuk Stanley
Chairman

Hong Kong, 11 February 2019

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.topstandard.com.hk.