Top Standard Corporation

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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 that 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**" or "**we**") 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.*

RESULTS

The Directors are pleased to announce the consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Revenue	*4*	**14,326**	9,072
Other income		**634**	886
Other gains		**1,163**	1,377
Gain on de-consolidation of a subsidiary		**–**	13,400
Raw materials and consumables used		**(5,666)**	(4,180)
Staff costs		**(4,958)**	(4,186)
Depreciation of property and equipment		**(1,826)**	(1,858)
Depreciation of right-of-use assets		**(1,556)**	(1,209)
Impairment loss on:			
– goodwill		**–**	(109)
– property and equipment		**(5,103)**	(2,429)
– right-of-use assets		**(4,583)**	–
Rental and related expenses		**(762)**	(762)
Utilities expenses		**(533)**	(328)
Other expenses		**(5,064)**	(5,113)
Finance costs	*5*	**(1,061)**	(626)
Share of result of associates		**(71)**	87
(Loss)/profit before taxation		**(15,060)**	4,022
Income tax expense	*6*	**(316)**	–
(Loss)/profit for the year	*7*	**(15,376)**	4,022
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a foreign operation		**(116)**	(27)
Other comprehensive expense for the year, net of tax		**(116)**	(27)
Total comprehensive (expense)/income for the year		**(15,492)**	3,995

	Notes	**2024** *HK$'000*	2023 *HK$'000*
(Loss)/profit for the year attributable to the owners of the Company		**(9,801)**	6,009
Loss attributable to non-controlling interests		**(5,575)**	(1,987)
Total comprehensive (expense)/income for the year attributable to the owners of the Company		**(9,917)**	5,982
Total comprehensive (expense)/income for the year attributable to:			
– owners of the Company		**(9,917)**	5,982
– non-controlling interests		**(5,575)**	(1,987)
		(15,492)	3,995
			(Restated)
Basic and diluted (loss)/earnings per share (Hong Kong cents)	*9*	**(5.72)**	4.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property and equipment		**675**	5,526
Right-of-use assets		**–**	4,215
Goodwill		**–**	–
Deposits	*10*	**959**	1,503
Interests in associates		**183**	250
Deferred tax assets		**–**	316
		1,817	11,810
Current assets			
Inventories		**801**	402
Trade receivables, deposits and prepayments	*10*	**1,125**	810
Amount due from a related party		**84**	34
Cash and cash equivalents		**2,585**	2,416
		4,595	3,662
Current liabilities			
Trade and other payables and accruals	*11*	**10,153**	6,965
Bank and other borrowings	*12*	**1,718**	1,595
Lease liabilities		**1,512**	2,425
Provisions		**591**	150
Amounts due to related parties		**3,634**	2,719
Amounts due to non-controlling interests		**5,460**	4,148
		23,068	18,002
Net current liabilities		**(18,473)**	(14,340)
Total assets less current liabilities		**(16,656)**	(2,530)

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Bank and other borrowings	*12*	**–**	1,681
Lease liabilities		**3,498**	3,721
Provisions		**21**	21
Deferred tax liabilities		**316**	316
		3,835	5,739
Net liabilities		**(20,491)**	(8,269)
Capital and reserves			
Share capital		**19,906**	16,589
Reserves		**(31,433)**	(21,466)
Equity attributable to owners of the Company		**(11,527)**	(4,877)
Non-controlling interests		**(8,964)**	(3,392)
Total deficit		**(20,491)**	(8,269)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 of Hong Kong Limited (the "**Stock Exchange**") on 13 February 2018.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

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 activities of its subsidiaries are set out in note 38.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

Going Concern assumption

In preparing the consolidated 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$18,473,000 (2023: HK$14,340,000) as at 31 December 2024, the Group's total liabilities exceeded its total assets by HK$20,491,000 (2023: HK$8,269,000).

(ii) As at 31 December 2024, the Group has cash and cash equivalents of HK$2,585,000 (2023: HK$2,416,000) which is insufficient to settle all the current liabilities, which includes lease liabilities of HK$1,512,000 (2023: HK$2,425,000), salary payables of HK$1,140,000 (2023: HK$1,166,000), accruals and other payables of HK$5,099,000 (2023: HK$3,380,000) and provisions of HK$591,000 (2023: HK$150,000).

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 and the Company's financial position which include, but are not limited to, the followings:

(a) In response to the current weak economic climate, the Company's management plans to focus on the Expansion of Catering Business and the Development of Event Management Services. In addition to its existing operations, there are plans to establish an event management business to diversify current offerings and create synergies within the Group. The event management business will enhance the catering business by providing integrated service packages that combine event planning and catering services.

(b) During the year, the newly introduced brand, Miss J, commenced operations and contributed approximately HK$2,573,000 to the Group's revenue. Additionally, the existing brands Sushi Mew, Sushi Qubey, and Aori Ramen collectively generated approximately HK$11,421,000 in revenue for the Group. The management will continue to promote these existing brands to enhance the Group's overall performance.

(c) The Group will continue to seek alternative financing solutions and consider group reorganization to address the difficulties encountered by both the Group and the Company. This includes exploring options such as securing new investment, negotiating with creditors for more favorable terms, and evaluating potential mergers or partnerships that could strengthen the Company's financial position. Additionally, the management will assess the possibility of restructuring operations to improve efficiency and reduce costs, while also focusing on strategic initiatives that align with market demands. By implementing these proactive measures, the Group aims to stabilize its financial standing and position itself for future growth.

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 31 December 2025 which 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 consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 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 other than which they are currently recorded in the consolidated statement of financial position at 31 December 2024, 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 these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HKFRSs

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through restaurants and online sales of wines. The following is revenue and segment information analysis:

(i) Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Catering service income (including services provided and food and beverage served)	**13,994**	8,606
Online sales of wines	**332**	466
	14,326	9,072
Timing of revenue recognition		
A point in time	**14,326**	9,072

(ii) Performance obligations for contracts with customers

Revenue from catering service income is recognised when control of the goods and services have been transferred to the customers, being at the point the goods are delivered and the related services are rendered to the customers. Payment of the transaction price is due immediately to 60 days at the point the Group provides the services and serves the foods and beverage to the customers.

For online sales of wines, revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers. Delivery occurs when the goods have been shipped to the customer's specific location. When the customers initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

(iii) Segment informations

The 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 has two operating and reportable segments, which includes (i) catering service income and (ii) online sales of wines under the brand of MOW ("**MOW**").

During the year ended 31 December 2024, there is a new restaurant operated under the brand of Miss J and is allocated to catering service income segment.

The CODM reviews the Group's result by referring to the above two segments 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 in the opinion of the 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

	Catering service income HK$'000	Online sales of wine HK$'000	Total HK$'000
Year ended 31 December 2024			
Revenue	**13,994**	**332**	**14,326**
Segment result	**(10,855)**	**(1,884)**	**(12,739)**
Other income			**634**
Other gains			**1,163**
Finance costs			**(1,061)**
Unallocated other expenses			**(3,057)**
Loss before tax			**(15,060)**

	Catering service income HK$'000	Online sales of wine HK$'000	Total HK$'000
Year ended 31 December 2023			
Revenue	8,606	466	9,072
Segment result	(6,698)	(1,806)	(8,504)
Other income			886
Other gains			1,377
Gain on de-consolidation of a subsidiary			13,400
Finance costs			(626)
Unallocated other expenses			(2,511)
Profit before tax			4,022

Segment result represents the loss incurred by each segment without allocation of other incomes, certain unallocated other gains, finance costs, other expenses (including head office staff costs, rental and other corporate expenses during the year) and taxation.

Geographical information

The following table presents revenue from external customers for the year ended 31 December 2024 and 2023, by geographical area.

Revenue from external customers

	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**332**	5,475
Singapore	**–**	871
Malaysia	**13,994**	2,726
	14,326	9,072

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

There is no single customers who contributes over 10% of the total revenue of the Group.

5. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
The finance costs represent interest on:		
– Bank borrowings	**–**	–*
– Other borrowing	**380**	42
– Lease liabilities	**681**	584
	1,061	626

* Less than HK$1,000

6. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**–**	–
Singapore Corporate Income Tax:		
Current tax	**–**	–
Malaysia Corporate Income Tax:		
Current tax	**–**	–
	–	–
Deferred taxation charge	**316**	–
	316	–

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%.

Singapore Corporate Income Tax has been provided at 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year.

The Group's subsidiaries in Malaysia are subject to corporate income tax at a rate of 15%.

No provisions for Hong Kong Profits Tax, Singapore and Malaysia corporate income tax have been made in the consolidated financial statements since the Group has no assessable profits derived for the years ended 31 December 2024 and 2023.

The income tax expense for the year ended 31 December 2024 and 2023 can be reconciled to the (loss)/profit before taxation as follows:

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(15,060)**	4,022
Tax at the domestic income tax rate	**(2,485)**	664
Tax effect of share of result of associates	**12**	–*
Tax effect of expense not deductible for tax purpose	**2,002**	1,083
Tax effect of income not taxable for tax purpose	**–**	(2,447)
Tax effect of tax losses/deductible temporary differences not recognised	**613**	713
Utilisation of tax losses previously not recognised	**–**	(9)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**174**	(4)
Income tax expense	**316**	–

* Less than HK$1,000

7. (LOSS)/PROFIT FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging:		
Depreciation of property and equipment	**1,826**	1,858
Depreciation of right-of-use assets	**1,556**	1,209
Impairment loss on:		
– goodwill	**–**	109
– property and equipment	**5,103**	2,429
– right-of-use assets	**4,583**	–
Auditor's remuneration	**660**	660
Staff costs (including directors' emoluments)		
Salaries and other benefits	**4,691**	3,983
Retirement benefits scheme contributions	**267**	203
	4,958	4,186
Short-term lease payment in respect of		
– land and buildings	**573**	200
– catering equipment	**–**	2
	573	202

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting periods.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

(Loss)/earnings figures are calculated as follows:

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company	**(9,801)**	6,009

Number of shares

	'000	*'000* (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**171,342**	148,087

Comparative figures of the weighted average number of ordinary shares for calculating basic and diluted (loss)/earnings per share have been adjusted on the assumption that the share consolidation has been effective since the beginning of the prior year.

The denominators used are the same as those detailed above for basic and diluted (loss)/earnings per share.

10. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024	2023
	HK$'000	*HK$'000*
Trade receivables		
– Amount due from a non-controlling interest	**–**	10
– Amounts due from third parties	**640**	178
Rental deposits		
– Amount due from a non-controlling interest	**510**	510
– Amounts due from third parties	**458**	1,099
Other deposits	**192**	204
Prepayments and other receivables	**284**	312
Total	**2,084**	2,313
Analysed for reporting purposes as:		
Non-current assets	**959**	1,503
Current assets	**1,125**	810
	2,084	2,313

	2024	2023
	HK$'000	*HK$'000*
The carrying values of trade receivables, deposits and prepayments are denominated in the following currencies:		
HK$	**377**	1,393
Singapore Dollars ("**SGD**")	**175**	182
Malaysia Ringgit ("**MYR**")	**1,532**	738
	2,084	2,313

There was no credit period granted to individual customers for the restaurant operations.

The Group's trading terms with its customers are mainly by cash, credit card, electronic and mobile payments. The settlement terms of credit card, electronic and mobile payments companies are usually 7 days after the service rendered date.

However, the Group allows a credit period of 30 days to its VIP members which include certain corporate customers for consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non interest-bearing. They are stated after netting the loss allowance.

No interest is charged on the trade receivables on the outstanding balance.

During the year ended 31 December 2024 and 2023, there is no impairment loss under ECL model from continuing operations recognised in the profit or loss.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date, which approximated the respective revenue recognition date, at the end of the reporting periods.

	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**517**	148
31 to 60 days	**45**	13
61 to 90 days	**39**	–
Over 90 days	**39**	27
	640	188

As at 31 December 2024, included in the Group's trade receivables balance, one debtor with aggregate carrying amount of HK$123,000 (2023: HK$40,000) which are past due as at the reporting date. Out of the past due balances, HK$123,000 (2023: HK$40,000) has been past due 30 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**3,914**	2,419
Salaries payables	**1,140**	1,166
Accruals and other payables	**5,099**	3,380
	10,153	6,965

	2024	2023
	HK$'000	*HK$'000*
The carrying values of trade and other payables and accruals are denominated in the following currencies:		
HK$	**2,593**	3,431
SGD	**2,335**	2,465
MYR	**5,225**	1,069
	10,153	6,965

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days.

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

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**1,334**	328
31–60 days	**204**	118
61–90 days	**76**	69
Over 90 days	**2,300**	1,904
	3,914	2,419

12. BANK AND OTHER BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Bank overdrafts	**–**	–*
Other borrowing	**1,718**	3,276
	1,718	3,276
Unsecured	**1,718**	3,276

	2024	2023
	HK$'000	*HK$'000*
The carrying values of bank borrowings are denominated in the following currencies:		
HK$	**–**	–*
MYR	**1,718**	3,276
	1,718	3,276

* Less than HK$1,000

	2024	2023
	HK$'000	*HK$'000*
The carrying amounts of the above borrowings are repayable:		
– Within one year	**1,718**	1,595
– Within a period of more than one year but not exceeding two years	**–**	1,681
	1,718	3,276
Less: Amounts due within one year shown under current liabilities	**(1,718)**	(1,595)
Amount shown under non-current liabilities	**–**	1,681

Bank overdrafts carry interest at market rates from 10.88% to 13.88% per annum as at 31 December 2023.

None of the bank borrowings are secured and guaranteed as at 31 December 2024 (2023: Nil).

As at 31 December 2024, other borrowing of HK$1,718,000 (2023: HK$3,276,000) are secured, guaranteed by Focus Supernova Sdn. Bhd, the non-controlling interest of the Company and Noble Triumph Limited, the subsidiary of the Company, interest-bearing and are repayable within 24 months from the date of drawdown.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024 which included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in note 2 to the consolidated financial statements, the Group has encountered a number of circumstances giving use to material fundamental uncertainties. The Group is principally sustained in its daily operations by the financial support from shareholders. The Group is pursuing certain finance measures set out in note 2 to the consolidated financial statements.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends, among others, on the successful and favourable outcome of these measures, which are subject to multiple uncertainties, including (a) the successful of improvement on its catering business and online sales business; and (b) the ability to obtain continuous financial support.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. In particular, we have not been provided with sufficient appropriate documentary evidence to enable us to assess successfulness of the measures undertaking by the Group. If one or more of the measures undertaken by the Group fails, the Group would be unable to meet its financial obligations as and when they fall due and it might not be able to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets and liabilities may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2024. In addition, the Group may have to recognise further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Any adjustments that would be required may have a consequential significant effect on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2024 and the financial position of the Group as at 31 December 2024, and the related disclosures thereof in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a restaurant group that operates restaurants in South-east Asia and online sales of wines in Hong Kong. The Group's revenue for the year ended 31 December 2024 was primarily derived from catering income through its restaurants.

For the year ended 31 December 2024, the Group recorded an increase in revenue of approximately HK$14.3 million as compared to HK$9.1 million for the year ended 31 December 2023. Such increase was mainly due to the increase in revenue generated from the operation of restaurants in Malaysia.

FINANCIAL REVIEW

Revenue

The Group's revenue increase to approximately HK$14.3 million for the year ended 31 December 2024 from approximately HK$9.1 million for the year ended 31 December 2023. Such increase was attributed from the increase in revenue generated from the operation of restaurants in Malaysia.

Raw materials and consumables used

The raw materials and consumables increase to approximately HK$5.7 million for the year ended 31 December 2024 from approximately HK$4.2 million for the year ended 31 December 2023. It was mainly due to the number of operating months for Malaysian restaurants in 2024 increased as compared to 2023 and hence the consumption of raw materials in 2024 also increased.

Staff costs

The Group's staff costs were approximately HK$5.0 million for the year ended 31 December 2024. The amount for the year ended 31 December 2023 was approximately HK$4.2 million. The increase was due to the new staff hired for the new restaurants.

Depreciation

During the year ended 31 December 2024, the Group incurred depreciation of approximately HK$3.4 million (year ended 31 December 2023: HK$3.1 million). The reason for the increase of depreciation was primarily due to the depreciation arise from the rights-of-use assets from the new restaurants in Malaysia.

Impairment loss

The Group estimated that certain restaurants with impairment indicators may not generate a net cash inflow in the future and therefore an impairment loss of approximately HK$5.1 million, HK$4.6 million has been recognised against carrying amount of property and equipment and right-of-use assets respectively during the year ended 31 December 2024 (year ended 31 December 2023: HK$0.1 million, HK$2.4 million and nil for goodwill, carrying amount of property and equipment and right-of-use assets respectively).

Rental and related expenses

Rental and related expenses was approximately HK$0.8 million for the year ended 31 December 2024 (year ended 31 December 2023: HK$0.8 million). As the rental expenses of the restaurants were recognized as the right-of-use assets, the rental and related expenses did not have significant changes.

Utilities expenses

Utilities expenses increased to approximately HK$533,000 for the year ended 31 December 2024. The increase was mainly due to the set up of new restaurants and the number of operating months for Malaysian restaurants in 2024 increased as compared to 2023.

Gain on de-consolidation

The Group recorded nil in gain on de-consolidation for the year ended 31 December 2024 (year ended 31 December 2023: HK$13.4 million). The gain for the year ended 31 December 2023 was due to all the assets and liabilities of Leading Win Limited de-consolidated from the Group's consolidation statement of financial position as at 31 December 2023.

Finance costs

Finance costs records at approximately HK$1.1 million for the year ended 31 December 2024.

Other expenses

Other expenses was mostly representing the legal and professional fee, entertainment and advertising. It remain stable at approximately HK$5.1 million for the year ended 31 December 2024.

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

The loss and total comprehensive expense for the year ended 31 December 2024 were approximately HK$15.4 million and HK$15.5 million respectively (year ended 31 December 2023: profit and total comprehensive income of approximately HK$4.0 million and HK$4.0 million respectively). The change from profit to loss position was mainly due to the absence of one-off gain on de-consolidation of approximately HK$13.4 million.

Basic earning/(loss) per share

The Group has basic loss per share of approximately 5.72 HK cents for the year ended 31 December 2024. For the year ended 31 December 2023, the Group has a basic earning per share of approximately 4.06 HK cents and loss per share. Such change was in line with the change discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total assets of approximately HK$6.4 million (31 December 2023: approximately HK$15.5 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK$26.9 million (31 December 2023: approximately HK$23.7 million) and approximately HK$20.5 million (31 December 2023: approximately HK$8.3 million), respectively. The current ratio of the Group as at 31 December 2024 was approximately 0.2 times (31 December 2023: approximately 0.2 times).

As at 31 December 2024, the Group had bank balances and cash of approximately HK$2.6 million (31 December 2023: approximately HK$2.4 million). The total interest-bearing loan of the Group as at 31 December 2024 was approximately HK$1.7 million (31 December 2023: approximately HK$3.3 million). The gearing ratio (calculated based on interest bearing loan and the lease liabilities divided by total equity) of the Group as at 31 December 2024 was zero (31 December 2023: zero) due to negative owners equity.

FOREIGN EXCHANGE EXPOSURE

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 Group has currency exposures as substantial portion of sales, purchases, assets and liabilities are denominated in Hong Kong Dollars, Singapore Dollars and Malaysian Ringgits. As such, the Group is exposed to foreign exchange risk arising from such exposure to Singapore Dollars and Malaysian Ringgits. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

2ND PLACING

On 6 December 2023, the Company entered into the placing agreement (the "**2nd Placing Agreement**") with Sanston Financial Group Limited, as placing agent, pursuant to which the Company has conditionally agreed to place through Sanston Financial Group Limited, on a best effort basis, a maximum of 276,480,000 placing shares at the placing price of HK$0.013 per placing share to not less than six placees who and whose beneficial owners shall be Independent Third Parties (the "**2nd Placing**"). The placing shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the placing shares.

Assuming all the placing shares are fully placed, the gross proceeds from the 2nd Placing will be approximately HK$3.6 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the 2nd Placing, are estimated to be approximately HK$3.5 million. The net issue price will be approximately HK$0.012 per placing share. The placing price of HK$0.013 represents a discount of approximately 18.8% to the closing price of HK$0.016 per Share as quoted on the Stock Exchange on the date of the placing agreement, i.e. 6 December 2023. The aggregate nominal value of the placing shares is HK$2,764,800. The Company intends to apply the net proceeds from the 2nd Placing as general working capital of the Group.

The Directors consider that the 2nd Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

Further details are set out in the Company's announcements dated 6 December 2023 and 19 December 2023.

Completion of the 2nd Placing took place on 19 December 2023. A total of 276,480,000 placing shares have been successfully placed by the placing agent to not less than six placees at placing price.

Set out below is a breakdown of the use of the net proceeds from the 2nd Placing for the year ended 31 December 2024.

	Intended use of net proceeds	**Proceeds utilised up to 31 December 2023**	**Proceeds utilised during the year ended 31 December 2024**	**Unutilised net proceeds as at 31 December 2024**	**Expected time of full utilisation of the remaining balance**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
General capital working	3,500	3,012	488	–	NA
	3,500	3,012	488	–	

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 25 October 2024, the Company entered into the Subscription Agreement (the "**Subscription Agreement**") with Mr. Hng Bok Chuan (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 33,177,600 subscription shares at the subscription price of HK$0.100 per subscription share (the "**Subscription**").

Assuming all the subscription shares are fully placed, the proceeds from the Subscription will be HK$3,317,760. The Company intends to apply the proceeds from the Subscription as general working capital of the Group. The subscription price of HK$0.100 a premium of approximately 38.9% to the closing price of HK$0.072 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement, i.e. 25 October 2024. The aggregate nominal value of the Subscription Shares will be HK$331,776. The subscription shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of the allotment and issue of the subscription shares.

The Directors are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Further details are set out in the Company's announcement dated 25 October 2024.

Completion of the Subscription took place on 7 November 2024. The net proceeds were fully utilized as at 31 December 2024.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. The share capital of the Group comprises only ordinary shares.

On 18 January 2024, the consolidation of every ten issued and unissued existing shares of par value of HK$0.01 each into one consolidated share of par value of HK$0.1 each became effective. Since then, the total number of issued ordinary Shares was 165,888,000 with par value of HK$0.1 each.

A total of 33,177,600 subscription shares have been successfully placed by the allotted and issued to the Subscriber at subscription price on the completion of the Subscription on 7 November 2024.

As at 31 December 2024, the Company's issued share capital was HK$19,906,560 divided into 199,065,600 Shares of HK$0.1 each.

BORROWINGS

As at 31 December 2024, the Group has interest-bearing borrowings amounting to approximately HK$1.7 million (31 December 2023: approximately HK$3.3 million). Bank overdrafts carry interest at market rates is nil as at 31 December 2024 (31 December 2023: from 10.88% to 13.88% per annum). None of the bank borrowings are secured and guaranteed as at 31 December 2024 (2023: Nil). As at 31 December 2024, other borrowing of approximately HK$1.7 million (2023: approximately HK$3.3 million) are secured, guaranteed by Focus Supernova Sdn. Bhd, the non-controlling interest of the Company and Noble Triumph Limited, the subsidiary of the Company, interest-bearing and are repayable within 24 months from the date of drawdown.

As at 31 December 2024, amounts due to related parties of the Group is approximately HK$3.6 million (31 December 2023: approximately HK$2.7 million) and amount due to non-controlling interest of approximately HK$5.5 million (31 December 2023: approximately HK$4.1 million).

PLEDGE OF ASSETS

As at 31 December 2024 and 31 December 2023, the Group did not have any pledge of assets.

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 year ended 31 December 2024.

CONTINGENT LIABILITIES

Details of the litigation and claims could be referred to Notes 39 and 40 to the consolidated financial statements.

CAPITAL COMMITMENTS

As at 31 December 2024 and 31 December 2023, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

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

Save as disclosed in this announcement, the Group did not hold any significant investments as at 31 December 2024 and 31 December 2023 or have other plans for material investments and capital assets as at the date of this announcement.

DETAILS OF THE AUDIT MODIFICATION AND MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE AUDIT MODIFICATION

As disclosed in this annual report, given the conditions as detailed in the basis for disclaimer of opinion ("**Audit Modification**") and note 2 to the consolidated financial statements for the year ended 31 December 2024 therein, the auditor considered that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, which is dependent on the successful and favourable outcome of certain plans and measures, that are subject to multiple uncertainties, including (a) the successful of improvement on its catering business and online sales business; and (b) the ability to obtain continuous financial support.

The Group's current liabilities exceeded its current assets by HK$18,473,000 (2023: HK$14,340,000) as at 31 December 2024, the Group's total liabilities exceeded its total assets by HK$20,491,000 (2023: HK$8,269,000). As at 31 December 2024, the Group has cash and cash equivalents of HK$2,585,000 (2023: HK$2,416,000) which is insufficient to settle all the current liabilities, which includes lease liabilities of HK$1,512,000 (2023: HK$2,425,000), salary payables of HK$1,140,000 (2023: HK$1,166,000), accruals and other payables of HK$5,099,000 (2023: HK$3,380,000) and provisions of HK$591,000 (2023: HK$150,000).

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 31 December 2025 (the "**Cash Flow Forecast**") which 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 consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis of accounting.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND IMPACT OF THE AUDIT MODIFICATION ON THE COMPANY'S FINANCIAL POSITION

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the Audit Modification, the Company has taken and intends to continue to implement the measures, including but not limited to:

(a) In response to the current weak economic climate, the Company's management plans to focus on the Expansion of Catering Business and the Development of Event Management Services. In addition to its existing operations, there are plans to establish an event management business to diversify current offerings and create synergies within the Group. The event management business will enhance the catering business by providing integrated service packages that combine event planning and catering services.

(b) During the year, the newly introduced brand, Miss J, commenced operations and contributed approximately HK$2,573,000 to the Group's revenue. Additionally, the existing brands Sushi Mew, Sushi Qubey, and Aori Ramen collectively generated approximately HK$11,421,000 in revenue for the Group. The management will continue to promote these existing brands to enhance the Group's overall performance.

(c) The Group will continue to seek alternative financing solutions and consider group reorganization to address the difficulties encountered by both the Group and the Company. This includes exploring options such as securing new investment, negotiating with creditors for more favorable terms, and evaluating potential mergers or partnerships that could strengthen the Company's financial position. Additionally, the management will assess the possibility of restructuring operations to improve efficiency and reduce costs, while also focusing on strategic initiatives that align with market demands. By implementing these proactive measures, the Group aims to stabilize its financial standing and position itself for future growth.

REMOVAL OF THE AUDIT MODIFICATION

The management considered that the proposed actions mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Audit Qualification. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2025 has to take into consideration of the then conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Audit Qualification can be removed in the next financial year purely based on the Company's action plan above.

AUDIT AND RISK MANAGEMENT COMMITTEE'S VIEW ON THE AUDIT MODIFICATION

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") had critically reviewed the Audit Qualification, the Cash Flow Forecast and also the management's position and action plan of the Group to address the Audit Qualification. In light of the above, the Audit Committee concurs with the management's view with respect to the Audit Qualification, the Group's ability to continue as a going concern and the actions or measures to be implemented by the Group. The Audit Committee is also of the view that the management should continue its efforts in implementing the actions and measures set out in the action plan with the intention of mitigating the Group's liquidity pressure and removing the Audit Qualification.

PROSPECT

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 since 2020 and starting to recover since early 2023. However, the pace of recovery of the food and beverage industry in Hong Kong was slower than that expected by the Group and thus the Group would still take attention to the operations and future expansion in Hong Kong. During the year ended 31 December 2024, due to the performance of restaurants and bar in Hong Kong were below expectation, all operations of restaurants in Hong Kong were suspended and no revenue was generated. Fortunately, the new businesses in the South-east Asia supported the revenue and overall operations. In view of the potentials in South-east Asia, where the demand in quality food and beverage is increasing while the rental expenses and staff costs are comparatively more competitive than that of Hong Kong. As at 31 December 2024, three restaurants under the brand Sushi MEW, Sushi Qubey, Aori DSR and Miss J Lifestyle Sdn Bhd were set up and commenced business in Malaysia. Although the operating period is still short, the results were positive and in the coming years, it would be an important strategy of the Group to sustain. The Group would continuously explore new business possibilities in the Southeast Asia, in order to maintain its market position and diversify and stabilize its source of income.

Looking forward, as 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 PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the year ended 31 December 2024 save for code provision C.2.1. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

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 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 CG 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 December 2024.

The Company has also adopted its own code of conduct regarding employees' securities transactions with reference to the required standard of dealings for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

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

Hong Kong, 26 March 2025

As at the date of this announcement, the executive Directors are Mr. Chuk Stanley and Mr. Ying Kan Man, and the independent non-executive Directors are Mr. Tang Chiu Ming, Jeremy, Ms. Ding Weiyu and Mr. Lynch Stephen Joseph Chor.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk "Latest Listed Company Information" page 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.hk.