# Standard Development Group Limited
# 標準發展集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1867)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

### FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Standard Development Group Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024.

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

*For the year ended 31 March 2025*

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **Revenue** | *4* | **301,030** | 489,794 |
| Direct costs | | **(300,267)** | (485,978) |
| **Gross profit** | | **763** | 3,816 |
| Other income, other gains and losses, net | | **767** | (1,989) |
| Fair value loss on biological asset | | **(2,261)** | (566) |
| Impairment losses (recognised) reversed under expected credit loss model, net | *5* | **(4,080)** | 5,143 |
| Selling expenses | | **(3,026)** | (2,888) |
| Administrative and other operating expenses | | **(31,302)** | (22,526) |
| Finance costs | *6* | **(6,417)** | (1,343) |
| Loss before tax | | **(45,556)** | (20,353) |
| Income tax (expense) credit | *7* | **(5,387)** | 220 |
| **Loss for the year** | *8* | **(50,943)** | (20,133) |
| **Other comprehensive expense:** | | | |
| *Item that will not be reclassified subsequently to profit or loss:* | | | |
| Remeasurement on the unfunded long service payment obligation | | **(19)** | – |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **(183)** | (4,235) |
| Other comprehensive expense for the year, net of income tax | | **(202)** | (4,235) |
| **Total comprehensive expense for the year** | | **(51,145)** | (24,368) |
| Loss for the year attributable to: | | | |
| Owners of the Company | | **(50,034)** | (19,940) |
| Non-controlling interests | | **(909)** | (193) |
| | | **(50,943)** | (20,133) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | **(50,185)** | (24,088) |
| Non-controlling interests | | **(960)** | (280) |
| | | **(51,145)** | (24,368) |
| **Loss per share** | *10* | | |
| – Basic *(HK cents)* | | **(3.35)** | (1.33) |
| – Diluted *(HK cents)* | | **N/A** | N/A |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2025*

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **201,046** | 81,514 |
| Right-of-use assets | | **41,042** | 38,828 |
| Investments in life insurance contracts | | **3,525** | 3,407 |
| Prepayments and deposits paid | *11* | **406** | 17,590 |
| Deferred tax assets | | **–** | 4,634 |
| | | **246,019** | 145,973 |
| **CURRENT ASSETS** | | | |
| Inventories | | **526** | 53 |
| Biological assets | | **1,650** | 1,127 |
| Trade and other receivables | *11* | **46,856** | 65,574 |
| Contract assets | | **46,474** | 54,431 |
| Financial assets at fair value through profit or loss | | **14** | 10 |
| Tax recoverable | | **–** | 621 |
| Cash and cash equivalents | | **39,016** | 23,921 |
| | | **134,536** | 145,737 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *12* | **66,436** | 48,230 |
| Contract liabilities | | **–** | 8,359 |
| Borrowings | | **68,674** | 60,078 |
| Lease liabilities | | **2,282** | 7,605 |
| Tax payable | | **–** | 6 |
| | | **137,392** | 124,278 |
| **NET CURRENT (LIABILITIES) ASSETS** | | **(2,856)** | 21,459 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **243,163** | 167,432 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | | **8,451** | 6,621 |
| Borrowings | | **108,175** | 1,000 |
| Other payables | *12* | **7,991** | 28 |
| Deferred income | | **15,301** | 5,393 |
| | | **139,918** | 13,042 |
| **NET ASSETS** | | **103,245** | 154,390 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **14,940** | 14,940 |
| Reserves | | **79,690** | 129,875 |
| Equity attributable to owners of the Company | | **94,630** | 144,815 |
| Non-controlling interests | | **8,615** | 9,575 |
| **TOTAL EQUITY** | | **103,245** | 154,390 |

**Notes:**

## 1. GENERAL INFORMATION

Standard Development Group Limited (the "**Company**") was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 9 May 2019.

The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1409-10, 14/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong, respectively.

The immediate holding company of the Company is Fujincheng Investment Holdings Co. Ltd., a company incorporated in the British Virgin Islands and the ultimate controlling shareholder is Mr. Liu Zhancheng.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in construction and engineering related business, petroleum business, farming business and bio-energy business.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company. Other than the subsidiary established in the People's of Republic of China (the "**PRC**" or "**Mainland China**") whose functional currency is Renminbi ("**RMB**"), the functional currency of its subsidiaries is HK$.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

**Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 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 and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

Except as described below, the application of the amendments to HKFRS Accounting Standards 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.

***Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")***

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

**New and amendments to HKFRS Accounting Standards in issue but not yet effective**

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the amendments to HKFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

***Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments***

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

***Amendments to HKAS 21 Lack of Exchangeability***

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability;

- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate–including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations–and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of HKAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying HKAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 31 March 2025, the Group incurred a net loss attributable to owners of the Company of approximately HK$50,034,000 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$2,856,000. Such conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and thus, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. In order to improve the Group's financial positions, liquidity and cash flows, the Directors have adopted or shall adopt the following measures:

(i) reviewing the business operations of the Group to improve their efficiency;

(ii) negotiating with creditors to extend repayment period;

(iii) reviewing its existing investments and business opportunities;

(iv) actively considering to terminate loss making businesses;

(v) considering other financial tools, such as obtaining new loan, issuing debt or other measures to provide continuing financial support to Group; and

(vi) have unutilised standby loan facilities of up to HK$54 million from the financial institutions in Hong Kong and PRC.

## 4. REVENUE

### (i) Disaggregation of revenue from contracts with customers

| | 2025<br>*HK$'000* | 2024<br>*HK$'000* |
|---|---|---|
| **Construction and engineering related business** | | |
| Construction and engineering related services | **125,942** | 201,101 |
| Interior design services | **759** | 425 |
| Sales of construction consumables | **–** | 885 |
| | **126,701** | 202,411 |
| **Petroleum business** | | |
| Sales of petroleum | **98,660** | 222,971 |
| **Farming business** | | |
| Sales of grain oil | **59,907** | 53,052 |
| Sales of agricultural consumables | **12** | 574 |
| Sales of agricultural produce | **2,645** | 5,389 |
| | **62,564** | 59,015 |
| **Bio-energy business** | | |
| Sales of biogas | **5,753** | – |
| Collection of poultry manure | **3,226** | – |
| | **8,979** | – |
| **Total** | **296,904** | 484,397 |
| **Geographical markets:** | | |
| Hong Kong | **126,701** | 201,526 |
| Mainland China | **170,203** | 282,871 |
| **Total** | **296,904** | 484,397 |
| **Timing of revenue recognition:** | | |
| A point in time | **170,203** | 282,871 |
| Over-time | **126,701** | 201,526 |
| **Total** | **296,904** | 484,397 |

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

| | 2025 | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Construction and engineering related business** | | |
| Construction and engineering related services | **125,942** | 201,101 |
| Interior design services | **759** | 425 |
| Sales of construction consumables | **–** | 885 |
| | **126,701** | 202,411 |
| **Petroleum business** | | |
| Sales of petroleum | **98,660** | 222,971 |
| **Farming business** | | |
| Sales of grain oil | **59,907** | 53,052 |
| Sales of agricultural consumables | **12** | 574 |
| Sales of agricultural produce | **2,645** | 5,389 |
| | **62,564** | 59,015 |
| **Bio-energy business** | | |
| Sales of biogas | **5,753** | – |
| Collection of poultry manure | **3,226** | – |
| | **8,979** | – |
| **Revenue from contracts with customers** | **296,904** | 484,397 |
| Farmland leasing | **4,126** | 5,397 |
| **Total** | **301,030** | 489,794 |

## 5. IMPAIRMENT LOSSES RECOGNISED (REVERSED) UNDER EXPECTED CREDIT LOSS MODEL, NET

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Impairment losses recognised (reversed), net:** | | |
| – trade receivables | **1,444** | (5,065) |
| – unbilled revenue | **(71)** | 90 |
| – retention receivables | **2,742** | (264) |
| – other receivables | **(35)** | 96 |
| | **4,080** | (5,143) |

## 6. FINANCE COSTS

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interests on: | | |
| – bank borrowings and overdrafts | **2,171** | 547 |
| – other borrowings | **5,563** | 2,029 |
| Total borrowing costs | **7,734** | 2,576 |
| Interest on lease liabilities | **547** | 181 |
| Interest on long service payment | **4** | 3 |
| Less: amounts capitalised in the cost of qualifying assets | **(1,868)** | (1,417) |
| | **6,417** | 1,343 |

## 7. INCOME TAX (EXPENSE) CREDIT

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| – PRC Enterprise Income Tax | **753** | 8 |
| – PRC Withholding Tax on distributed profits | **–** | 109 |
| | **753** | 117 |
| Over provision in prior years: | | |
| – PRC Enterprise Income Tax | **–** | (608) |
| | **753** | (491) |
| Deferred tax | **4,634** | 271 |
| | **5,387** | (220) |

## 8. LOSS FOR THE YEAR

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year has been arrived at after charging: | | |
| Auditor's remuneration | | |
| – Audit service | **720** | 720 |
| – Non-audit service | **150** | 150 |
| Depreciation of plant and equipment | **5,438** | 849 |
| Depreciation of right-of-use assets | **2,834** | 1,396 |
| | **8,272** | 2,245 |
| Less: amounts capitalised in the cost of construction in progress | **(313)** | (209) |
| Less: amounts capitalised in the cost of biological assets | **(55)** | – |
| Less: amounts capitalised in the cost of bearer plants | **(236)** | – |
| Total depreciation included in loss for the year | **7,668** | 2,036 |
| Cost of inventories recognised as expense | **185,461** | 282,746 |
| Lease payments not included in the measurement of lease liabilities | **5,068** | 4,806 |
| **Employee benefits expense:** | | |
| Salaries, bonus and other benefits in kind | **22,917** | 20,371 |
| Contributions to retirement benefit scheme | **1,831** | 1,195 |
| Service cost of long service payments | **20** | 84 |
| | **24,768** | 21,650 |
| Less: amounts capitalised in the cost of biological assets | **(255)** | (328) |
| Less: amounts capitalised in the cost of bearer plants | **(141)** | – |
| Total employee benefits expense, including directors' emoluments included in loss for the year | **24,372** | 21,322 |

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

## 10. LOSS PER SHARE

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

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share | **(50,034)** | (19,940) |

| | **2025** | 2024 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **1,494,000** | 1,494,000 |

No diluted loss per share for both years ended 31 March 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2025 and 2024.

## 11. TRADE AND OTHER RECEIVABLES

| | **2025** | 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | | |
| – contracts with customers | **34,584** | 28,313 |
| – operating lease receivables | **372** | 226 |
| *Less:* Allowance for credit losses | **(16,069)** | (14,644) |
| | **18,887** | 13,895 |
| Other receivables, prepayments and deposits | **28,998** | 69,928 |
| *Less:* Allowance for credit losses | **(623)** | (659) |
| Total other receivables, net | **28,375** | 69,269 |
| Prepayments and deposits paid classified as non-current asset | **(406)** | (17,590) |
| Other receivables, net | **27,969** | 51,679 |
| Trade and other receivables, net | **46,856** | 65,574 |

As at 1 April 2023, trade receivables from contracts with customers amounted to approximately HK$44,696,000 (net of allowance of credit loss of approximately HK$19,728,000).

The following is an aged analysis of trade receivables, presented based on the invoice date:

| | 2025<br>*HK$'000* | 2024<br>*HK$'000* |
|---|---|---|
| 0 – 30 days | **1,425** | 4,036 |
| 31 – 60 days | **9,151** | 712 |
| 61 – 90 days | **1,230** | 119 |
| 91 – 180 days | **1,516** | 440 |
| Over 180 days | **21,634** | 23,232 |
| | **34,956** | 28,539 |

## 12. TRADE AND OTHER PAYABLES

| | 2025<br>*HK$'000* | 2024<br>*HK$'000* |
|---|---|---|
| Trade payables | **15,867** | 14,970 |
| Other payables and accruals | **48,411** | 24,336 |
| Amounts due to directors | **10,149** | 8,952 |
| | **74,427** | 48,258 |
| Other payables classified as non-current liabilities | **(7,991)** | (28) |
| | **66,436** | 48,230 |

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

| | 2025<br>*HK$'000* | 2024<br>*HK$'000* |
|---|---|---|
| 0 – 30 days | **850** | 706 |
| 31 – 60 days | **104** | 203 |
| 61 – 90 days | **247** | – |
| 91 – 180 days | **955** | – |
| Over 180 days | **13,711** | 14,061 |
| | **15,867** | 14,970 |

## EXTRACT OF THE 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 March 2025.

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, the Group incurred a net loss attributable to owner of the Company of approximately HK$50,034,000 and net cash outflow in respect of operating activities for the year ended 31 March 2025 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$2,856,000. These events and conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid "Note 3.1 to the consolidated financial statements" extracted from the independent auditor's report is disclosed in Note 3 in this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in bio-clean energy production and related agriculture business, construction and engineering business, and petroleum trading in Mainland China and Hong Kong.

The Company experienced a net loss of approximately HK$50.9 million for the twelve months ended 31 March 2025. The Board considers that the net loss was mainly attributable to (i) the decrease in revenue due to decrease in petroleum and construction and engineering related business; (ii) the increase in administrative and finance expenses; and (iii) the Group's two bio-energy projects have not created profit yet as only begun to generate revenue from around 4th quarter of the year.

The world economic outlook remains challenging due to trade conflicts, geopolitical tensions and high interest environment. Our traditional business segments in Hong Kong and China are under the threat of weak demand and high interest rate.

The construction and engineering business faced significant challenges from the downturn in the construction industry cycle, and revenue also fell significantly. In view of the challenging market conditions and the gloomy property market, the Group will be prudent in further investment or resource allocation in respect of its construction and engineering business. The Board has made prudent decisions with rational judgment and a long-term view of the Company's business and investment of resources. In order to reduce its over-reliance on the construction and engineering business and to enhance its corporate resilience, the Group has invested in the integrated development and utilisation of organic waste project with both economic and social benefits, which will bring stable and sustainable returns to the Company's shareholders in the long run.

In recent years the central government successively issued the "Opinions on Implementing Accelerating Rural Energy Transformation and Development to Promote Rural Revitalisation" and the "Opinions of the State Council on Carrying out the Key Work of Comprehensively Promoting Rural Revitalisation in 2022", emphasising on promoting rural revitalisation to safeguard national food security, and proposing the construction of a modern rural energy system with clean, low-carbon and multi-energy integration, in order to make green and low-carbon energy development an important foundation and driving force for rural revitalisation. In the major livestock and poultry breeding areas of China, a large amount of livestock and poultry manure has not been properly treated, causing a great impact on the local ecological environment. Biomass fermentation technology can effectively treat these pollutants and generate green energy such as biogas and bio-natural gas, creating economic and social benefits. Considering the tremendous market opportunities brought by the rural revitalisation, the Company is actively exploring the relevant technologies and market development of grain planting and integrated development and utilisation of rural biomass to seize business opportunities.

Company's Bio-energy projects which were listed as a critical project in Shandong Province were successfully completed in construction, and started to contribute revenue from around 4th quarter of the year. Though the projects need more time to ramp up the operational efficiency to achieve a good economic result, the Company is confident that projects will achieve a favorable outcome in a long term, and will also effectively promote the revitalisation of local villages, and contribute to energy security, food security, carbon reduction and environmental protection, thereby realizing the ecological and social benefits of a circular economy.

The Group will concentrate its resources on its core prospective businesses in accordance with the Group's business plan and strategy. The Group endeavours to streamline its businesses, which may involve a gradual transformation of the business model of the Group into one which the Group will enjoy a competitive edge and has good prospects, with a view to improving its performance and achieving sustainability.

Looking forward, the Company is prepared to deploy more resources and efforts in the biomass clean energy projects to create long-term stable returns for the Company and its Shareholders.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

(i) The Group's contracts are not recurring in nature and its future business performance depends on its continuing success on project tendering.

(ii) The Group is exposed to disputes, claims or litigation that may affect its operations and financial positions.

(iii) The Group's profit may be substantially reduced if there are adverse changes in its subcontracting and materials cost after the process of tendering.

(iv) The Group belongs to an industry that requires stable supply of labour in order to carry out its projects.

(v) The industry in which the Group operates is closely linked to the macro economy and energy prices. The geopolitical conflicts have caused fluctuations of global prices of energy. Petroleum prices will continue to fluctuate under geopolitical pressure. Macro economy changes will affect the supply and downstream demand for petroleum, which might adversely affect the Group's performance.

(vi) The Group is exposed to extreme weather conditions, natural disasters, crop diseases, pests and other natural conditions.

(vii) The Group may be affected by cyclical fluctuations in the selling prices of agricultural consumables and planting, which affect the revenue, and by fluctuations in the purchase prices of ingredients, which affect the costs.

(viii) The Group may incur additional capital expenditure, depreciation expenses and other operational expenses as a result of our implementation of strategies, including the development of the bio-energy business.

(ix) Disruptions to the Group's production facilities will affect its business and operations.

(x) Economic, political, social conditions as well as government policies could adversely affect the Group's business, prospects, financial condition and financial results.

(xi) Present or future environmental and safety laws and regulations in the PRC could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

## COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material respects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2025, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and report requirements are met.

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control, water pollution control and waste disposal control.

The details of ESG performance of the Group are set out in the ESG Report, which can be viewed or downloaded from the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company at the same time as the publication of this annual report.

## RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

### Customers

The Group's customers mainly include main contractors and trading business companies. The main contractors are who contract all or part of the engineering works for building services systems to other subcontractors, such as the Group, and landlords or occasionally property developers (or its consultants).

### Suppliers and Subcontractors

During the year, suppliers of goods and services to the Group were required on a regular basis to enable the Group to continue to carry on its business including (i) subcontractors engaged by the Group to perform the site works; (ii) petroleum and grain oil trading companies for trading business and (iii) suppliers of other miscellaneous goods and services required for the Group's business operations.

The Group has maintained an internal list of approved suppliers and subcontractors for each category of fitting-out and renovation and A&A works. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant skills and experience, subject to their availability and fee quotations.

The Group generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on certain suppliers and subcontractors. The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the year. The Group did not have any significant disputes with any of its top five suppliers and subcontractors during the year.

### Employees

The Group recognises employees as valuable assets of the Group. During the year, the Group has complied with the applicable labour laws and regulations and regularly reviewed the existing staff benefits for improvement. The Group uses its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise high performing employees by providing attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

The Directors consider that the Group has maintained good relationship with its employees. The Group has not experienced any strikes, work stoppages or labour disputes which affected its operations during the year. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the year.

## FINANCIAL REVIEW

### Revenue

Revenue decrease by approximately HK$188.8 million or approximately 38.5% from approximately HK$489.8 million for the year ended 31 March 2024 to approximately HK$301.0 million for the year ended 31 March 2025, which was mainly due to (i) a decrease in the revenue in construction and engineering related business in Hong Kong and petroleum trading business in Mainland China; after offset by (ii) an increase in bio-energy business in Mainland China, an decrease in revenue of the construction business caused by an decrease in number of projects undertaken. The petroleum trading business decreased due to our group concentrated resource to support the completion of two bio-energy constructions. In general, the Group recorded a decrease in total revenue during this year.

### Direct Costs

Direct costs decreased from approximately HK$486.0 million for the year ended 31 March 2024 to approximately HK$300.3 million for the year ended 31 March 2025, representing a decrease of approximately HK$185.7 million or approximately 38.2%. Such decrease was mainly due to a decrease of the costs from petroleum trading business in Mainland China and construction and engineering related business in Hong Kong.

**Gross Profit**

Gross profit of the Group decreased by approximately 80.0% from approximately HK$3.8 million for the year ended 31 March 2024 to approximately HK$0.8 million for the year ended 31 March 2025. Such decreased was mainly due to a decrease of the revenue from petroleum trading business in Mainland China and construction and engineering related business in Hong Kong. The gross profit margin has decreased during the year.

**Impairment losses under expected credit loss model, net of reversal**

The Group's impairment loss, net of reversal represents a provision for impairment loss allowance of trade and other receivables and contract assets. The Group recorded impairment loss under expected credit loss model of approximately HK$4.1 million for the year ended 31 March 2025 as compared to impairment credit of HK$5.1 million for the year ended 31 March 2024. Such impairment loss was mainly attributable to the provision of expected credit loss on retention receivables and trade receivables during the year.

**Selling Expenses**

Selling expenses of the Group increased by approximately HK$0.1 million from approximately HK$2.9 million for the year ended 31 March 2024 to approximately HK$3.0 million for the year ended 31 March 2025. The Group's selling expenses remained stable.

**Administrative and Other Operating Expenses**

Administrative and other operating expenses of the Group increased by approximately HK$8.8 million from approximately HK$22.5 million for the year ended 31 March 2024 to approximately HK$31.3 million for the year ended 31 March 2025. The group's administrative and other operating expenses increased was due to the completion of two bio-energy factories construction caused increased in depreciation of property, plan and equipments, salaries and other operation expenses.

**Finance Costs**

Finance costs of the Group increased by approximately HK$5.1 million from approximately HK$1.3 million for the year ended 31 March 2024 to HK$6.4 million for the year ended 31 March 2025. Finance costs for the years ended 31 March 2025 and 2024 mainly consisted of interest on lease liabilities, loans which include bank and other borrowings. Such increase was mainly due to an increase in loans during the year.

**Income Tax (Expense) Credit**

The Group recorded income tax expense of approximately HK$5.4 million for the year ended 31 March 2025 as compared to an income tax credit of approximately HK$0.2 million for the year ended 31 March 2024, which was mainly due to the derecognisation of deferred tax assets during the year.

**Loss for the year**

As a result of the foregoing, loss for the year is approximately HK$50.9 million for the year ended 31 March 2025 (2024: loss of approximately HK$20.1 million).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had total assets of approximately HK$380.6 million (2024: approximately HK$291.7million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$277.3 million (2024: approximately HK$137.3 million) and approximately HK$94.6 million (2024: approximately HK$144.8 million), respectively.

The total interest-bearing borrowings and lease liability of the Group as at 31 March 2025 were approximately HK$187.6 million (2024: approximately HK$75.3 million), and current ratio as at 31 March 2025 was approximately 1.0 times (2024: 1.2 times).

The bank balances and cash of the Group as at 31 March 2025 was approximately HK$39.0 million (2024: approximately HK$23.9 million).

## GEARING RATIO

The gearing ratio of the Group as at 31 March 2025 was approximately 181.7% (2024: approximately 48.8%). The increase in gearing ratio was mainly due to an increase in total borrowings during the year.

The gearing ratio is calculated based on the total borrowings and lease liability divided by total equity at the respective reporting date.

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## CHARGE ON GROUP ASSETS

As at 31 March 2025, the Group pledged bank deposits amounted to approximately HK$6.0 million to a bank as collateral to secure banking facilities granted to the Group (2024: approximately HK$6.0 million).

As at 31 March 2025, the Group pledged its life insurance policies of approximately HK$3.5 million to a bank to secure the banking facilities granted to the Group (2024: approximately HK$3.4 million).

As at 31 March 2025, the Group paid a cash collateral of approximately HK$3.5 million (2024: approximately HK$9.2 million) to insurance companies for the issuance of surety bonds which are included in other receivables, prepayments and deposits.

## FOREIGN EXCHANGE EXPOSURE

The revenue-generating operations and borrowings of the Group are transacted in Hong Kong dollars and RMB. For the year ended 31 March 2025, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign exchange risk. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

## CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange (the "**Listing**") on 12 January 2017.

The Company successfully transferred the listing of its shares from GEM to the Main Board of the Stock Exchange on 9 May 2019. The capital of the Company only comprises of ordinary shares.

As at 31 March 2025, the Company's issued share capital was HK$14.94 million and the number of its issued ordinary shares was 1,494,000,000 of HK$0.01 each.

## CAPITAL COMMITMENTS

As at 31 March 2025, the Group have total capital commitment approximately HK$98,801,000 (2024: HK$185,554,000).

## LITIGATION

(i) On 5 March 2021, Bondway Development Limited, a customer of the Group, commenced civil proceedings in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against Ample Construction Company Limited ("**Ample Construction**"), an indirect wholly-owned subsidiary of the Company, as the 2nd defendant, for water seepage damage from the fitting out project in a sum of not less than HK$267,000. Ample Construction has filed a defence dated 30 June 2021 into court. During the year ended 31 March 2025, Ample Construction received the court judgment and had paid HK$1,150,000 to Bondway Development Limited, the case has been settled.

(ii) On 20 September 2021, PKNG Development and Project Management Limited ("**PKNG**"), a customer of the Group, commenced civil proceedings against Ample Construction in the District Court. According to the Statement of Claim, PKNG claims the sum of approximately HK$6,283,000 for the possession of the 6 post-dated cheques. On 17 December 2021, the Group submitted the defence and counterclaim against PKNG for the sum of HK$6,000,000. The said proceedings are currently ongoing. As at 31 March 2025, Ample Construction had not received any judgement in relation to the said proceedings. The Directors expected that it is unlikely that Ample Construction will be responsible for the claimed sum and thus no provision had been made.

(iii) On 14 April 2022, Ample Construction commenced civil proceedings against Workshop Decoration Engineering Co., Ltd ("**Workshop**"), a sub-contractor of the Group, in the District Court. Ample Construction has made a claim against Workshop for the sum of approximately HK$1,552,000 for defects and non-performance of the works under the works contract. Workshop did not file any Acknowledgement of Service for the Writ of Summons. The Group hence applied for and was granted Default Judgment. Interlocutory Judgment was obtained. The said proceeding is now ongoing pending the application for assessment of damages.

## SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 6 to the consolidated financial statements.

## LAPSED PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 26 February 2025, the Company entered into a placing agreement (the "**Placing Agreement**") with VC Brokerage Limited (the "**Placing Agent**"), pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for, the convertible bonds in the principal amount of up to HK$37,000,000 on a best effort basis to not less than six (6) placees who are independent third parties. The Company was informed by the Placing Agent that after using its best effort to procure subscriptions for the convertible bonds, the placing was unsuccessful due to market conditions. The Placing Agreement has lapsed and become null and void.

For details, please refer to the announcements of the Company dated 26 February 2025 and 21 March 2025.

## DISCLOSEABLE TRANSACTIONS

### 1. LAND USE RIGHTS TRANSFER AGREEMENT ("LAND ACQUISITION")

On 29 March 2024, Standard Bio (Juancheng) Co., Ltd. ("**Standard Bio (Juancheng)**") and the Juancheng County Natural Resources and Planning Bureau (as transferor) have entered into the land use rights transfer agreement, pursuant to which the Juancheng County Natural Resources and Planning Bureau has agreed to transfer the land use rights of a piece of land with an area of 70,808 sq.m. located north of Weiwu Road and east of Shuijiaodi, Beijie Village, Juancheng County, Heze City, Shandong Province, the PRC to Standard Bio (Juancheng) at a total consideration of RMB10,630,000.

2. **ANAEROBIC FACILITIES CONSTRUCTION AGREEMENT ("ANAEROBIC FACILITIES CONSTRUCTION")**

On 13 September 2023, Standard Bio (Juye) Co., Ltd. ("**Standard Bio (Juye)**") and Hebei Wansheng Environmental Construction Co., Ltd. ("**Wansheng Environmental**") (as contractor) have entered into the anaerobic facilities construction agreement, pursuant to which Standard Bio (Juye) has agreed to engage Wansheng Environmental for the provision of construction services for the construction work in relation to anaerobic facilities at a total contract sum of RMB25,105,850.

3. **CONSTRUCTION AGREEMENT ("CONSTRUCTION")**

On 9 September 2023, Standard Bio (Juye) and Shandong Tengde Construction Group Co., Ltd. ("**Shandong Tengde**") (as contractor) have entered into the construction agreement, pursuant to which Standard Bio (Juye) has agreed to engage Shandong Tengde for the provision of land construction and development services for the construction work pursuant to the construction agreement at a total contract sum of RMB31,795,467.53.

The Company should have complied with the relevant reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of each of the Construction, the Anaerobic Facilities Construction and the Land Acquisition, which constituted a discloseable transaction, as and when such obligations arose. The Company did not comply with the announcement requirement under Chapter 14 of the Listing Rules due to a misunderstanding amongst the operations team of the Group that each of the Construction, the Anaerobic Facilities Construction and the Land Acquisition was in the ordinary and usual course of business of the Group and part of the day-to-day business activities of the Group.

The Board has implemented certain remedial actions and measures for the avoidance of future occurrence of non-compliance of the Listing Rules.

For details, please refer to the announcement of the Company dated 27 June 2024.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other future plans for material investments or acquisition of capital assets as of 31 March 2025.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 March 2025, the Group did not have any significant investments held, nor did the Group have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$11,484,800 (2024: approximately HK$26,362,000) at 31 March 2025. The Company and Ample Construction have unconditionally and irrevocably agreed to indemnify the insurance company that issued such surety bonds for claims and losses the insurance company may incur in respect of the surety bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract. As at 31 March 2025, the Group paid a cash collateral of approximately HK$3,456,000 (2024: approximately HK$9,216,000) to insurance companies for the issuance of surety bonds which are included in other receivables, prepayments and deposits.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed a total of 102 employees (2024: 77 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$24.8 million for the year ended 31 March 2025 (2024: approximately HK$21.6 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share incentives may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution.

## FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2025 (2024: Nil).

The Board is not aware of any arrangement pursuant to which a shareholder has waived or agreed to waive any dividends.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date of this report.

## CORPORATE GOVERNANCE PRACTICE

The Company acknowledge the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and enhancing corporate value and accountability of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules. Up to the date of this announcement, to the best knowledge of the Board, the Company has complied with all the code provisions in the CG Code except for the deviation from the code provision C.2.1, F.2.2 and C.1.8 of the CG Code as explained below:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Liu Zhancheng ("**Mr. Liu**") performs the roles of Chairman and Chief Executive Officer, the Company has deviated from this Code Provision from 8 June 2021. However, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Liu has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises three independent non-executive Directors and three executive Directors also provides added independence to the Board. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Code provision F.2.2 of the CG Code provides that the chairman of the board of directors of a listed issuer should attend the annual general meeting. Mr. Liu, the chairman of the Board, was unable to attend the annual general meeting held on 9 September 2024 ("**2024 Annual General Meeting**") due to other engagement. Mr. Xu Jing, an executive Director, acted as chairman of the 2024 Annual General Meeting.

Code provision C.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its Directors. During the year ended 31 March 2025, the Company did not arrange any insurance for the Directors. Each Directors possesses the requisite qualification and experience to fulfill his/her duty for the Company. The Company estimates that the risk of any event for which any Directors shall take responsibility in the reasonably foreseeable future is remote. Therefore, the Company has not arranged appropriate insurance cover for the Directors.

## MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. After making specific enquiries, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance throughout the year.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 March 2025.

## AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive Directors was established on 23 December 2016. The chairman of the Audit Committee is Dr. Su Lixin and other members include Mr. Liang Rongjin and Dr. Yan Bing, all of whom are independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year, the Audit Committee held two meetings including to, amongst others, review and comment on the Company's 2024 annual results, 2024 interim results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2025 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

## REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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 March 2025 as set out in this announcement have been agreed by the Group's auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Asian Alliance (HK) CPA Limited on this announcement.

## APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. The Company would also like to offer the highest gratitude to its shareholders for their devotion and the Group's employees for their loyalty and contributions made during the year.

By order of the Board
**Standard Development Group Limited**
**Liu Zhancheng**
*Chairman and Executive Director*

Hong Kong, 30 June 2025

*As at the date of this announcement, the Board comprises Mr. Liu Zhancheng and Mr. Xu Jing as executive Directors; and Dr. Su Lixin, Mr. Liang Rongjin and Dr. Yan Bing as independent non-executive Directors.*

* *For identification purpose only*