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## **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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Standard Development Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2025, together with the comparative figures for the six months ended 30 September 2024.

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

For the six months ended 30 September 2025

		Six months ended 30 September	
		2025	2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	71,848	144,004
Direct costs		<u>(71,845)</u>	<u>(143,854)</u>
Gross profit		3	150
Other income and other gains or losses, net	5	(45)	444
Fair value loss on biological assets		–	(105)
Impairment losses recognised under expected credit loss model, net	6	(2,187)	(3,914)
Selling expenses		(908)	(1,671)
Administrative and other operating expenses		(14,515)	(12,319)
Finance costs	7	<u>(4,229)</u>	<u>(1,876)</u>
Loss before tax		(21,881)	(19,291)
Income tax credit (expense)	8	<u>12</u>	<u>(756)</u>
Loss for the period	9	<u>(21,869)</u>	<u>(20,047)</u>
Other comprehensive income for the period, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>563</u>	<u>808</u>
Total comprehensive expense for the period		<u><u>(21,306)</u></u>	<u><u>(19,239)</u></u>
Loss for the period attributable to:			
Owners of the Company		(20,944)	(19,656)
Non-controlling interests		<u>(925)</u>	<u>(391)</u>
		<u><u>(21,869)</u></u>	<u><u>(20,047)</u></u>

		Six months ended	
		30 September	
		2025	2024
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive expense for the period attributable to:			
	Owners of the Company	(20,530)	(18,976)
	Non-controlling interests	<u>(776)</u>	<u>(263)</u>
		<u><b>(21,306)</b></u>	<u><b>(19,239)</b></u>
Loss per share			
	Basic ( <i>HK cents</i> )	(1.40)	(1.32)
	Diluted ( <i>HK cents</i> )	<u>N/A</u>	<u>N/A</u>

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# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		As at 30 September 2025 <i>HK\$'000</i> (Unaudited)	As at 31 March 2025 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	12	209,726	201,046
Right-of-use assets		40,401	41,042
Investments in life insurance contracts		3,525	3,525
Prepayments and deposits paid	13	1,282	406
		<u>254,934</u>	<u>246,019</u>
<b>Current assets</b>			
Inventories		7,030	526
Biological assets		4,496	1,650
Trade and other receivables	13	65,443	46,856
Contract assets		38,753	46,474
Financial assets at fair value through profit or loss		14	14
Cash and cash equivalents		<u>17,576</u>	<u>39,016</u>
		<u>133,312</u>	<u>134,536</u>
<b>Current liabilities</b>			
Trade and other payables	14	71,002	66,436
Contract liabilities		760	—
Borrowings	15	123,167	68,674
Lease liabilities		<u>1,788</u>	<u>2,282</u>
		<u>196,717</u>	<u>137,392</u>
<b>Net current liabilities</b>		<u>(63,405)</u>	<u>(2,856)</u>
<b>Total assets less current liabilities</b>		<u>191,529</u>	<u>243,163</u>

		As at 30 September 2025 <i>Notes</i> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 March 2025 <i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current liabilities</b>			
Lease liabilities		7,519	8,451
Borrowings	15	81,041	108,175
Other payables	14	5,795	7,991
Deferred income		15,235	15,301
		<u>109,590</u>	<u>139,918</u>
<b>NET ASSETS</b>		<u><b>81,939</b></u>	<u><b>103,245</b></u>
<b>Capital and reserves</b>			
Share capital		14,940	14,940
Reserves		59,160	79,690
		<u>74,100</u>	<u>94,630</u>
Equity attributable to owners of the Company		74,100	94,630
Non-controlling interests		7,839	8,615
		<u>81,939</u>	<u>103,245</u>
<b>TOTAL EQUITY</b>		<u><b>81,939</b></u>	<u><b>103,245</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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 party is Mr. Liu Zhancheng.

The Company is an investment holding company. The Group is principally engaged in construction and engineering related business, petroleum business, farming business and bio-energy business.

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2025 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2025.

### Going concern assessment

The Directors have, at the time of approving the unaudited condensed 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 unaudited condensed consolidated financial statements.

During the six months ended 30 September 2025, the Group incurred a net loss attributable to owners of the Company for the period of approximately HK\$20,944,000 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$63,405,000. In spite of the above, the Group continues to adopt the going concern basis in preparing its unaudited condensed consolidated financial statements, as the Directors have assessed that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the end of the reporting period, and the Directors have adopted or shall adopt the following measures in order to improve the Group's financial positions, liquidity and cash flows:

- (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 the Group; and
- (vi) have unutilised standby loan facilities of up to approximately HK\$82 million from financial institutions in Hong Kong and the PRC, a related company and a director.

The unaudited condensed consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the assets of the Group to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for the investments in life insurance contracts that are measured at cash surrender value, certain financial instruments that are measured at fair values and biological assets that are measured at fair value less costs to sell at the end of reporting period, as appropriate.

Other than additional/changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2025.

#### **Application of amendments to HKFRS Accounting Standards**

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2025 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or the disclosure set out in these unaudited condensed consolidated financial statements.

#### 4A. REVENUE

Disaggregation of revenue from contracts with customers:

	<b>Six months ended 30 September</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Construction and engineering related business</b>		
Construction and engineering related services	64,748	58,554
Interior design services	60	442
	<u>64,808</u>	<u>58,996</u>
<b>Petroleum business</b>		
Sales of petroleum	—	36,740
<b>Farming business</b>		
Sales of grain oil	—	43,664
Sales of agricultural products and consumables	2,883	1,627
	<u>2,883</u>	<u>45,291</u>
<b>Bio-energy business</b>		
Sales of bio-energy products and collection of poultry manure	3,427	—
<b>Total</b>	<u>71,118</u>	<u>141,027</u>
<b>Geographical markets:</b>		
Hong Kong	64,808	58,996
Chinese Mainland	6,310	82,031
<b>Total</b>	<u>71,118</u>	<u>141,027</u>
<b>Timing of revenue recognition:</b>		
A point in time	6,310	82,031
Over-time	64,808	58,996
<b>Total</b>	<u>71,118</u>	<u>141,027</u>



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

	<b>Six months ended 30 September</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Construction and engineering related business	<b>64,808</b>	58,996
Petroleum business	—	36,740
Farming business	<b>2,883</b>	45,291
Bio-energy business	<b>3,427</b>	—
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>71,118</b>	141,027
Farmland leasing	<b>730</b>	2,977
	<hr/>	<hr/>
<b>Total</b>	<b>71,848</b>	144,004
	<hr/>	<hr/>

#### **4B. OPERATING SEGMENTS**

Information reported to the Board, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group’s reportable segments under HKFRS 8 *Operating Segments* are as follows:

- a. Construction and engineering related business
  - Provision of construction and engineering related services
  - Provision of interior design services
  - Sales of construction consumables
  - Other related business
- b. Petroleum business
  - Trading of petroleum
- c. Farming business
  - Plantation, sales of agricultural produce, agricultural consumables and grain oil, farmland leasing and other related business
- d. Bio-energy business
  - Collection of organic wastages and production of renewable energy such as biogas

**(a) Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments:

**For the six months ended 30 September 2025 (Unaudited)**

	Construction and engineering related business <i>HK\$'000</i>	Petroleum business <i>HK\$'000</i>	Farming business <i>HK\$'000</i>	Bio-energy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>64,808</u>	<u>–</u>	<u>3,613</u>	<u>3,427</u>	<u>71,848</u>
Segment results	<u>(4,002)</u>	<u>(3,927)</u>	<u>(2,409)</u>	<u>(7,364)</u>	<u>(17,702)</u>
Unallocated corporate income					1
Unallocated corporate expenses					<u>(4,180)</u>
Loss before tax					<u><u>(21,881)</u></u>

**For the six months ended 30 September 2024 (Unaudited)**

	Construction and engineering related business <i>HK\$'000</i>	Petroleum business <i>HK\$'000</i>	Farming business <i>HK\$'000</i>	Bio-energy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>58,996</u>	<u>36,740</u>	<u>48,268</u>	<u>–</u>	<u>144,004</u>
Segment results	<u>(8,652)</u>	<u>(155)</u>	<u>(3,220)</u>	<u>(3,050)</u>	<u>(15,077)</u>
Unallocated corporate income					92
Unallocated corporate expenses					<u>(4,306)</u>
Loss before tax					<u><u>(19,291)</u></u>

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

**As at 30 September 2025 (Unaudited)**

	Construction and engineering related business <i>HK\$'000</i>	Petroleum business <i>HK\$'000</i>	Farming business <i>HK\$'000</i>	Bio-energy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>88,721</b>	<b>2,732</b>	<b>36,908</b>	<b>254,856</b>	<b>383,217</b>
Unallocated assets					5,029
					<b>388,246</b>
<b>Reportable segment liabilities</b>	<b>(21,722)</b>	<b>(2,970)</b>	<b>(13,072)</b>	<b>(243,264)</b>	<b>(281,028)</b>
Unallocated liabilities					(25,279)
					<b>(306,307)</b>

**As at 31 March 2025 (Audited)**

	Construction and engineering related business <i>HK\$'000</i>	Petroleum business <i>HK\$'000</i>	Farming business <i>HK\$'000</i>	Bio-energy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>89,397</b>	<b>6,911</b>	<b>32,411</b>	<b>246,221</b>	<b>374,940</b>
Unallocated assets					5,615
					<b>380,555</b>
<b>Reportable segment liabilities</b>	<b>(18,153)</b>	<b>(2,313)</b>	<b>(10,135)</b>	<b>(225,021)</b>	<b>(255,622)</b>
Unallocated liabilities					(21,688)
					<b>(277,310)</b>

## 5. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Six months ended 30 September	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Bank interest income	23	92
Exchange difference, net	—	(5)
Government grants	147	15
Compensation income from insurance claim	—	268
Over-provision of legal claims	409	—
Sundry income	214	73
	<u>793</u>	<u>443</u>
<b>Other gains (losses)</b>		
Gain from change in fair value of financial assets at fair value through profit or loss	—	1
Penalty	(584)	—
Loss on disposal of property plant and equipment	(254)	—
	<u>(838)</u>	<u>1</u>
	<u>(45)</u>	<u>444</u>

## 6. IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 September	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Impairment losses recognised (reversed) on:		
– trade receivables	1,249	1,541
– unbilled revenue	(48)	8
– retention receivables	988	2,378
– other receivables	(2)	(13)
	<u>2,187</u>	<u>3,914</u>

## 7. FINANCE COSTS

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
– bank borrowings and overdraft	1,637	140
– other borrowings	2,290	1,484
	<u>3,927</u>	<u>1,624</u>
Total borrowing costs	3,927	1,624
Interest on lease liabilities	302	252
	<u>4,229</u>	<u>1,876</u>

## 8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	—	—
(Over-provision) under-provision in prior years:		
PRC Enterprise Income Tax	(12)	756
	<u>(12)</u>	<u>756</u>

## 9. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	6,001	700
Depreciation of right-of-use assets	1,347	1,408
Cost of inventories recognised as expense	8,266	83,201
Subcontracting fee	59,839	46,196
Directors' emoluments:		
Fee, salaries and other benefits in kind	2,673	3,185
Contributions to retirement benefit scheme	24	25
	<u>2,697</u>	<u>3,210</u>
Other employee benefits expense:		
Salaries and other benefits	7,356	6,944
Contributions to retirement benefit scheme	957	764
	<u>8,313</u>	<u>7,708</u>
Total employee benefits expense, including directors' emoluments	<u><u>11,010</u></u>	<u><u>10,918</u></u>

## 10. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2025 (six months ended 30 September 2024: Nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 September 2025 (six months ended 30 September 2024: Nil).

## 11. LOSS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<b>(20,944)</b>	<b>(19,656)</b>
	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>1,494,000</b>	<b>1,494,000</b>

No diluted loss per share for both the six months ended 30 September 2025 and 2024 were presented as there were no potential ordinary share in issue for both the six months ended 30 September 2025 and 2024.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2025, additions of property, plant and equipment were approximately HK\$11,386,000 (six months ended 30 September 2024: approximately HK\$88,646,000). The additions mainly represent additions of treatment facilities, which are under construction and will be used for treatment of organic wastages for energy transformation for bio-energy business in the PRC. During the six months ended 30 September 2025, the Group disposed of machinery with aggregate carrying amount of approximately HK\$267,000 for proceed of HK\$13,000 (six months ended 30 September 2024: nil).

### 13. TRADE AND OTHER RECEIVABLES

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Trade receivables		
– contracts with customers	54,806	34,584
– operating lease receivables	1,137	372
Less: Allowance for credit losses	(17,361)	(16,069)
	<u>38,582</u>	<u>18,887</u>
Other receivables, prepayments and deposits	28,765	28,998
Less : Allowance for credit losses	(622)	(623)
Total other receivables, net	28,143	28,375
Prepayments and deposits paid classified as non-current asset	(1,282)	(406)
Other receivables, net	<u>26,861</u>	<u>27,969</u>
Trade and other receivables, net	<u><u>65,443</u></u>	<u><u>46,856</u></u>

The Group generally allows a credit period from 0 to 60 days (31 March 2025: 0 to 90 days) to its customers.

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

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
0–30 days	33,150	1,425
31–60 days	24	9,151
61–90 days	24	1,230
91–180 days	172	1,516
Over 180 days	22,573	21,634
	<u><u>55,943</u></u>	<u><u>34,956</u></u>



## 14. TRADE AND OTHER PAYABLES

The credit period on trade payables are generally 0 to 60 days (31 March 2025: 0 to 90 days).

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Trade payables	14,737	15,867
Other payables and accruals	49,368	48,411
Amount due to a director	12,692	10,149
	<u>76,797</u>	<u>74,427</u>
Other payables classified as non-current liabilities	(5,795)	(7,991)
	<u>71,002</u>	<u>66,436</u>

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

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
0–30 days	182	850
31–60 days	403	104
61–90 days	9	247
91–180 days	48	955
Over 180 days	14,095	13,711
	<u>14,737</u>	<u>15,867</u>

## 15. BORROWINGS

During the current interim period, the Group had additional borrowings amounting to approximately HK\$24,347,000 (six months ended 30 September 2024: approximately HK\$106,298,000). The Group had no repayment during the current interim period (six months ended 30 September 2024: repaid borrowings amounting to approximately HK\$19,807,000). As at 30 September 2025, the borrowings carried interest rates at 4%-5%, Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 2.35% and China Loan Prime Rate plus 0% to 0.65% (31 March 2025: 4%-6% and China Loan Prime Rate plus 0.55% to 0.65%) and are repayable within 1-5 years (31 March 2025: 1-6 years).

The bank borrowing amounted of approximately HK\$5,017,000 is subject to the fulfilment of covenants, which requires that the amount of bank borrowing outstanding under banking facilities as a ratio of the investments in life insurance contracts and pledged bank deposits as securities in respect of such facilities to be not greater than 90%. If the Group breaches the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. The Group has complied with the relevant covenant at each test date on or before the end of the reporting period.

## 16. RELATED PARTY TRANSACTIONS

(a) The Company entered into the following transactions with the related parties:

Name of related party	Transactions	For the period ended 30 September 2025 HK\$'000 (Unaudited)	For the period ended 30 September 2024 HK\$'000 (Unaudited)
Shandong Fujincheng Investment Co, Ltd ("Shandong Fujincheng") (Note 1 and 4)	Loan interest expense	1,370	1,484
Liu Zhancheng ("Mr. Liu") (Note 2 and 4)	Loan interest expense	221	—
	Rental expense	652	—

Name of related party	Balance	As at 30 September 2025 HK\$'000 (Unaudited)	As at 30 March 2025 HK\$'000 (Audited)
Shandong Fujincheng	Other borrowing (Note 5)	70,941	66,483
Mr. Liu	Other borrowings (Note 6)	10,100	7,700
	Amount due to a director (Note 3)	12,692	10,149

Note:

- Mr. Liu is the shareholder of Shandong Fujincheng and the common director of Shandong Fujincheng and the Company.
- Mr. Liu is the director of the Company.
- The balance is non-trade nature, unsecured, interest-free and repayable on demand.
- The Directors are of the opinion that the above transactions were entered in normal course of business.
- The other borrowing is unsecured, interest-bearing at 4% per annum with a maturity date on 30 June 2027.
- The other borrowings are unsecured, interest-bearing at 5% per annum with maturity dates range from December 2028 to September 2030.

### (b) Compensation of key management personnel

Key management personnel includes all Directors. The remuneration of key management personnel during the six months ended 30 September 2025 and 2024 are as follows:

	30 September 2025 HK\$'000 (Unaudited)	30 September 2024 HK\$'000 (Unaudited)
Fee, salaries and other benefits in kind	2,673	3,185
Contributions to retirement benefit scheme	24	25
	<u>2,697</u>	<u>3,210</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in construction and engineering related businesses, including interior fitting-out and renovation services, alteration and addition works for properties, petroleum trading and farming businesses and bio-energy business in Chinese Mainland and Hong Kong.

The Group experienced a loss of approximately HK\$21.9 million for the six months ended 30 September 2025. The Board considers that the net loss was mainly attributable to (i) the decrease in revenue of petroleum trading business; and (ii) the bio-energy business is still in the ramp-up stage, resulting in higher operating costs per unit of bio-energy products.

The world economic outlook remains challenging due to trade conflicts, and geopolitical tensions. Hong Kong and China property markets are still under the threat of weak demand, resulting in slowing business recovery.

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, bio-methane and bio-methanol, creating economic and social benefits. Considering the tremendous market opportunities brought by the rural revitalisation, the Group is actively exploring the relevant technologies and market development of grain planting and integrated development and utilisation of rural biomass to seize business opportunities.

The Group’s bio-energy projects which were listed as a critical project in Shandong Province were successfully completed in construction, and are expected to generate revenue and contribute to profits in the second half of our financial year. The Group is confident that the project will not only generate favorable economic benefits, but 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.

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

## **FINANCIAL REVIEW**

### **Revenue**

The revenue decreased from approximately HK\$144.0 million for the six months ended 30 September 2024 to approximately HK\$71.8 million for the six months ended 30 September 2025, representing a decrease of approximately HK\$72.2 million or approximately 50.1%. Such decrease was mainly due to reduced scale of petroleum trading business for the six months ended 30 September 2025.

### **Direct costs**

The direct costs decreased from approximately HK\$143.9 million for the six months ended 30 September 2024 to approximately HK\$71.8 million for the six months ended 30 September 2025, representing a decrease of approximately HK\$72.1 million or approximately 50.1%. Such decrease was mainly attributable to reduced scale of petroleum trading business for the period.

### **Gross profit and gross profit margin**

Gross profit decreased by approximately 98.0% from approximately HK\$0.2 million for the six months ended 30 September 2024 to approximately HK\$0.01 million for the six months ended 30 September 2025. Such decrease was mainly due to the decrease in revenue in petroleum trading business.

### **Impairment losses recognised under expected credit loss model, net**

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\$2.2 million for the six months ended 30 September 2025 as compared to impairment loss of HK\$3.9 million for the six months ended 30 September 2024. Such impairment loss was mainly attributable to the long outstanding trade receivables during the period.

### **Selling expenses**

Selling expenses of the Group decreased by approximately HK\$0.8 million from approximately HK\$1.7 million for the six months ended 30 September 2024 to approximately HK\$0.9 million for the six months ended 30 September 2025. The Group's selling expenses decrease was due to the decrease in expenses for farming business.

### **Administrative and other operating expenses**

Administrative and other operating expenses increased by approximately 17.8% from approximately HK\$12.3 million for the six months ended 30 September 2024 to approximately HK\$14.5 million for the six months ended 30 September 2025. The increase in administrative and other operating expenses was mainly due to the increase in depreciation expenses for the property, plant and equipments which were used in the bio-energy business for the six months ended 30 September 2025.

## **Finance costs**

Finance costs increased from approximately HK\$1.9 million for the six months ended 30 September 2024 to approximately HK\$4.2 million for the six months ended 30 September 2025. Such increase was mainly due to the increase in bank borrowings for the six months ended 30 September 2025. Finance costs consist of interest on borrowings as well as the interest expense on the lease liability.

## **Loss and total comprehensive expense for the period attributable to the owners of the Company**

As a result of the foregoing, the loss and total comprehensive expense for the period attributable to the owners of the Company amounted to approximately HK\$20.9 million and HK\$20.5 million respectively for the six months ended 30 September 2025 (six months ended 30 September 2024: loss and total comprehensive expense for the period attributable to the owners of the Company of approximately HK\$19.7 million and HK\$19.0 million respectively).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2025, the Group had total assets of approximately HK\$388.2 million (31 March 2025: approximately HK\$380.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$306.3 million (31 March 2025: approximately HK\$277.3 million) and approximately HK\$74.1 million (31 March 2025: approximately HK\$94.6 million), respectively.

As at 30 September 2025, the Group had bank balances and cash of approximately HK\$17.6 million (31 March 2025: approximately HK\$39.0 million). The total interest-bearing borrowings and lease liabilities of the Group as at 30 September 2025 were approximately HK\$213.5 million (31 March 2025: approximately HK\$187.6 million), and current ratio as at 30 September 2025 was approximately 0.7 times (31 March 2025: approximately 1.0 times).

Majority of the Group's borrowings and bank balances are denominated in Hong Kong Dollars and RMB. There was no significant exposure to foreign exchange rate fluctuations during the six months ended 30 September 2025.

## **GEARING RATIO**

The gearing ratio of the Group as at 30 September 2025 was approximately 260.6% (31 March 2025: approximately 181.7%). The increase in the Group's gearing ratio was mainly due to an increase in bank borrowings as a result of the obtainment of loan from the bank during the six months ended 30 September 2025.

The gearing ratio is calculated based on the total loans and borrowings and total lease liability divided by total equity as 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. 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 30 September 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 (31 March 2025: approximately HK\$6.0 million).

As at 30 September 2025, the Group pledged its life insurance policies to a bank of approximately HK\$3.5 million to secure the banking facilities granted to the Group (31 March 2025: approximately HK\$3.5 million).

As at 30 September 2025, the Group did not pay a cash collateral (31 March 2025: approximately HK\$3.5 million) to the insurance companies for the issuance of surety bonds which were included in other receivables, prepayment and deposits.

As at 30 September 2025, the Group pledged two pieces of leasehold lands with carrying amount of approximately HK\$22,992,000 (31 March 2025: approximately HK\$23,470,000) as a security for bank loans.

Save for the above disclosed, the Group did not have any charges on its assets.

## **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars and Renminbi. The Directors are of the view that there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the six months ended 30 September 2025 and up to the date of this announcement. The share capital of the Group only comprises of ordinary shares.

As at 30 September 2025, the Company's issued share capital was HK\$14.9 million and the number of its issued ordinary shares was 1,494,000,000 of HK\$0.01 each.

## COMMITMENTS

The Group have capital commitment with approximately HK\$97.2 million as at 30 September 2025 (31 March 2025: HK\$98.8 million).

## LITIGATION

- (i) On 20 September 2021, PKNG Development and Project Management Limited (“**PKNG**”), a customer of the Group, had commenced civil proceedings against Ample Construction in the District Court to 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. As at 30 September 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.
- (ii) 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 defect 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 4B to the interim condensed consolidated financial statements.

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

The Group did not have any concrete plans for material investments or acquisition of capital assets as at 30 September 2025.

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

During the six months ended 30 September 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. As at 30 September 2025, Ample Construction had no guarantees (31 March 2025 : approximately HK\$11,485,000). 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 30 September 2025, Ample Construction did not pay a cash collateral (31 March 2025: approximately HK\$3,456,000) to an insurance company for the issuance of surety bonds which are included in other receivables, prepayments and deposits.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2025, the Group employed a total of 97 employees (six months ended 30 September 2024: 92 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$11.0 million for the six months ended 30 September 2025 (six months ended 30 September 2024: approximately HK\$10.9 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 options may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution.

## **INTERIM DIVIDEND**

The Directors did not recommend a payment of an interim dividend for the six months ended 30 September 2025 (six months ended 30 September 2024: Nil).



## **EVENTS AFTER REPORTING PERIOD**

Save as disclosed in this announcement, there is no other important event affecting the Group since 30 September 2025 and up to the date of this announcement.

## **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 during the six months ended 30 September 2025.

## **CHANGE IN INFORMATION OF DIRECTORS**

Save as otherwise set out in this announcement, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the directors or the controlling shareholders (as defined in the Listing Rules) of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules during the six months ended 30 September 2025.

## **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code 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 during the six months ended 30 September 2025.

## **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 to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules. During the six months ended 30 September 2025, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code, except for the deviation from the code provisions C.2.1, C.1.8 and F.2.2 of the CG Code.

The code provision C.2.1 of 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 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 two 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.

The 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 six months ended 30 September 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.

The 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 Zhancheng, the chairman of the Board, was unable to attend the annual general meeting held on 30 September 2025 ("AGM") due to other engagement. Mr. Xu Jing, an executive Director, was appointed to chair the AGM.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 23 December 2016. The chairman of the Audit Committee is Dr. Su Lixin, an independent non-executive Director, and the other members include Mr. Zhao Changsheng and Mr. Tsui Siu Hung Raymond, each an independent non-executive Director. 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 primary duties of the Audit Committee are 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.

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 interim condensed consolidated financial statements have not been audited nor reviewed by the Company's auditors, but have been reviewed by the Audit Committee.

The Audit Committee has reviewed with the management of the Company on the accounting principles and practices adopted by the Group, the interim report and the interim results announcement of the Group for the six months ended 30 September 2025, and is of the view that such results comply with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **APPRECIATION**

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

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

Hong Kong, 28 November 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. Tsui Siu Hung Raymond and Mr. Zhao Changsheng as independent non-executive Directors.*