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 2026

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 2026, together with the comparative figures for the year ended 31 March 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	*4*	**199,027**	301,030
Direct costs		**(159,357)**	(300,267)
Gross profit		**39,670**	763
Other income, gains and losses, net		**(673)**	767
Fair value loss on biological assets		**(1,000)**	(2,261)
Impairment losses recognised under expected credit loss model, net	*5*	**(6,200)**	(4,080)
Impairment losses of property, plant and equipment		**(1,747)**	–
Impairment losses of right-of-use assets		**(1,180)**	–
Selling expenses		**(2,470)**	(3,026)
Administrative and other operating expenses		**(29,433)**	(31,302)
Finance costs	*6*	**(8,887)**	(6,417)
Loss before tax		**(11,920)**	(45,556)
Income tax expense	*7*	**(7,476)**	(5,387)
Loss for the year	*8*	**(19,396)**	(50,943)
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement on the unfunded long service payment obligation		**(35)**	(19)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,052**	(183)
Other comprehensive income (expense) for the year, net of income tax		**2,017**	(202)
Total comprehensive expense for the year		**(17,379)**	(51,145)
Loss for the year attributable to:			
Owners of the Company		**(16,465)**	(50,034)
Non-controlling interests		**(2,931)**	(909)
		(19,396)	(50,943)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(14,853)**	(50,185)
Non-controlling interests		**(2,526)**	(960)
		(17,379)	(51,145)
Loss per share	*10*		
– Basic *(HK cents)*		**(1.10)**	(3.35)
– Diluted *(HK cents)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**221,505**	201,046
Right-of-use assets		**39,450**	41,042
Investments in life insurance contracts		**3,695**	3,525
Prepayments and deposits paid	*11*	**166**	406
Deferred tax assets		**–**	–
		264,816	246,019
CURRENT ASSETS			
Inventories		**3,096**	526
Biological assets		**3,387**	1,650
Trade and other receivables	*11*	**89,927**	46,856
Contract assets		**30,622**	46,474
Financial assets at fair value through profit or loss		**16**	14
Cash and cash equivalents		**37,061**	39,016
		164,109	134,536
CURRENT LIABILITIES			
Trade and other payables	*12*	**75,732**	66,436
Borrowings		**92,796**	68,674
Lease liabilities		**2,166**	2,282
Tax payable		**1,661**	–
		172,355	137,392
NET CURRENT LIABILITIES		**(8,246)**	(2,856)
TOTAL ASSETS LESS CURRENT LIABILITIES		**256,570**	243,163

	Notes	**2026**	2025
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**7,360**	8,451
Borrowings		**133,357**	108,175
Other payables	*12*	**13,391**	7,991
Deferred income		**16,596**	15,301
		170,704	139,918
NET ASSETS		**85,866**	103,245
CAPITAL AND RESERVES			
Share capital		**14,940**	14,940
Reserves		**64,837**	79,690
Equity attributable to owners of the Company		**79,777**	94,630
Non-controlling interests		**6,089**	8,615
TOTAL EQUITY		**85,866**	103,245

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

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 2025 for the preparation of the consolidated financial statements:

Amendments to Hong Kong Accounting Standard ("HKAS") 21 and HKFRS 1	Lack of Exchangeability (amendments)

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.

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

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

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendment to HK Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)[3]

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 2026.

3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company (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 Classification and Measurement of Financial Instruments (amendments)

The amendments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments.

The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

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 ("**MPMs**") 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 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of preparation of Financial Statements* upon effective of HKFRS 18) 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 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 2026, the Group incurred a net loss attributable to owners of the Company of approximately HK$16,465,000 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$8,246,000. 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 implemented or intend to implement the following measures:

(i) reviewing the business operations of the Group to enhance operational efficiency;

(ii) negotiating with creditors to extend debts repayment period;

(iii) evaluating existing investments and potential business opportunities;

(iv) actively considering the termination of loss-making business operations;

(v) exploring alternative financing options, such as securing new loan facilities, issuing debt instruments, or implementing other liquidity-enhancing measures;

(vi) obtaining the continuous financial support from the controlling shareholder to the Group;

(vii) maintaining unutilised loan facilities of up to HK$16.6 million from a controlling shareholder and HK$28.5 million from a related company in favour of the Group to provide continuing financial support; and

(viii) maintaining unutilised standby loan facilities of up to HK$3.0 million from the financial institution in Hong Kong and HK$24.0 million (equivalent to RMB21.2 million) from a financial institution in PRC.

The Directors have reviewed the Group's cash flow projections prepared by the management, which covers a period of not less than twelve months from 31 March 2026, on the basis that the Group's aforementioned plans and measures will be successful, the Directors believe 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. Accordingly, the Directors believe that the Group will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing its consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2026	2025
	HK$'000	*HK$'000*
Construction and engineering related business		
Construction and engineering related services	**68,349**	125,942
Interior design services	**95**	759
	68,444	126,701
Petroleum business		
Sales of petroleum	**21,727**	98,660
Farming business		
Sale of grain oil	**–**	59,907
Sale of agricultural produce and consumables	**4,277**	2,657
	4,277	62,564
Bio-energy business		
Sale of bio-energy products and collection of poultry manure	**103,593**	8,979
Total	**198,041**	296,904
Geographical markets:		
Hong Kong	**68,444**	126,701
Chinese Mainland	**129,597**	170,203
Total	**198,041**	296,904
Timing of revenue recognition:		
A point in time	**129,597**	170,203
Over-time	**68,444**	126,701
Total	**198,041**	296,904

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

	2026	2025
	HK$'000	*HK$'000*
Construction and engineering related business		
Construction and engineering related services	**68,349**	125,942
Interior design services	**95**	759
	68,444	126,701
Petroleum business		
Sales of petroleum	**21,727**	98,660
Farming business		
Sale of grain oil	**–**	59,907
Sale of agricultural produce and consumables	**4,277**	2,657
	4,277	62,564
Bio-energy business		
Sale of bio-energy products and collection of poultry manure	**103,593**	8,979
Revenue from contracts with customers	**198,041**	296,904
Farmland leasing	**986**	4,126
Total	**199,027**	301,030

5. IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	2026	2025
	HK$'000	*HK$'000*
Impairment losses recognised (reversed) under expected credit loss model, net:		
– trade receivables	**5,832**	1,444
– unbilled revenue	**(104)**	(71)
– retention receivables	**(48)**	2,742
– other receivables	**520**	(35)
	6,200	4,080

6. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
Interests on:		
– bank borrowings and overdrafts	**3,532**	2,171
– other borrowings	**4,773**	5,563
Total borrowing costs	**8,305**	7,734
Interest on lease liabilities	**576**	547
Interest on long service payment	**6**	4
Less: amounts capitalised in the cost of qualifying assets	**–**	(1,868)
	8,887	6,417

7. INCOME TAX EXPENSE

	2026	2025
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**7,476**	753
Deferred tax	**–**	4,634
	7,476	5,387

8. LOSS FOR THE YEAR

	2026	2025
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration		
– Audit service	**720**	720
– Non-audit service	**120**	150
Depreciation of property, plant and equipment	**12,388**	5,438
Depreciation of right-of-use assets	**2,720**	2,834
	15,108	8,272
Less: amounts capitalised in the cost of construction in progress	**–**	(313)
Less: amounts capitalised in the cost of biological assets	**(1,000)**	(55)
Less: amounts capitalised in the cost of bearer plants	**(402)**	(236)
Total depreciation included in loss for the year	**13,706**	7,668
Cost of inventories recognised as expense	**85,568**	185,461
Write-down of inventories	**1,059**	–
Lease payments not included in the measurement of lease liabilities	**3,444**	5,068
Employee benefits expense:		
Salaries, bonus and other benefits in kind	**24,806**	22,917
Contributions to retirement benefit scheme	**1,988**	1,831
Service cost of long service payments	**34**	20
	26,828	24,768
Less: amounts capitalised in the cost of biological assets	**(192)**	(255)
Less: amounts capitalised in the cost of bearer plants	**(266)**	(141)
Total employee benefits expense, including directors'emoluments included in loss for the year	**26,370**	24,372

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2026, nor has any dividend been proposed since the end of the reporting period (2025: 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:

	2026	2025
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**16,465**	50,034

	2026	2025
	'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 2026 and 2025 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2026 and 2025.

11. TRADE AND OTHER RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade receivables		
– contracts with customers	**49,211**	34,584
– operating lease receivables	**604**	372
Less: Allowance for credit losses	**(15,935)**	(16,069)
	33,880	18,887
Other receivables, prepayments and deposits	**57,358**	28,998
Less: Allowance for credit losses	**(1,145)**	(623)
Total other receivables, net	**56,213**	28,375
Prepayments and deposits paid classified as non-current asset	**(166)**	(406)
Other receivables, net	**56,047**	27,969
Trade and other receivables, net	**89,927**	46,856

The Group generally allows a credit period from 0 to 30 days (2025: 0 to 30 days) to its customers.

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

	2026	2025
	HK$'000	*HK$'000*
0 – 30 days	**27,683**	1,425
31 – 60 days	**641**	9,151
61 – 90 days	**202**	1,230
91 – 180 days	**5,365**	1,516
Over 180 days	**15,924**	21,634
	49,815	34,956

12. TRADE AND OTHER PAYABLES

	2026	2025
	HK$'000	*HK$'000*
Trade payables	**19,072**	15,867
Other payables and accruals	**54,840**	48,411
Amounts due to directors	**15,211**	10,149
	89,123	74,427
Other payables classified as non-current liabilities	**(13,391)**	(7,991)
	75,732	66,436

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

	2026	2025
	HK$'000	*HK$'000*
0 – 30 days	**4,406**	850
31 – 60 days	**101**	104
61 – 90 days	**2**	247
91 – 180 days	**321**	955
Over 180 days	**14,242**	13,711
	19,072	15,867

13. COMPARATIVE FIGURES

During the year ended 31 March 2026, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications has been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year presentation.

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 2026.

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 2026, 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 ("**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 owners of the Company of approximately HK$16,465,000 for the year ended 31 March 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$8,246,000. These events or 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 Chinese Mainland and Hong Kong.

The Company recorded a net loss of approximately HK$19.4 million for the year ended 31 March 2026. The Board considers that the net loss was mainly attributable to (i) the decrease in revenue due to decrease in petroleum, farming, construction and engineering related business; but offset by (ii) the increase in revenue of the bio-energy business.

The world economic outlook remains challenging due to trade conflicts, geopolitical tensions and high interest environment. Our traditional business segments in Hong Kong and Chinese Mainland are under the threat of weak demand, high operating costs and fluctuating energy prices.

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 Chinese Mainland, 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 bio-natural gas and bio-methanol, creating economic and social benefits.

Driven by global carbon-neutrality mandates, the role of clean energy continues to expand rapidly. To capture the massive market opportunities emerging from these climate action plans, the Company is actively developing technologies to convert poultry manure biomass into high-demand marine fuels like bio-LNG and bio-methanol.

Moving forward, the Company will intensify its focus on operational performance, driving quality improvements and efficiency gains to deliver stable, long-term returns for our 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 2026, 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 the annual report for the year ended 31 March 2026 of the Company.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include energy service providers, main contractors and trading business companies. Energy service providers are mainly customers who acquire bio-energy from the Group. 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 trading companies 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 decreased by approximately HK$102.0 million or approximately 33.9% from approximately HK$301.0 million for the year ended 31 March 2025 to approximately HK$199.0 million for the year ended 31 March 2026, which was mainly due to (i) a decrease in the revenue in petroleum trading business and sale of grain oil in Chinese Mainland; after offset by an increase in revenue of the bio-energy business in Chinese Mainland, (ii) a decrease in revenue of the construction and engineering related business in Hong Kong caused by a decrease in number of projects undertaken. In general, the Group recorded a decrease in total revenue during this year.

Direct Costs

Direct costs decreased from approximately HK$300.3 million for the year ended 31 March 2025 to approximately HK$159.4 million for the year ended 31 March 2026, representing a decrease of approximately HK$140.9 million or approximately 46.9%. Such decrease was mainly due to a decrease of the costs from petroleum trading business in Chinese Mainland and construction and engineering related business in Hong Kong.

Gross Profit

Gross profit of the Group increased by approximately HK$38.9 million from approximately HK$0.8 million for the year ended 31 March 2025 to approximately HK$39.7 million for the year ended 31 March 2026. Such increase was mainly due to a increase of the revenue from bio-energy business in Chinese Mainland. The gross profit margin has increased 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$6.2 million for the year ended 31 March 2026 as compared to impairment loss of HK$4.1 million for the year ended 31 March 2025. Such increase was mainly due to an increase of expected credit loss on trade receivables during the year.

Selling Expenses

Selling expenses of the Group decreased by approximately HK$0.5 million from approximately HK$3.0 million for the year ended 31 March 2025 to approximately HK$2.5 million for the year ended 31 March 2026. The Group's selling expenses decreased due to a reduction in sales of grain oil.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group decreased by approximately HK$1.9 million from approximately HK$31.3 million for the year ended 31 March 2025 to approximately HK$29.4 million for the year ended 31 March 2026. The Group's administrative and other operating expenses decreased due to a decrease in salaries and electricity expenses.

Finance Costs

Finance costs of the Group increased by approximately HK$2.5 million from approximately HK$6.4 million for the year ended 31 March 2025 to HK$8.9 million for the year ended 31 March 2026. Finance costs for the years ended 31 March 2026 and 2025 mainly consisted of interest on lease liabilities, loans which included bank and other borrowings. Such increase was mainly due to an increase in bank borrowings during the year.

Income Tax Expense

The Group recorded income tax expense of approximately HK$7.5 million for the year ended 31 March 2026 as compared to an income tax expense of approximately HK$5.4 million for the year ended 31 March 2025, which was mainly due to the increase in PRC Enterprise Income Tax during the year.

Loss for the Year

As a result of the foregoing, loss for the year is approximately HK$19.4 million for the year ended 31 March 2026 (2025: loss of approximately HK$50.9 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2026, the Group had total assets of approximately HK$428.9 million (2025: approximately HK$380.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$343.1 million (2025: approximately HK$277.3 million) and approximately HK$79.8 million (2025: approximately HK$94.6 million), respectively.

The total interest-bearing borrowings and lease liability of the Group as at 31 March 2026 were approximately HK$235.7 million (2025: approximately HK$187.6 million), and current ratio as at 31 March 2026 was approximately 1.0 times (2025: 1.0 times).

The bank balances and cash of the Group as at 31 March 2026 was approximately HK$37.1 million (2025: approximately HK$39.0 million).

GEARING RATIO

The gearing ratio of the Group as at 31 March 2026 was approximately 274.4% (2025: approximately 181.7%). 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 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 2026, the Group's pledged bank deposits amounted to approximately HK$6.0 million to a bank as collateral to secure banking facilities granted to the Group (2025: approximately HK$6.0 million).

As at 31 March 2026, the Group pledged its life insurance policies of approximately HK$3.7 million to a bank to secure the banking facilities granted to the Group (2025: approximately HK$3.5 million).

As at 31 March 2026, the Group had no cash collateral (2025: approximately HK$3.5 million) to insurance companies for the issuance of surety bonds which are included in other receivables, prepayments and deposits.

As at 31 March 2026, the Group pledged two pieces of leasehold lands with carrying amount of approximately HK$23,648,000 (2025: HK$22,825,000) as a security for bank loans.

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 2026, 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 arise.

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 2026, 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 2026, the Group had total capital commitment approximately HK$95,948,000 (2025: HK$98,801,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other future plans for material investments or acquisition of capital assets as of 31 March 2026.

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

During the year ended 31 March 2026, 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$11,485,000 at 31 March 2025. No surety bonds were issued at 31 March 2026. The Company and Ample Construction have unconditionally and irrevocably agreed to indemnify the insurance companies that issued such surety bonds for claims and losses the insurance companies 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 2026, the Group had no cash collateral (2025: approximately HK$3,456,000) 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 2026, the Group employed a total of 126 employees (2025: 102 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$26.8 million for the year ended 31 March 2026 (2025: approximately HK$24.8 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, a 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 2026 (2025: 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 2026 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges 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 (i) code provision C.2.1 of the CG Code; (ii) the code provision F.1.3 of the CG Code; and (iii) code provision C.1.7 of the CG Code.

Code provision C.2.1 of CG Code stipulates that the roles of chairman and chief executive 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 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.

Code provision F.1.3 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 30 September 2025 (the "**AGM**") due to his other engagement. Mr. Xu Jing, an executive Director, was appointed to chair the AGM.

Code provision C.1.7 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 2026, the Company did not arrange any insurance for the Directors. Each Director possesses the requisite qualification and experience to fulfil his/her duties 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 2026.

AUDIT COMMITTEE

The Audit Committee, comprising 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. Zhao Changsheng and Mr. Tsui Siu Hung Raymond, 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 to, amongst others, review and comment on the Company's 2025 annual results, 2025 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 2026 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 2026 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 2026 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 conclusion 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 2026

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. Zhao Changsheng and Mr. Tsui Siu Hung Raymond as independent non-executive Directors.

* *For identification purpose only*