

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Zhancheng (Chairman and Chief Executive Officer) Mr. Xu Jing Ms. Qin Mingyue (retired on 9 September 2024)

Independent non-executive Directors

Dr. Su Lixin Mr. Liang Rongjin Dr. Yan Bing

BOARD COMMITTEES

Audit Committee

Dr. Su Lixin *(Chairman)* Mr. Liang Rongjin Dr. Yan Bing

Remuneration Committee

Mr. Liang Rongjin *(Chairman)* Mr. Liu Zhancheng Dr. Su Lixin

Nomination Committee

Mr. Liu Zhancheng *(Chairman)* Dr. Su Lixin Mr. Liang Rongjin

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (CPA)

AUTHORISED REPRESENTATIVES

Mr. Liu Zhancheng Mr. Xu Jing

AUDITOR

Asian Alliance (HK) CPA Limited Certified Public Accountants Registered Public Interest Entity Auditor 8/F, Catic Plaza 8 Causeway Road Causeway Bay Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAWS

Jeffrey Mak Law Firm 6th Floor, O.T.B. Building, 259-265 Des Voeux Road Central, Hong Kong



PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3 Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1409-10, 14/F, Cosco Tower 183 Queen's Road Central, Sheung Wan Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited Bank of China (Hong Kong) Limited

STOCK CODE

1867

COMPANY'S WEBSITE

www.bzg.cn



UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated results of Standard Development Group Limited (the **"Company**" and together with its subsidiaries, the **"Group**") for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September		
	Notes	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	
Revenue Direct costs	4	144,004 (143,854)	304,606 (300,656)	
Gross profit Other income and other gain or loss, net Fair value (loss) gain on biological assets Impairment losses (recognised) reversed	5	150 444 (105)	3,950 446 170	
under expected credit loss model, net Selling expenses Administrative and other operating	6	(3,914) (1,671)	353 (903)	
expenses Finance costs		(12,319) (1,876)	(10,670) (422)	
Loss before tax Income tax expense	7	(19,291) (756)	(7,076) (21)	
Loss for the period	8	(20,047)	(7,097)	
Other comprehensive income (expense) for the period, net of income tax <i>Item that may be reclassified subsequently</i> <i>to profit or loss:</i> Exchange differences arising on translation of foreign operations	,	808	(4,479)	
Total comprehensive expense for the period		(19,239)	(11,576)	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2024

		Six months ended 30 September		
	Notes	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	
Loss for the period attributable to: Owners of the Company Non-controlling interests		(19,656) (391)	(7,097)	
		(20,047)	(7,097)	
Total comprehensive expense for the period attributable to:				
Owners of the Company Non-controlling interests		(18,976) (263)	(11,576)	
		(19,239)	(11,576)	
Loss per share	10			
Basic <i>(HK cents)</i> Diluted <i>(HK cents)</i>		(1.32) N/A	(0.48) N/A	



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current assets Property, plant and equipment Right-of-use assets Investments in life insurance contracts Prepayments and deposits paid Deferred tax assets	11 11	171,918 44,609 3,407 16,275 4,634	81,514 38,828 3,407 17,590 4,634
		240,843	145,973
Current assets Inventories Biological assets Trade and other receivables Contract assets Financial assets at fair value through profit or loss Tax recoverable Cash and cash equivalents	12	70 935 54,561 57,349 11 _ 26,981 139,907	53 1,127 65,574 54,431 10 621 23,921 145,737
Current liabilities Trade and other payables Contract liabilities Borrowings Lease liabilities Tax payable	13 14	72,330 1,563 89,277 983 – 164,153	48,230 8,359 60,078 7,605 6 124,278

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2024

	Notes	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Net current (liabilities) assets		(24,246)	21,459
Total assets less current liabilities		216,597	167,432
Non-current liabilities Lease liabilities Borrowings Other payables Deferred income	14	10,257 60,058 28 11,103 81,446	6,621 1,000 28 5,393 13,042
NET ASSETS		135,151	154,390
Capital and reserves Share capital Reserves		14,940 110,899	14,940 129,875
Equity attributable to owners of the Company Non-controlling interests		125,839 9,312	144,815 9,575
TOTAL EQUITY		135,151	154,390



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

		I	Attributable	to owners of th	ne Company					
							Retained profits		Non-	
	Share	Share	Special	Statutory	Capital		(accumulated		controlling	Total
	capital	premium	reserve	reserve	reserve	reserve	loss)	Sub-total	interests	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2024 (Audited)	14,940	131,551	876	1,610	(415)	(4,902)	1,155	144,815	9,575	154,390
Loss for the period	-	-	-	-	-	-	(19,656)	(19,656)	(391)	(20,047)
Other comprehensive income for the period, net of income tax: Item that may be subsequently reclassified to profit or loss: Exchange differences arising on										
translation of foreign operations	-	-	-	-	-	680	-	680	128	808
Total comprehensive expense for the period	-	-	-	-	-	680	(19,656)	(18,976)	(263)	(19,239)
· · · · ·										
At 30 September 2024 (Unaudited)	14,940	131,551	876	1,610	(415)	(4,222)	(18,501)	125,839	9,312	135,151
At 1 April 2023 (Audited)	14,940	131,551	876	1,610	-	(754)	21,095	169,318	-	169,318
Loss for the period	-	-	-	-	-	-	(7,097)	(7,097)	-	(7,097)
Other comprehensive expense for the period, net of income tax: Item that may be subsequently reclassified to profit or loss: Exchange differences arising on										
translation of foreign operations	-	-	-	-	-	(4,479)	-	(4,479)	-	(4,479)
Total comprehensive expense for the period	-	-	-	-	-	(4,479)	(7,097)	(11,576)	-	(11,576)
At 30 September 2023 (Unaudited)	14,940	131,551	876	1,610	-	(5,233)	13,998	157,742	-	157,742
									1 1 1	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September		
	2024 202		
	HK\$′000		
	(Unaudited)	(Unaudited)	
NET CASH FROM (USED IN) OPERATING			
ACTIVITIES	16,039	(83,246)	
	((10.011)	
NET CASH USED IN INVESTING ACTIVITIES	(86,814)	(12,911)	
NET CASH FROM FINANCING ACTIVITIES	73,013	7,241	
NET INCREASE (DECREASE) IN CASH AND			
CASH EQUIVALENTS	2,238	(88,916)	
CASH AND CASH EQUIVALENTS AT			
BEGINNING OF THE PERIOD	23,921	153,344	
Effect of foreign exchange rate change	822	(4,479)	
CASH AND CASH EQUIVALENTS AT END OF			
THE PERIOD	26,981	59,949	



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 effective 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 in Mainland China and Hong Kong.

The 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 of Republic of China (the "**PRC**" or "**Mainland China**") whose functional currency is Renminbi ("**RMB**"), the functional currency of its subsidiaries is HK\$.

2. BASIS OF PREPARATION

The condensed consolidated financial statements 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 condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2024.

Going concern assessment

The directors of the Company (the "**Directors**") have, at the time of approving the 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 condensed consolidated financial statements.

During the period ended 30 September 2024, the Group incurred a loss for the period of approximately HK\$20,047,000 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$24,246,000. In spite of the above, the Group continues to adopt the going concern basis in preparing its 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) implementing cost saving measures to control operating cost, administrative costs and corporate costs with a view to reduce the working capital requirements of the Group;
- (iii) reviewing its existing investments and business opportunities and actively considering to develop new business in order to enhance the cash flow of the Group;
- (iv) actively considering to realise other loss making investment or terminate loss making businesses; and
- (v) considering other financial tools, such as obtaining new loan, issuing debt or other measures to provide continuing financial support to the Group.

3. PRINCIPAL ACCOUNTING POLICIES

The 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

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

Lease Liability in a Sale and Leaseback
Classification of Liabilities as Current or
Non-current and related amendments to Hong
Kong Interpretation 5 (2020)
Non-current Liabilities with Covenants
Supplier Finance Arrangements

The application of the amendments to HKFRSs 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 condensed consolidated financial statements.

4A. REVENUE

Disaggregation of revenue from contracts with customers:

	Six months ende 2024 <i>HK\$'000</i> (Unaudited)	ed 30 September 2023 <i>HK\$'000</i> (Unaudited)
Construction and engineering related business Construction and engineering		
related services	58,554	110,542
Interior design services	442	276
Sales of construction consumables	-	904
	50.000	111 700
	58,996	111,722
Petroleum business Sales of petroleum	36,740	185,446

	Six months ended	30 September
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
	(onadarted)	(Onaddited)
Farming business		
Sales of grain oil	43,664	-
Sales of agricultural produce	1,616	3,982
Sales of agricultural consumables	11	585
	45,291	4,567
Total	141,027	301,735
Geographical markets:		
Hong Kong	58,996	110,818
Mainland China	82,031	190,917
Total	141,027	301,735
Timing of revenue recognition:		
A point in time	82,031	190,917
Over-time	58,996	110,818
Total	141,027	301,735



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

	Six months ended 30 Septembe		
	2024	2023	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Construction and engineering			
related business	58,996	111,722	
Petroleum business	36,740	185,446	
Farming business	45,291	4,567	
Revenue from contracts with customers	141,027	301,735	
Farmland leasing	2,977	2,871	
Total	144,004	304,606	

4B. OPERATING SEGMENTS

Information reported to the board of directors of the Company (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.

During the year ended 31 March 2024, the Group commenced the bio-energy business, which includes production of renewable energy such as biogas from organic wastages. It is considered as a new operating and reportable segment by the CODM since the year ended 31 March 2024.



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	 Production of renewable energy such as biogas from organic wastages

(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 2024 (Unaudited)

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

For the six months ended 30 September 2023 (Unaudited)

	Construction and engineering related business <i>HK\$</i> '000	Petroleum business HK\$'000	Farming business <i>HK\$'000</i>	Total HK\$'000
Segment revenue	111,722	185,446	7,438	304,606
Segment results	2,563	7	(224)	2,346
Unallocated corporate income Unallocated corporate expenses			_	442 (9,864)
Loss before tax			_	(7,076)

(b) Segment assets and liabilities

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

As at 30 September 2024 (Unaudited)

	Construction and engineering related business HK\$'000	Petroleum business HK\$'000	Farming business HK\$'000	Bio-energy business HK\$'000	Total <i>HK\$'000</i>
Reportable segment assets Unallocated assets	103,489	2,488	41,514	228,906	376,397 4,353
				-	380,750
Reportable segment liabilities Unallocated liabilities	(25,586)	(2,607)	(11,572)	(191,264)	(231,029) (14,570)
					(245,599)



As at 31 March 2024 (Audited)

	Construction and engineering related business HK\$'000	Petroleum business <i>HK\$'000</i>	Farming business <i>HK\$'000</i>	Bio-energy business HK\$'000	Total <i>HK\$'000</i>
Reportable segment assets Unallocated assets	105,836	24,287	15,986	131,447	277,556 14,154
				_	291,710
Reportable segment liabilities Unallocated liabilities	(47,401)	(7,753)	(1,092)	(65,362)	(121,608) (15,712)
					(137,320)

5. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	Six months ende	ed 30 September
	2024	2023
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Other income		
Bank interest income	92	442
Dividend income	-	I
Exchange difference, net Government grants	(5) 15	_
Claim from insurance company	268	_
Sundry income	73	5
		110
	443	448
Other gain (loss)		
Gain (Loss) from change in fair value of		
financial assets at fair value through profit		
or loss	1	(2)
	444	446



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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment losses recognised (reversed) on:		
– trade receivables	1,541	(867)
– unbilled revenue	8	78
 retention receivables 	2,378	393
– other receivables	(13)	43
	3,914	(353)

7. INCOME TAX EXPENSE

	Six months ende 2024 <i>HK\$'000</i> (Unaudited)	ed 30 September 2023 <i>HK\$'000</i> (Unaudited)
Current tax: Hong Kong PRC Enterprise Income Tax	-	- 21
	_	21
Under-provision in prior years: PRC Enterprise Income Tax	756	
	756	21

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging: Depreciation of property, plant and equipment Depreciation of right-of-use assets Cost of inventories recognised as expense	700 1,408 83,201	345 527 189,428
Directors' emoluments: Fee, salaries and other benefits Contributions to retirement benefit scheme	3,185 25	3,514 27
	3,210	3,541
Other employee benefits expense: Salaries and other benefits Contributions to retirement benefit scheme	6,944 764 7,708	5,115 600 5,715
Total employee benefits expense, including directors' emoluments	10,918	9,256

9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2024 (six months ended 30 September 2023: Nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).



10. LOSS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss		
per share	(19,656)	(7,097)
	2024	2023
	'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 the six months ended 30 September 2024 and 2023 were presented as there were no potential ordinary share in issue for both the six months ended 30 September 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, additions of property, plant and equipment were approximately HK\$88,646,000 (six months ended 30 September 2023: approximately HK\$1,211,000) and additions of right-of-use assets were approximately HK\$6,550,000 (six months ended 30 September 2023: HK\$11,701,000). 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, additions of interests in leasehold land in the People's Republic of China ("**PRC**") for farmland leasing and additions of apple trees cultivated by the Group.

12. TRADE AND OTHER RECEIVABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Trade receivables – contracts with customers – operating lease receivables Less: Allowance for credit losses	41,272 729 (16,170)	28,313 226 (14,644)
	25,831	13,895
Other receivables, prepayments and deposits Less : Allowance for credit losses	45,651 (646)	69,928 (659)
Total other receivables, net Prepayments and deposits paid classified	45,005	69,269
as non-current asset	(16,275)	(17,590)
Other receivables, net	28,730	51,679
Trade and other receivables, net	54,561	65,574

The Group generally allows a credit period from 0 to 120 days (31 March 2024: 0 to 120 days) to its customers.

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

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
0–30 days 31–60 days 61–90 days 91–180 days Over 180 days	15,066 2,600 218 1,416 22,701	4,036 712 119 440 23,232
	42,001	28,539



13. TRADE AND OTHER PAYABLES

The credit period on trade payables are generally 0 to 90 days (31 March 2024: 0 to 90 days).

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables Other payables and accruals Amounts due to directors	20,365 40,377 11,616	14,970 24,336 8,952
Other payables classified as non-current liabilities	72,358 (28)	48,258 (28)
	72,330	48,230

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

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
0–30 days 31–60 days 61–90 days 91–180 days Over 180 days	4,899 816 32 513 14,105	706 203 - 14,061
	20,365	14,970

14. BORROWINGS

(a)

During the current interim period, the Group had additional borrowings amounting to approximately HK\$106,298,000 (six months ended 30 September 2023: approximately HK\$29,852,000) and has repaid borrowings amounting to approximately HK\$19,807,000 (six months ended 30 September 2023: approximately HK\$21,669,000). As at 30 September 2024, the borrowings carried interest rates at 4.5%-6% and Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.35% (2023: 6% and HIBOR plus 2.35%) and are repayable within 1-7 years (2023: 1 year).

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2024 and 2023, the Company has the following transactions with the following related parties:

Company	Transactions	30 September 2024 <i>HK\$'000</i> (Unaudited)	30 September 2023 <i>HK\$'000</i> (Unaudited)
Mr. Liu Zhancheng (" Mr. Liu ") <i>(Note 1)</i>	New borrowings from Mr. Liu	2,000	-
Shandong Fujincheng Investment Co., Ltd	Loan interest expense	1,484	_
("Shandong Fujincheng") (Note 2)	New borrowings from Shandong Fujincheng	25,537	-

Note:

- 1. Mr. Liu is the director of the Company.
- Mr. Liu is the shareholder of Shandong Fujincheng and the common director of Shandong Fujincheng and the Company.

(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 2024 and 2023 are as follows:

	30 September	30 September
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fee, salaries and other benefits Contributions to retirement benefit	3,185	3,514
scheme	25	27
	3,210	3,541

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 Mainland China and Hong Kong.

The Group experienced a loss of approximately HK\$20.0 million for the six months ended 30 September 2024. The Board considers that the net loss was mainly attributable to (i) the decrease in revenue due to the decrease in petroleum and construction and engineering related business; (ii) increase in impairment loss on long outstanding trade and other receivables mainly from the Group's construction and engineering related business; (iii) increase in administrative, operating and finance expenses; and (iv) the Group's investments in the construction of two bio-nature gas projects have yet to contribute revenue for the six months ended 30 September 2024.

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

In recent years the central government successively issued the "Opinions on Implementing Accelerating Rural Energy Transformation and Development to Promote Rural Revitalisation" and the "Opinions of the State Council on Carrying out the Key Work of Comprehensively Promoting Rural Revitalisation in 2022", emphasising on promoting rural revitalisation to safeguard national food security, and proposing the construction of a modern rural energy system with clean, low-carbon and multi-energy integration, in order to make green and low-carbon energy development an important foundation and driving force for rural revitalisation. In the major livestock and poultry breeding areas of China, a large amount of livestock and poultry manure has not been properly treated, causing a great impact on the local ecological environment. Biomass fermentation technology can effectively treat these pollutants and generate green energy such as biogas and bio-natural gas, creating economic and social benefits. Considering the tremendous market opportunities brought by the rural revitalisation, the 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\$304.6 million for the six months ended 30 September 2023 to approximately HK\$144.0 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$160.6 million or approximately 52.7%. Such decrease was mainly due to i) reduced scale of petroleum trading business; and ii) decrease in fitting-out and renovation projects undertaken by the Group for the six months ended 30 September 2024.

Direct costs

The direct costs decreased from approximately HK\$300.7 million for the six months ended 30 September 2023 to approximately HK\$143.9 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$156.8 million or approximately 52.1%. Such decrease was mainly attributable to i) reduced scale of petroleum trading business; and ii) decrease in subcontracting charges and direct labour cost for the period.

Gross profit and gross profit margin

Gross profit decreased by approximately 95.0% from approximately HK\$4.0 million for the six months ended 30 September 2023 to approximately HK\$0.2 million for the six months ended 30 September 2024. Such decrease was mainly due to the decrease in revenue in petroleum trading business and construction and engineering related services business.

Impairment losses (recognised) reversed 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\$3.9 million for the six months ended 30 September 2024 as compared to impairment credit of HK\$0.4 million for the six months ended 30 September 2023. Such impairment loss was mainly attributable to the long outstanding of trade receivables during the period.

Selling expenses

Selling expenses of the Group increased by approximately HK\$0.8 million from approximately HK\$0.9 million for the six months ended 30 September 2023 to approximately HK\$1.7 million for the six months ended 30 September 2024. The Group's selling expenses increase was due to the increase in expenses for bio-energy business.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 15.0% from approximately HK\$10.7 million for the six months ended 30 September 2023 to approximately HK\$12.3 million for the six months ended 30 September 2024. The increase in administrative and other operating expenses was mainly due to the increase in expenses for the bio-energy business for the six months ended 30 September 2023.

Finance costs

Finance costs increased from approximately HK\$0.4 million for the six months ended 30 September 2023 to approximately HK\$1.9 million for the six months ended 30 September 2024. Such increase was mainly due to the increase in bank borrowings for the six months ended 30 September 2024. Finance costs consist of interest on bank borrowings and overdrafts 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 amounted to approximately HK\$20.0 million and HK\$19.2 million respectively for the six months ended 30 September 2024 (six months ended 30 September 2023: loss and total comprehensive expense for the period attributable to the owners of the Company of approximately HK\$7.1 million and HK\$11.6 million respectively).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had total assets of approximately HK\$380.8 million (31 March 2024: approximately HK\$291.7 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$245.6 million (31 March 2024: approximately HK\$137.3 million) and approximately HK\$135.2 million (31 March 2024: approximately HK\$154.4 million), respectively.

The Group maintained a healthy financial position during the period. As at 30 September 2024, the Group had bank balances and cash of approximately HK\$27.0 million (31 March 2024: approximately HK\$23.9 million). The total interest-bearing borrowings of the Group as at 30 September 2024 were approximately HK\$149.3 million (31 March 2024: approximately HK\$61.1 million), and current ratio as at 30 September 2024 was approximately 0.9 times (31 March 2024: approximately 1.2 times).

Majority of the Group's borrowings and bank balances are denominated in Hong Kong Dollars and there was no significant exposure to foreign exchange rate fluctuations during the six months ended 30 September 2024.

GEARING RATIO

The gearing ratio of the Group as at 30 September 2024 was approximately 118.8% (31 March 2024: approximately 48.8%). 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 2024.

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 2024, 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 2024: approximately HK\$6.0 million).

As at 30 September 2024, the Group pledged its life insurance policies to a bank of approximately HK\$3.4 million to secure the banking facilities granted to the Group (31 March 2024: approximately HK\$3.4 million).

As at 30 September 2024, the Group paid a cash collateral of approximately HK\$3.3 million (31 March 2024: approximately HK\$9.2 million) to the insurance companies for the issuance of surety bonds which were included in other receivables, prepayment and deposits.

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 arises.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the six months ended 30 September 2024 and up to the date of this report. The share capital of the Group only comprises of ordinary shares.

As at 30 September 2024, 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\$135.3 million as at 30 September 2023 (31 March 2024: HK\$185.6 million) which represented the capital contribution to Standard Development (Shan Dong) Limited.

LITIGATION

(i) On 5 March 2021, Bondway Development Limited, a customer of the Group, commenced civil proceedings in the High Court of the Hong Kong Special Administrative Region (the "High Court") against Ample Construction Company Limited ("Ample Construction"), an indirect wholly-owned subsidiary of the Company, as the 2nd Defendant, for water seepage damage from the fitting out project in a sum of not less than HK\$267,000. As at the date of this interim report, Ample Construction has filed a defence dated 30 June 2021 into court. The Directors expect that it is highly probable that the said claim will be successful and Ample Construction will be responsible for the claimed sum. As such, as at 30 September 2024, a provision of HK\$267,000 is accrued. The said proceedings are currently ongoing.

- (ii) On 21 April 2021, Ample Construction had commenced civil proceedings in the District Court of the Hong Kong Special Administrative Region (the "District Court") against Lai Si Construction (Hong Kong) Company Limited ("Lai Si"), a customer of the Group. Lai Si owed Ample Construction an aggregated amount of approximately HK\$1,870,000 in respect of two fitting-out and alteration contracts. On 26 August 2021, Lai Si has filed a reply and counterclaim to Ample Construction for the amount of approximately HK\$409,000. On 26 October 2021, Ample Construction has filed a reply and defence to counterclaim by Lai Si. As such, as at 30 September 2024, a provision of HK\$409,000 is accrued. The said proceedings are currently ongoing.
- (iii) 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 2024, 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 has been provided.
- (iv) 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. As at 30 September 2024, Ample Construction had not received any judgement in relation to the said proceedings.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 4A and 4B to the interim condensed consolidated financial statements.



FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

The Group does not have any concrete plans for material investments or acquisition of capital assets as at 30 September 2024.

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

During the six months ended 30 September 2024, 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, which amounted to approximately HK\$28,074,000 as at 30 September 2024 (31 March 2024: approximately HK\$26,362,000). 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 2024, the Group paid a cash collateral of approximately HK\$3,331,000 (31 March 2024: approximately HK\$9,216,000) 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 2024, the Group employed a total of 92 employees (six months ended 30 September 2023: 54 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$10.9 million for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$9.3 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 2024 (six months ended 30 September 2023: Nil).

DISCLOSEABLE TRANSACTIONS

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

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

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

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



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

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

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

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

EVENTS AFTER REPORTING PERIOD

Save as disclosed in this report, there is no other important event affecting the Group since 30 September 2024 and up to the date of this report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix C3 of the Listing Rules, are as follows:

Name	Capacity/Nature of interest	Type of shares	Number of underlying Shares	Approximate Percentage of shareholding
Mr. Liu Zhancheng (Note 1)	Interest in a controlled corporation	Ordinary	1,118,460,000	74.86%
Mr. Xu Jing	Beneficial owner	Ordinary	10,000	0.00% (Note 2)

Long positions in shares and underlying shares

Notes:

(1) Mr. Liu Zhancheng ("Mr. Liu") beneficially owns the entire issued share capital of Fujincheng Investment Holdings Co., Ltd. ("FUJINCHENG") which directly holds 74.86% of the issued share capital of the Company. Therefore, Mr. Liu is deemed, or taken to be, interested in all the shares held by FUJINCHENG for the purpose of the SFO. Mr. Liu is the sole director of FUJINCHENG.

(2) Less than 0.01%

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares

Name	Capacity/nature	Type of shares	Number of underlying Shares	Approximate percentage of shareholding
FUJINCHENG	Beneficial owner	Ordinary	1,118,460,000	74.86%
Ms. Qin Hui <i>(Note)</i>	Interest of spouse	Ordinary	1,118,460,000	74.86%

Note:

Ms. Qin Hui is the spouse of Mr. Liu. Therefore, Ms. Qin Hui is deemed, or taken to be interested in all the shares in which Mr. Liu is interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other Information – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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 2024.

CHANGE IN INFORMATION OF DIRECTORS

Save as otherwise set out in this report, 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 2024.

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 2024.



SHARE OPTION SCHEMES

The Company's share option scheme (the "**Scheme**") was conditionally adopted pursuant to a resolution passed on 23 December 2016 to attract and retain the best available personnel, to provide additional incentive to the eligible participants and to promote the success of the business of the Group under the Scheme.

Under the Scheme, the Directors may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, substantial shareholder, consultant or adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participant to the grant of any option shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date (excluding, for this purpose, the shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the shares in issue as at the date on which the shares of the Company were listed on the Stock Exchange. Therefore, the Company may grant options in respect of up to 112,000,000 shares (the "**Scheme Mandate**") (or such numbers of shares as shall result from a sub-division or a consolidation of such 112,000,000 shares from time to time) to the participants under the Scheme. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

An offer for the grant of share options might be accepted in writing within 7 days, inclusive of the day on which such offer was made. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The amount payable by the grantee to the Company on acceptance of the offer for the grant of an option is HK\$1.

The Scheme will remain in force for a period of ten years commencing on 23 December 2016, subject to early termination provisions contained in the Scheme.

For the six months ended 30 September 2024, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme as at 1 April 2024 and 30 September 2024.



112,000,000 options and 112,000,000 options were available for grant under the Scheme Mandate as at 1 April 2024 and 30 September 2024, respectively.

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 2024, 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 provision C.2.1, C.1.8 and F.2.2 of the CG Code. 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.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 2024, 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 rescheduled annual general meeting held on 9 September 2024 ("**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. Liang Rongjin and Dr. Yan Bing, 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 gualifications 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 2024, 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.

> ON BEHALE OF THE BOARD Standard Development Group Limited Liu Zhancheng

Chairman and Executive Director

Hong Kong, 29 November 2024