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Dimmi

DIMMI LIFE HOLDINGS LIMITED

迪米生活控股有限公司

(formerly known as Milestone Builder Holdings Limited 進階發展集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1667)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023**

RESULTS HIGHLIGHTS

- Revenue for the year ended 31 March 2023 was approximately HK\$109.3 million, representing a decrease of 9.3% from approximately HK\$120.5 million for the year ended 31 March 2022.
- Gross profit for the year ended 31 March 2023 was approximately HK\$6.6 million (31 March 2022: approximately HK\$2.4 million).
- Administrative expenses for the year ended 31 March 2023 were approximately HK\$29.9 million (31 March 2022: approximately HK\$33.2 million).
- Loss for the year attributable to owners of the Company was approximately HK\$26.6 million (31 March 2022: approximately HK\$60.5 million).

FINANCIAL RESULTS

The board of directors (the “Board” or the “Directors”) of Dimmi Life Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively the “Group” or “our Group” or “we” or “our”) for the year ended 31 March 2023 together with comparative figures for the previous financial year ended 31 March 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	4	109,332	120,521
Cost of sales		<u>(102,768)</u>	<u>(118,086)</u>
Gross profit		6,564	2,435
Other income and gains, net	5	17,074	25,435
Selling and marketing expenses		(3,971)	–
Administrative expenses		(29,866)	(33,205)
Fair value gains on investment properties	10	378	142
Other expenses		(6,255)	(38,658)
Finance costs		<u>(10,602)</u>	<u>(10,731)</u>
LOSS BEFORE TAX	6	(26,678)	(54,582)
Income tax credit/(expense)	7	<u>36</u>	<u>(5,913)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(26,642)</u>	<u>(60,495)</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
OTHER COMPREHENSIVE (LOSS)/INCOME			
<i>Item that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		<u>(1,012)</u>	<u>124</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(1,012)</u>	<u>124</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>(27,654)</u></u>	<u><u>(60,371)</u></u>
		<i>HK cents per share</i>	<i>HK cents per share</i>
Loss per share attributable to the owners of the Company:			
Basic	9	<u><u>(2.78)</u></u>	<u><u>(6.30)</u></u>
Diluted	9	<u><u>(2.78)</u></u>	<u><u>(6.30)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Investment properties	10	11,155	11,788
Property, plant and equipment		44,673	46,082
Right-of-use assets		7,803	1,551
Patents		2,757	–
Rental deposits	11	613	–
Total non-current assets		67,001	59,421
CURRENT ASSETS			
Amounts due from joint ventures		1,354	702
Amount due from a related party		1,440	–
Trade and other receivables, deposits and prepayments	11	26,965	21,712
Contract assets	12	206,062	220,793
Inventories		4,354	–
Tax recoverable		582	726
Cash and bank balances		13,888	10,174
Total current assets		254,645	254,107
CURRENT LIABILITIES			
Amounts due to related parties		11,312	–
Contract liabilities	12	14,558	13,868
Trade and other payables and accruals	13	64,302	68,209
Bank and other borrowings	14	841	11,231
Lease liabilities		2,913	1,925
Total current liabilities		93,926	95,233
NET CURRENT ASSETS		160,719	158,874
TOTAL ASSETS LESS CURRENT LIABILITIES		227,720	218,295

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
NON-CURRENT LIABILITIES			
Amounts due to related parties		576	–
Other borrowings	14	90,861	87,201
Loans from a shareholder	14	118,941	98,210
Lease liabilities		5,140	–
Deferred tax liabilities		1,945	1,373
		<hr/>	<hr/>
Total non-current liabilities		217,463	186,784
		<hr/>	<hr/>
Net assets		10,257	31,511
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		96,000	96,000
Reserves		(85,743)	(64,489)
		<hr/>	<hr/>
Total equity		10,257	31,511
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1.1 CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is 3rd Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands. The principal place of business of the Company is located at Unit 1701, 17th floor, Office Tower 1, the Harbourfront, 18 Tak Fung Street, Kowloon.

Pursuant to a special resolution at the special general meeting of the Company held on 24 February 2023 and approved by the Registrar of Companies in the Cayman Islands and Hong Kong on 7 March 2023 and 4 April 2023, respectively, the name of the Company has changed from "Milestone Builder Holdings Limited" to "Dimmi Life Holdings Limited" and the dual foreign name of the Company has been changed from "進階發展集團有限公司" to "迪米生活控股有限公司".

The Company is an investment holding company and its subsidiaries (together the "Group") provide:

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong;
- (b) Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and
- (c) Development, marketing and sale of intelligent consumer products in personal life care sector ("lifestyle products") in the mainland ("Mainland China") of the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

1.2 BASIS OF PRESENTATION

Despite the Group was loss making of HK\$27 million during the year ended 31 March 2023, the Directors have assessed the Group's cash flow projection prepared by management, which covers a period of not less than twelve months from 31 March 2023. In the opinion of the Directors, taking into account the anticipated cash flows to be generated from the Group's operations and the shareholder's loan facility available to the Group, the Group will have sufficient working capital to finance its operations in the next twelve months from 31 March 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong;
- (b) Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and
- (c) Development, marketing and sale of lifestyle products in the PRC.

The Group's revenue from external customers from each operating segment is set out in note 4 to this announcement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The management assesses the performance of the operating segments based on a measure of adjusted earnings before interest expense, taxes, depreciation and amortisation (“**EBITDA**”)/loss before interest expense, taxes, depreciation and amortisation (“**LBITDA**”) excluding fair value gains on investment properties.

	Construction and engineering services HK\$'000	Property development and investment HK\$'000	Lifestyle products HK\$'000	Total HK\$'000
Year ended 31 March 2023				
Segment revenue (<i>note 4</i>)	<u>101,843</u>	<u>3,662</u>	<u>3,827</u>	<u>109,332</u>
Segmental EBITDA/(LBITDA) (excluding fair value gains on investment properties)	(17,114)	(2,491)	130	(19,475)
Depreciation and amortisation	(2,100)	(1,201)	(598)	(3,899)
Fair value gains on investment properties	–	378	–	378
Segment results	<u>(19,214)</u>	<u>(3,314)</u>	<u>(468)</u>	<u>(22,996)</u>
Reconciliation:				
Bank interest income				4
Finance costs				(10,602)
Gain on a bargain purchase				2,250
Waiver of accrued directors' fees in prior years				<u>4,666</u>
Loss before tax				(26,678)
Income tax credit				<u>36</u>
Loss for the year attributable to owners of the Company				<u>(26,642)</u>
<i>Other segment information:</i>				
Gain on disposal of items of property, plant and equipment, net	263	–	–	263
Waiver of a loan from a related party	–	–	5,879	5,879
Impairment gain/(losses) recognised in profit or loss, net	(2,795)	1,647	(18)	(1,166)
Capital expenditure*	<u>9,539</u>	<u>–</u>	<u>4,669</u>	<u>14,208</u>
As at 31 March 2023				
Segment assets	<u>244,711</u>	<u>53,462</u>	<u>23,473</u>	<u>321,646</u>
Segment liabilities	<u>(291,717)</u>	<u>(1,358)</u>	<u>(18,314)</u>	<u>(311,389)</u>

	Construction and engineering services <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2022			
Segment revenue (<i>note 4</i>)	119,442	1,079	120,521
Segmental LBITDA (excluding fair value gains on investment properties)	(39,660)	(5,019)	(44,679)
Depreciation	(2,679)	(1,352)	(4,031)
Fair value gains on investment properties	–	142	142
Segment results	(42,339)	(6,229)	(48,568)
Reconciliation:			
Discount at initial recognition on interest-free loans			4,491
Finance costs			(10,731)
Gain on disposal of a financial asset at fair value through profit or loss			226
Loss before tax			(54,582)
Income tax expense			(5,913)
Loss for the year attributable to owners of the Company			(60,495)
<i>Other segment information:</i>			
Gain on disposals of investment properties	460	–	460
Waiver of a loan from former shareholders	–	20,000	20,000
Impairment losses recognised in profit or loss	(16,276)	(17,476)	(33,752)
Capital expenditure*	12	–	12
As at 31 March 2022			
Segment assets	253,197	60,331	313,528
Segment liabilities	182,383	99,634	282,017

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and patents including assets from the acquisition of a subsidiary.

Information provided to management is measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Geographical information

(a) Revenue from external customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	101,843	119,695
Japan	3,662	826
Mainland China	3,827	–
	<u>109,332</u>	<u>120,521</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	3,849	1,551
Japan	53,916	57,870
Mainland China	8,623	–
	<u>66,388</u>	<u>59,421</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the year ended 31 March 2023, there were 3 (2022: 3) customers from the construction and engineering services operating segment, which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2023 and 2022, the revenue from each of these customers was as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	13,421	N/A
Customer B	13,359	N/A
Customer C	12,523	14,398
Customer D	N/A	22,246
Customer E	N/A	18,347
	<u>N/A</u>	<u>18,347</u>

4. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Revenue from contracts with customers:</i>		
Provision of construction and engineering services		
– Building construction services	11,164	10,134
– Alteration, addition, fitting-out works and building services	81,777	101,535
– Repair and restoration of historic buildings	8,902	7,773
Sale of lifestyle products	3,827	–
	<u>105,670</u>	<u>119,442</u>
<i>Revenue from other sources:</i>		
Property development and investment		
– Gross rental income from investment property operating leases	–	253
– Gross rental income from a hotel	3,662	826
	<u>3,662</u>	<u>1,079</u>
	<u>109,332</u>	<u>120,521</u>

5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Bank interest income	4	–
Discount at initial recognition on interest-free loans from former shareholders (<i>note (i)</i>)	–	4,491
Government grants (<i>note (ii)</i>)	1,788	60
Others	454	186
	<u>2,246</u>	<u>4,737</u>
Gains, net		
Gains on disposal of items of property, plant and equipment, net	263	–
Gain on disposals of investment properties, net	–	460
Gain on disposal of a financial asset as fair value through profit or loss	–	226
Waiver of a loan from a related party	5,879	20,000
Waiver of accrued directors' fees in prior years	4,666	–
Gain on early termination of a lease	123	12
Gain on a bargain purchase	2,250	–
Reversal of impairment of property, plant and equipment	1,647	–
	<u>14,828</u>	<u>20,698</u>
	<u>17,074</u>	<u>25,435</u>

Notes:

- (i) During the year ended 31 March 2022, income of approximately HK\$4,491,000 represented the discount at initial recognition of interest-free loans from former shareholders of HK\$91,975,000 using the prevailing market interest rate of 3.0%.
- (ii) Government grants recognised were related to anti-epidemic fund and on-the-job training allowance for the construction industry. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Construction cost recognised in cost of sales [#]	97,887	116,242
Direct operating expenses (including repair and maintenance) arising from rental-earning investment properties [#]	2,798	1,844
Cost of the lifestyle products sold [#]	2,083	–
Depreciation of property, plant and equipment	1,330	1,374
Depreciation of right-of-use assets	2,426	2,657
Amortisation of patents	143	–
	<u>97,887</u>	<u>116,242</u>

[#] The amounts are included in “Cost of sales” in the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2023 (2022: Nil).

The income tax provisions in respect of operations in Mainland China and other countries are calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong	–	–
Mainland China	–	–
Deferred	<u>(36)</u>	<u>5,913</u>
Income tax (credit)/expense	<u>(36)</u>	<u>5,913</u>

8. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the year ended 31 March 2023 (2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares of 960,000,000 (2022: 960,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.

The calculations of the basic and diluted loss per share are based on:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculation	<u>(26,642)</u>	<u>(60,495)</u>
	Number of shares	
	2023 <i>'000</i>	2022 <i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>960,000</u>	<u>960,000</u>

10. INVESTMENT PROPERTIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	11,788	35,595
Fair value gains on investment properties, net	378	142
Disposals	–	(22,820)
Exchange realignment	<u>(1,011)</u>	<u>(1,129)</u>
Carrying amount at 31 March	<u>11,155</u>	<u>11,788</u>

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	11,826	11,332
Impairment on trade receivables	<u>(1,561)</u>	<u>(1,703)</u>
	10,265	9,629
Prepayments, deposits and other receivables:		
Prepayments	12,094	8,808
Deposits	3,262	2,969
Other receivables	6,211	4,540
Impairment on other receivables	<u>(4,254)</u>	<u>(4,234)</u>
	<u>17,313</u>	<u>12,083</u>
	<u>27,578</u>	<u>21,712</u>
Portion classified as current assets	<u>(26,965)</u>	<u>(21,712)</u>
Non-current portion	<u>613</u>	<u>–</u>

Note: The Group's trade receivables arise from contract works and sale of lifestyle products. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The Group's payment terms with its contract work customers are stipulated in the relevant contracts and payments are normally due within 30 days from the date of issuance of the payment certificate. Sale of lifestyle products income is received in accordance with terms of the agreements.

An ageing analysis of trade receivables as at the end of the reporting period, based on the payment certificate date and invoice date and net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 30 days	8,684	7,456
31 to 60 days	690	821
61 to 90 days	516	103
Over 90 days	<u>375</u>	<u>1,249</u>
	<u>10,265</u>	<u>9,629</u>

12. CONTRACT ASSETS/(LIABILITIES)

	31 March 2023 HK\$'000	31 March 2022 HK\$'000	1 April 2021 HK\$'000
Unbilled revenue relating to construction contracts	190,404	200,638	203,117
Retention receivables of construction contracts	25,414	26,976	28,491
	215,818	227,614	231,608
Impairment	(9,756)	(6,821)	(2,256)
	206,062	220,793	229,352
Contract liabilities relating to construction contracts	(14,558)	(13,868)	(16,481)

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Trade payables	56,906	57,719
Other payables and accruals	7,396	10,490
	64,302	68,209

Note: Credit terms granted to the Group by its suppliers and subcontractors vary from contract to contract. The Group's suppliers and subcontractors, on average, grant the Group a credit period of mostly 30 days to 60 days upon the issuance of an invoice.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 HK\$'000	2022 HK\$'000
Less than 30 days	28,875	29,151
31 to 60 days	1,682	773
61 to 90 days	1,267	399
Over 90 days	25,082	27,396
	56,906	57,719

14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings	841	5,231
Other borrowings	<u>90,861</u>	<u>93,201</u>
	<u>91,702</u>	<u>98,432</u>
Current portion	<u>(841)</u>	<u>(11,231)</u>
Non-current portion	<u>90,861</u>	<u>87,201</u>
Loans from a shareholder		
Non-current portion	<u>118,941</u>	<u>98,210</u>

15. LEASES

The Group as a lessor

The Group leased its investment properties (note 10) under operating lease arrangement upon the disposal during the year ended 31 March 2022. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year ended 31 March 2022 was HK\$253,000, details of which are included in note 4 to this announcement.

At 31 March 2023, no undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants (2022: Nil).

16. CONTINGENT LIABILITIES

At 31 March 2023 and 2022, the Group's contingent liabilities were as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Surety bonds	<u>1,520</u>	<u>2,410</u>

As at 31 March 2023, the Group provided guarantees of surety bonds in respect of 1 (2022: 3) construction contracts of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

17. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2023 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Group is an investment holding company principally engaged in three segments of:

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong;
- (b) Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and
- (c) Development, marketing and sale of lifestyle products in the PRC.

Business Review

The following table sets out a breakdown of our total revenue during the year ended 31 March 2023 (the “Year”) and the comparative year according to our four major types of services:

	Year ended 31 March			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Building construction services	11,164	10.2	10,134	8.4
Alteration, addition, fitting-out works and building services	81,777	74.9	101,535	84.3
Repair and restoration of historic buildings	8,902	8.1	7,773	6.4
Sale of lifestyle products	3,827	3.5	–	–
Property development and investment	3,662	3.3	1,079	0.9
Total	<u>109,332</u>	<u>100.0</u>	<u>120,521</u>	<u>100.0</u>

As at 31 March 2023, there were 1, 11 and 2 on-going projects in progress, pertaining to (i) building construction services, (ii) alteration, addition, fitting-out works and building services, and (iii) repair and restoration of historic buildings, respectively.

As at 31 March 2023, the aggregate amount of revenue expected to be recognised after 31 March 2023 of our on-going projects was approximately HK\$118.4 million.

The following table sets out our completed contracts during the year ended 31 March 2023 with contract sum of HK\$3 million or above:

Particulars of project	Main category of works	Expected project period^(Note 1)	
Lei Yue Mun Waterfront enhancement project	Building construction services	December 2020 to April 2022	MSB-359
Modifications of atrium roof for an university in Clear Water Bay	Alteration, addition, fitting-out works and building services	April 2021 to June 2022	MSB-364
Fitting-out works for The Hong Kong Buddhist Association Sha Tin Centre	Alteration, addition, fitting-out works and building services	November 2021 to March 2022	MSB-383
Re-roofing for a study centre of an university in Tseung Kwan O	Alteration, addition, fitting-out works and building services	December 2021 to May 2022	MSB-386
Alteration and addition works for a residential building in Yuen Long	Alteration, addition, fitting-out works and building services	August 2018 to August 2019	MSB-306
Fitting-out works for a Care & Attention Home for the Elderly in Kwun Tong	Alteration, addition, fitting-out works and building services	June 2021 to December 2021	MSB-372
Enhanced reinstatement works at the waterfront areas in Tin Hau	Alteration, addition, fitting-out works and building services	July 2022 to October 2022	MSB-396

Note:

1. Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

The following table sets out brief details of our projects in progress as at 31 March 2023 with contract sum of more than HK\$3 million:

Particulars of project	Main category of works	Expected project period^(Note 1)	
Residential development in Ting Kau	Building construction services	September 2018 to December 2019	MSB-313
Refurbishment of public toilet in Tsuen Wan	Alteration, addition, fitting-out works and building services	August 2021 to March 2022	MSB-375
Plumbing and drainage installation work for an office development project in North Point	Alteration, addition, fitting-out works and building services	June 2021 to November 2022	SP(008_21)
Construction of ramp outside a hospital in Causeway Bay	Alteration, addition, fitting-out works and building services	June 2022 to June 2023	MSB-394
Alteration and addition works for a commercial centre in Lai Chi Kok	Alteration, addition, fitting-out works and building services	July 2022 to November 2022	MSB-397
Main contract works for a DSS school in Shatin	Alteration, addition, fitting-out works and building services	November 2022 to December 2022	MSB-400
Refurbishment of public toilet in Cheung Chau	Alteration, addition, fitting-out works and building services	October 2022 to July 2023	MSB-405
Provision of pet garden at Pok Fu Lam Road	Alteration, addition, fitting-out works and building services	January 2023 to January 2024	MSB-413

Particulars of project	Main category of works	Expected project period^(Note 1)	
Main contract works for a Proposed Farming and Fishery Education Centre in Tin Shui Wai	Alteration, addition, fitting-out works and building services	February 2023 to August 2023	MSB-419
Refurbishment of garden in Central	Alteration, addition, fitting-out works and building services	February 2023 to February 2024	MSB-421
Refurbishment of toilet in Kennedy Town	Alteration, addition, fitting-out works and building services	February 2023 to April 2024	MSB-424
Provision of lighting facilities for a Sitting-out Area in Happy Valley	Alteration, addition, fitting-out works and building services	March 2023 to May 2024	MSB-426
Restoration works for a Buddhist temple in Happy Valley	Repair and restoration of historic buildings	August 2020 to August 2021	MSB-348
Renovation of Bishop's House in Central	Repair and restoration of historic buildings	November 2022 to June 2023	MSB-410

Note:

1. Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

Major Licenses, Qualifications and Certifications

As at 31 March 2023, our Group has obtained the following major licenses, qualifications and certifications in Hong Kong:

Relevant authority/organisation	Relevant list/category	License	Holder	Date of first grant/registration	Expiry date for existing license	Authorised contract value
WBDB ¹	Approved Contractors for Public Works – Buildings Category	Group A (probation) ²	Milestone Builder Engineering Limited (“ Milestone Builder ”)	2 May 2012	Not Applicable	Contracts of value up to HK\$100 million
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings Category ³	–	Milestone Builder	4 June 2013	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings Category ³	–	Milestone Specialty Engineering Limited	7 September 2017	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Electrical Installation Category	Group II of Electrical Installation (probation)	Speedy Engineering & Trading Company Limited (“ Speedy Engineering ”)	21 June 2016	Not Applicable	Contracts/ sub-contracts of value up to HK\$5.7 million

Relevant authority/ organisation	Relevant list/category	License	Holder	Date of first grant/ registration	Expiry date for existing license	Authorised contract value
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Plumbing Installation Category	Group I of Plumbing Installation	Speedy Engineering	25 May 2017	Not Applicable	Contracts/ sub-contracts of value up to HK\$2.3 million
Buildings Department	Certificate of Registration of General Building Contractor ⁴	–	Milestone Builder	29 October 2008	14 October 2023	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor ^{5,6}	Type A–D, E, F, G (Class I, II, III) ^{7,8}	Milestone Builder	2 September 2011	2 September 2023	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor ⁹	Site Formation Works ¹⁰	Milestone Builder	27 September 2006	10 September 2024	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor	Type A, B, D, E, F, G (Class II & III)	Speedy Engineering	7 March 2013	7 March 2025	Not Applicable
Buildings Department	Certificate of Registration of General Building Contractor ⁴	–	Speedy Engineering	28 February 2019	30 January 2025	Not Applicable

1. WBDB refers to the Works Branch Development Bureau (發展局工務科) of the Government. The Development Bureau has maintained the Contractor List and the Specialist List to monitor the eligibility of a contractor to tender for Government contracts.
2. A Group A (probation) contractor may tender for any number of Group A contracts (i.e. contracts of value up to HK\$100 million) in the same category, provided the total value of works in the Group A contracts that it already holds and the Group A contract being procured under the same category does not exceed HK\$100 million.

3. A Repair and Restoration of Historic Buildings Category contractor is eligible to tender for Government contracts relating to repair and restoration of historic buildings and structures.
4. Registered general building contractors (RGBC) may carry out general building works and street works which do not include any specialised works in the designated categories.
5. Minor Works Contractors are eligible to carry out various types of minor works.
6. Minor works are classified into three classes according to their scale, complexity and risk to safety and are subject to different degree of control. Minor works are grouped into seven types (i.e. Types A, B, C, D, E, F and G) according to their nature.
7. Type A (Alteration and Addition Works); Type B (Repair Works); Type C (Works relating to Signboards); Type D (Drainage Works); Type E (Works relating to Structures for Amenities); Type F (Finishes Works); and Type G (Demolition Works).
8. Class I (High degree of complexity and risk with 44 minor works items); Class II (Medium degree of complexity and risk with 40 minor works items); and Class III (Low degree of complexity and risk with 42 minor works items).
9. Registered specialist contractors may carry out specialised works in their corresponding categories in the sub-registers in which they have been entered. There are five categories of works designated as specialised works: demolition works, foundation works, ground investigation field works, site formation works and ventilation works.
10. All site formation works are specialised works of the site formation category save for the circumstances specified by the Buildings Department.

Development of the Group

The Group is an investment holding company principally engaged in three segments of:

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong;
- (b) Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and
- (c) Development, marketing and sale of lifestyle products in the PRC.

Financial Review

Revenue

Revenue for the year ended 31 March 2023 was approximately HK\$109.3 million, representing a decrease of 9.3% from approximately HK\$120.5 million for the year ended 31 March 2022. The decline in our revenue was mainly attributable the decrease in revenue in relation to construction and engineering business from approximately HK\$119.4 million during the year ended 31 March 2022 to approximately HK\$101.8 million during the year ended 31 March 2023; and, on the other hand, the increase in revenue in relation to property development and investment business from approximately HK\$826,000 during the year ended 31 March 2022 to approximately HK\$3,662,000 during the year ended 31 March 2023 due to the improvement of the tourism market in Japan following its reopening; and the revenue in relation to the newly acquired lifestyle products business of approximately HK\$3,827,000 during the period from 1 January to 31 March 2023.

Gross Profit

The Group's gross profit for the year ended 31 March 2023 was approximately HK\$6.6 million (31 March 2022: approximately HK\$2.4 million). The increase in gross profit was mainly due to the increase in gross profit in relation to construction and engineering business from approximately HK\$3,424,000 during the year ended 31 March 2022 to approximately HK\$3,956,000 during the year ended 31 March 2023; the turnaround of gross profit in relation to property development and investment business from gross loss of approximately HK\$989,000 during the year ended 31 March 2022 to gross profit of approximately HK\$864,000 during the year ended 31 March 2023 due to the improvement of the tourism market in Japan following its reopening; and the gross profit in relation to the newly acquired lifestyle products business of approximately HK\$1,744,000 during the period from 1 January to 31 March 2023.

Selling and Marketing Expenses

The selling and marketing expenses amounted to approximately HK\$3,971,000 during the year ended 31 March 2023 are all from the newly acquired lifestyle products business.

Administrative Expenses

The Group's administrative expenses decreased from approximately HK\$33.2 million during the year ended 31 March 2022 to approximately HK\$29.9 million during the year ended 31 March 2023. The decrease of administrative expenses was mainly due to the significant decrease of rental expenditure due to the replacement to smaller office for construction and engineering business; and the wavier of the whole or part of the director's fees by two Directors.

Loss before Tax and Loss for the Year Attributable to Owners of the Company

During the year ended 31 March 2023, the Group reported loss before tax of approximately HK\$26.7 million (31 March 2022: approximately HK\$54.6 million).

Loss for the Year attributable to owners of the Company for the year ended 31 March 2023 was approximately HK\$26.6 million (31 March 2022: approximately HK\$60.5 million).

DEBTS AND CHARGES ON ASSETS

As at 31 March 2023, the total interest-bearing borrowings of the Group, including bank and other borrowings, loans from a shareholder and lease liabilities, was approximately HK\$121.2 million (31 March 2022: approximately HK\$106.6 million). Borrowings were denominated mainly in Hong Kong dollars and interest rates of bank and other borrowings were charged at 2.8%–6.0% (2022: 2.8%–6.0%) per annum. The Group currently does not have an interest rate hedging policy while the Group will monitor the interest rate risks continuously.

As at 31 March 2023 and 2022, no assets of the Group were pledged to secure the Group's bank and other borrowings.

Save as disclosed elsewhere in this announcement, we did not have, at the closure of business on 31 March 2023, any loan capital issued nor any outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, lease commitments, guarantees or other material contingent liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through loans from shareholders, bank and other borrowings and net cash generated from the operating activities.

As at 31 March 2023, the Group had cash and bank balances of approximately HK\$13.9 million (31 March 2022: approximately HK\$10.2 million). The Group's gearing ratio and current ratio are as follows:

	As at 31 March	
	2023	2022
Current ratio	2.7	2.7
Gearing ratio	95%	86%

Current ratio is calculated based on the total current assets divided by the total current liabilities.

Gearing ratio is calculated based on the net debt (net debt including loans from a shareholder, lease liabilities, bank and other borrowings, less cash and bank balances) divided by total capital (summation of equity plus net debt).

The financial resources presently available to the Group include bank and other borrowings and loans from a shareholder, and we have sufficient working capital for our future requirements.

PROSPECTS

Looking forward, various external and domestic factors that exacerbated the cyclical slowdown in global economic activities in 2021/22 might continue to influence our economic performance. However, the Directors believe that the post-epidemic customs clearance around the world and the signs of stabilization in the Hong Kong economy, coupled with the stimulus packages from the HKSAR Government, will help to cushion the hit from adverse impacts on the macroeconomic condition. On the other hand, the performance of Japanese hotels for the Group has improved significantly with the recovery of the Japanese tourism industry. The Directors consider that the Group is able to overcome the challenges by taking advantage of future opportunities and keeping competitive, by

- (i) tendering with lower risk strategy;
- (ii) taking intense cost control measures;
- (iii) expanding the customer base; and
- (iv) broadening of servicing scopes.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2023 and for the year ended 31 March 2023, most of the income and expenditures of the Group are denominated in Hong Kong dollars, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented nor entered into any types of instruments or arrangements to hedge against currency exchange fluctuations.

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the Year.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had no material capital commitments.

CONTINGENT LIABILITIES

Save as disclosed in note 16 to this announcement, the Group had no other contingent liabilities as at 31 March 2023.

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2023 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had 98 employees, including 88 staff and 10 workers (31 March 2022: 57 employees, including 36 staff and 21 workers). The increase in headcount is mainly due to the addition of headcounts from the acquisition of a subsidiary. The remuneration policy and package of the Group's employees were periodically reviewed. Apart from Mandatory Provident Fund, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The staff cost incurred by the Group during the year ended 31 March 2023 was approximately HK\$24.3 million (31 March 2022: approximately HK\$32.3 million).

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was conditionally adopted pursuant to a shareholders' written resolution of the Company passed on 13 March 2017 for the purpose of recognising and motivating the contributions that the eligible participants have made or may make to the Group.

No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this announcement and the total number of shares available for grant under the Scheme was 80,000,000 shares of the Company, representing 10% of the issued share capital of the Company as at the adoption date of the Scheme.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 March 2023 (31 March 2022: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 29 September 2023 (the “2023 AGM”), the register of members of the Company will be closed from Tuesday, 26 September 2023 to Friday, 29 September 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, Hong Kong, for registration not later than 4:00 p.m. on Monday, 5 September 2023.

Compliance with the Corporate Governance Code

Throughout the year ended 31 March 2023, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. All the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2023 in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the Company as required under the CG Code.

No incident of non-compliance of such guidelines by the relevant employees was noted by the Company.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2023.

Audit Committee

The Company has established an audit committee (the “Audit Committee”) which currently consists of three independent non-executive Directors with written terms of reference which deals clearly with its authority and duties.

The Audit Committee has discussed and reviewed with the Group's management, the accounting principles and policies adopted by the Group, the financial information of the Group and the annual results of the Group for the year ended 31 March 2023.

Scope of Work of Ernst & Young

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 2023 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

Publication of Annual Report

The annual report for the year ended 31 March 2023 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.milestone.hk) in due course.

By Order of the Board
Dimmi Life Holdings Limited
Ge Zhang
Chairperson and Executive Director

Hong Kong, 29 June 2023

As at the date of this announcement, the Board comprises Mr. Ge Zhang, Ms. Hou Lingling, and Mr. Liu Ning as executive Directors and Mr. Ho Siu Keung, Mr. Chu Kin Ming and Mr. Ho Wing Sum as independent non-executive Directors.