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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 September 2023 was approximately HK\$60.4 million, representing a decrease of 11.9% from approximately HK\$68.6 million for the six months ended 30 September 2022.
- Gross profit for the six months ended 30 September 2023 was approximately HK\$6.7 million (six months ended 30 September 2022: approximately HK\$5.8 million).
- Administrative expenses for the six months ended 30 September 2023 were approximately HK\$21.0 million (six months ended 30 September 2022: approximately HK\$13.7 million).
- Loss attributable to the owners of the Company for the six months ended 30 September 2023 was approximately HK\$14.4 million (six months ended 30 September 2022: approximately HK\$18.5 million).
- The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023.

FINANCIAL RESULTS

The board of directors (the “Board” or the “Directors”) of Dimmi Life Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group” or “our Group” or “we” or “our”) for the six months ended 30 September 2023 together with comparative figures for the previous financial period ended 30 September 2022, as follows:

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

		Six months ended 30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
REVENUE	4	60,446	68,638
Cost of sales		<u>(53,720)</u>	<u>(62,857)</u>
Gross profit		6,726	5,781
Other income and gains, net	5	24,657	1,456
Selling and marketing expenses		(16,973)	–
Administrative expenses		(21,033)	(13,735)
Other expenses		(3,093)	(8,177)
Finance costs	6	<u>(5,105)</u>	<u>(3,850)</u>
LOSS BEFORE TAX	7	(14,821)	(18,525)
Income tax credit	8	<u>375</u>	<u>–</u>
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(14,446)</u>	<u>(18,525)</u>

		Six months ended 30 September	
		2023	2022
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE LOSS			
<i>Item that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		<u>(4,491)</u>	<u>(1,208)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(4,491)</u>	<u>(1,208)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>(18,937)</u></u>	<u><u>(19,733)</u></u>
		<i>HK cents</i>	<i>HK cents</i>
		<i>per share</i>	<i>per share</i>
Loss per share attributable to the owners of the Company:			
Basic	10	<u><u>(1.50)</u></u>	<u><u>(1.93)</u></u>
Diluted	10	<u><u>(1.50)</u></u>	<u><u>(1.93)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2023	31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Investment properties		9,941	11,155
Property, plant and equipment	11	38,725	44,673
Right-of-use assets		5,171	7,803
Patents		1,161	2,757
Rental deposits	12	613	613
Total non-current assets		55,611	67,001
CURRENT ASSETS			
Amounts due from joint ventures		1,831	1,354
Amounts due from a related party		–	1,440
Trade and other receivables, deposits and prepayments	12	30,783	26,965
Contract assets		193,932	206,062
Inventories		5,472	4,354
Tax recoverable		433	582
Cash and bank balances		11,602	13,888
Total current assets		244,053	254,645
CURRENT LIABILITIES			
Amounts due to related parties		8,845	11,312
Contract liabilities		5,448	14,558
Trade and other payables and accruals	13	69,713	64,302
Bank and other borrowings	14	–	841
Lease liabilities		2,883	2,913
Total current liabilities		86,889	93,926
NET CURRENT ASSETS		157,164	160,719
TOTAL ASSETS LESS CURRENT LIABILITIES		212,775	227,720

		30 September	31 March
		2023	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Amounts due to related parties		–	576
Other borrowings	14	93,742	90,861
Loans from a shareholder	14	98,571	118,941
Lease liabilities		3,480	5,140
Deferred tax liabilities		1,428	1,945
		<hr/>	<hr/>
Total non-current liabilities		197,221	217,463
		<hr/>	<hr/>
Net assets		15,554	10,257
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		96,000	96,000
Reserves		(80,446)	(85,743)
		<hr/>	<hr/>
Total equity		15,554	10,257
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Dimmi Life Holdings Limited (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 Japan; and
- (c) Lifestyle products – 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”).

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and compliance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2023. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2023, except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s interim financial information, as further detailed in note 2.2 below.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group. Taking into account the Group’s internal financial resources and new banking facilities currently under negotiation, the directors of the Company considered that the Group will be able to continue as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

The interim condensed consolidated financial information has not been audited, but has been reviewed by audit committee of the Company.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following new and revised HKFRSs for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and revised HKFRSs in the current period did not have any significant impact on the financial position and 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 Japan; and
- (c) Lifestyle products – development, marketing and sale of Lifestyle Products in the Mainland China of the PRC.

The Group's revenue from external customers from each operating segment is set out in note 4 to the interim condensed consolidated financial information.

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 income and expense, taxes, waiver of a loan from a related party, depreciation and amortisation ("EBITDA")/loss before interest income and expense, taxes, waiver of a loan from a related party, depreciation and amortisation ("LBITDA").

	Construction and engineering services HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Lifestyle products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 September 2023				
Segment revenue (<i>note 4</i>)	<u>49,512</u>	<u>3,247</u>	<u>7,687</u>	<u>60,446</u>
Segmental EBITDA/(LBITDA)	(12,417)	1,231	(20,043)	(31,229)
Waiver of a loan from a related party	–	–	24,485	24,485
Depreciation and amortisation	<u>(378)</u>	<u>(1,213)</u>	<u>(1,384)</u>	<u>(2,975)</u>
Segment results	<u>(12,795)</u>	<u>18</u>	<u>3,058</u>	<u>(9,719)</u>
Reconciliation:				
Bank interest income				3
Finance costs				<u>(5,105)</u>
Loss before tax				(14,821)
Income tax credit				<u>375</u>
Loss for the period attributable to owners of the Company				<u>(14,446)</u>
		Construction and engineering services HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 September 2022				
Segment revenue (<i>note 4</i>)		<u>67,863</u>	<u>775</u>	<u>68,638</u>
Segmental LBITDA		(4,581)	(8,216)	(12,797)
Depreciation		<u>(1,247)</u>	<u>(631)</u>	<u>(1,878)</u>
Segment results		<u>(5,828)</u>	<u>(8,847)</u>	(14,675)
Reconciliation:				
Finance costs				<u>(3,850)</u>
Loss before tax				(18,525)
Income tax expense				<u>–</u>
Loss for the period attributable to owners of the Company				<u>(18,525)</u>

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers:</i>		
Provision of construction and engineering services		
– Building construction services	1,239	8,003
– Alteration, addition, fitting-out works and building services	28,244	54,190
– Repair and restoration of historic buildings	20,029	5,670
Sales of lifestyle products	7,687	–
	<u>57,199</u>	67,863
<i>Revenue from other sources:</i>		
Property development and investment		
– Gross rental income from a hotel	3,247	775
	<u>60,446</u>	<u>68,638</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the period ended 30 September 2023

	Construction and engineering services HK\$'000	Sale of lifestyle products HK\$'000
Geographical markets		
Hong Kong	49,512	–
Mainland China	–	7,687
	<u>49,512</u>	<u>7,687</u>
Total revenue from contracts with customers	<u>49,512</u>	<u>7,687</u>
Timing of revenue recognition		
Services transferred over time	49,512	–
Goods transferred at a point in time	–	7,687
	<u>49,512</u>	<u>7,687</u>
Total revenue from contracts with customers	<u>49,512</u>	<u>7,687</u>

For the period ended 30 September 2022, total revenue from contracts with customers from the provision of construction and engineering services was derived from Hong Kong and the services were recognised over time.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of construction and engineering services	5,912	4,087

(b) Performance obligations

Provision of construction and engineering services

The performance obligation is satisfied over time as construction and engineering services are rendered and payment is generally due within 30 days from the date of issuance of payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September are as follows:

	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amounts expected to be recognised as revenue:		
Within one year	117,243	66,800

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction works, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Sales of lifestyle products

The performance obligation is satisfied upon delivery of lifestyle products and payment is generally due from immediate to 30 days from delivery.

5. OTHER INCOME AND GAINS, NET

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income		
Bank interest income	3	–
Government grants (<i>note</i>)	–	1,139
Others	169	61
	<u>172</u>	<u>1,200</u>
Gains, net		
Gains on disposal of items of property, plant and equipment, net	–	133
Gain on early termination of a lease	–	123
Waiver of a loan from a related party	24,485	–
	<u>24,485</u>	<u>256</u>
	<u><u>24,657</u></u>	<u><u>1,456</u></u>

Note: 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. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank and other borrowings	136	60
Interest on lease liabilities	150	56
Interest on interest-free loans from key management:		
unwinding of discount (<i>note (i)</i>)	1,830	1,266
Interest on loans from a shareholder (<i>note (ii)</i>)	2,981	2,468
Imputed interest on consideration for acquisition of a subsidiary	8	–
	<u>5,105</u>	<u>3,850</u>

Notes:

- (i) During the six months ended 30 September 2023, interest expenses of approximately HK\$1,830,000 (six months ended 30 September 2022: HK\$1,266,000) represented the unwinding of discount on loans from key management of HK\$87,645,000 (six months ended 30 September 2022: HK\$85,188,000) that bear no interest and discounted using the prevailing market interest rate ranged from 3.0% to 4.5% (six months ended 30 September 2022: 3.0%).
- (ii) Interest expenses of approximately HK\$2,981,000 (six months ended 30 September 2022: HK\$2,468,000) was recognised from loans from a shareholder at fixed interest rate of 6% per annum (six months ended 30 September 2022: 6%).

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Construction cost recognised in cost of sales [#]	47,377	61,872
Direct operating expenses (including repair and maintenance) arising from rental-earning investment properties [#]	1,867	985
Cost of the lifestyle products sold [#]	4,476	–
Depreciation of property, plant and equipment	958	658
Depreciation of right-of-use assets	1,730	1,220
Amortisation of patents	287	–
Impairment of property, plant and equipment [^]	764	–
Impairment of right-of-use assets [^]	683	–
Impairment of patents [^]	1,215	–
Impairment of trade receivables [^]	1,024	936
(Reversal of impairment)/impairment of contract assets [^]	(574)	93
Reversal of impairment of other receivables [^]	(63)	(50)
Foreign exchange differences, net [^]	44	7,198
	<u>44</u>	<u>7,198</u>

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

[^] The amounts are included in “Other expenses” in the condensed consolidated statement of profit or loss and other comprehensive income.

8. 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 six months ended 30 September 2023 and 2022.

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred	<u>(375)</u>	<u>–</u>

9. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares of 960,000,000 in issue during the six months ended 30 September 2023 and 2022.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2023 and 2022.

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to the owners of the Company used in the basic and diluted loss per share calculation	<u>(14,446)</u>	<u>(18,525)</u>

Number of shares	
Six months ended 30 September	
2023	2022
'000	'000
(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation

960,000	960,000
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11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired assets at a cost of HK\$233,000 (six months ended 30 September 2022: HK\$354,000). No disposal of assets was recorded by the Group during the six months ended 30 September 2023. Certain fully-depreciated assets were disposed of by the Group during the six months ended 30 September 2022, resulting in a net gain on disposal of HK\$133,000.

During the six months ended 30 September 2023, an impairment loss of HK\$764,000 (30 September 2022: Nil) was recognised for certain property, plant and equipment in the Lifestyle products segment as a result of the significant loss incurred during the period. The recoverable amount was HK\$5,810,000 which has been determined at the level of the cash-generating unit based on a value-in-use calculation using cash flow projections performed by Graval Consulting Limited, an independent professionally qualified valuer. The cash-generating unit consisted of property, plant and equipment, patents and right-of-use assets allocated to the Lifestyle products segment. The discount rate applied to the cash flow projections is 22.44%.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Note</i>	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables	(a)	13,431	11,826
Impairment on trade receivables		(2,585)	(1,561)
		<u>10,846</u>	<u>10,265</u>
Prepayments, deposits and other receivables:			
Prepayments		7,353	12,094
Deposits		3,502	3,262
Other receivables		13,886	6,211
Impairment on other receivables		(4,191)	(4,254)
		<u>20,550</u>	<u>17,313</u>
Portion classified as current assets		<u>31,396</u> (30,783)	27,578 (26,965)
Non-current portion		<u>613</u>	<u>613</u>

Note:

- (a) Trade receivables represented receivables for 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 net of loss allowance, is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Less than 30 days	7,561	8,684
31 to 60 days	2,427	690
61 to 90 days	98	516
Over 90 days	760	375
	<u>10,846</u>	<u>10,265</u>

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade payables	(a)	62,188	56,906
Other payables and accruals	(b)	7,525	7,396
		<u>69,713</u>	<u>64,302</u>

Notes:

- (a) 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:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Less than 30 days	36,876	28,875
31 to 60 days	71	1,682
61 to 90 days	355	1,267
Over 90 days	24,886	25,082
	<u>62,188</u>	<u>56,906</u>

(b) Other payables and accruals

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Accrued staff costs and pension obligations	3,016	3,471
Accrued expenses	2,656	2,396
Other payables	1,853	1,529
	<u>7,525</u>	<u>7,396</u>

14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER

	<i>Notes</i>	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Bank borrowings	(i)	–	841
Other borrowings	(ii)	93,742	90,861
		<u>93,742</u>	<u>91,702</u>
Current portion		–	(841)
Non-current portion		<u>93,742</u>	<u>90,861</u>
Loans from a shareholder			
Non-current portion	(iii)	<u>98,571</u>	<u>118,941</u>

Notes:

- (i) The Group's bank borrowings and overdrafts are repayable as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within one year or on demand	<u>–</u>	<u>841</u>

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

Bank borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements and without taking into account the effect of any repayment on demand clause are as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within one year	<u>–</u>	<u>841</u>

As at 31 March 2023, all the bank borrowings of the Group are secured by personal guarantee from directors of construction and engineering services segment.

These bank borrowings carry floating rates at the prime rate plus or minus a margin and the exposure of these bank borrowings to interest rate charges and the contractual repricing dates are six months or less. The weighted average interest rate was 3.0% per annum as at 31 March 2023.

As at 30 September 2023, there was no undrawn bank facilities (31 March 2023: Nil).

(ii) The Group's other borrowings are repayable as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within one year	–	–
In the second year	87,645	87,474
In the third to fifth year, inclusive	<u>6,097</u>	<u>3,387</u>
	<u>93,742</u>	<u>90,861</u>

Other borrowings of approximately HK\$87,645,000 (31 March 2023: HK\$87,474,000) from key management as at 30 September 2023 are unsecured, interest-free, repayable by installments by 31 October 2024 and denominated in HK\$.

Other borrowings of approximately HK\$4,866,000 (31 March 2023: HK\$2,105,000) from a related company as at 30 September 2023 bear interest at 6% per annum, and are unsecured, repayable on demand from 31 December 2025 and denominated in HK\$.

Other borrowings of approximately HK\$1,231,000 (31 March 2023: HK\$1,282,000) from a related company as at 30 September 2023 are unsecured, interest-free and repayable by 3 August 2026 and denominated in RMB.

As at 30 September 2023, other than certain other borrowing with carrying amount of HK\$1,231,000 (31 March 2023: HK\$1,282,000) denominated in RMB, all the other borrowings of the Group are denominated in HK\$.

- (iii) Loans from a shareholder of approximately HK\$89,797,000 as at 30 September 2023 (31 March 2023: HK\$110,167,000) bear interest at 6% per annum, unsecured and are repayable on demand from 31 March 2025 and denominated in HK\$.

Loans from a shareholder of approximately HK\$8,774,000 as at 30 September 2023 and 31 March 2023 are unsecured, interest-free, repayable on demand from 31 March 2025 and denominated in HK\$.

During the period ended 30 September 2023, the controlling shareholder issued a waiver letter to the Company and agreed to discharge certain loans of HK\$24,234,000 (year ended 31 March 2023: HK\$6,400,000). The transaction was accounted for as a deemed contribution from the shareholder in the capital reserve.

15. CONTINGENT LIABILITIES

The Group's contingent liabilities were as follows:

	As at	
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Surety bonds (<i>Note</i>)	1,520	1,520

Note: As at 30 September 2023, the Group provided guarantees of surety bonds in respect of 1 (31 March 2023: 1) construction contract 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.

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 Japan; and
- (c) Lifestyle products – development, marketing and sale of Lifestyle Products in the Mainland China of the PRC.

Business Review

The following table sets out a breakdown of our total revenue during the period ended 30 September 2023 (the “Period”) and the comparative year according to our five major types of services:

	Six months ended 30 September			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Building construction services	1,239	2.0	8,003	11.6
Alteration, addition, fitting-out works and building services	28,244	46.7	54,190	79.0
Repair and restoration of historic buildings	20,029	33.1	5,670	8.3
Sales of lifestyle products	7,687	12.7	–	–
Property development and investment	3,247	5.5	775	1.1
Total	<u>60,446</u>	<u>100.0</u>	<u>68,638</u>	<u>100.0</u>

As at 30 September 2023, there were 1, 11 and 3 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 30 September 2023, the aggregate amount of revenue expected to be recognised after 30 September 2023 of our on-going projects was approximately HK\$117.2 million.

The following table sets out our completed contracts during the six months ended 30 September 2023 with contract sum of HK\$3 million or above:

Particulars of project	Main category of works	Expected project period
Refurbishment of public toilet in Tsuen Wan	Alteration, addition, fitting-out works and building services	August 2021 to March 2022
Construction of ramp outside a hospital in Causeway Bay	Alteration, addition, fitting-out works and building services	June 2022 to June 2023
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
Main contract works for a DSS school in Shatin	Alteration, addition, fitting-out works and building services	November 2022 to December 2022

The following table sets out brief details of our projects in progress as at 30 September 2023 with contract sum of more than HK\$3 million:

Particulars of project	Main category of works	Expected project period
Residential development in Ting Kau	Building construction services	September 2018 to December 2019
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
Refurbishment of public toilet in Cheung Chau	Alteration, addition, fitting-out works and building services	October 2022 to July 2023
Provision of pet garden at Pok Fu Lam Road	Alteration, addition, fitting-out works and building services	January 2023 to January 2024
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

Particulars of project	Main category of works	Expected project period
Refurbishment of garden in Central	Alteration, addition, fitting-out works and building services	February 2023 to February 2024
Refurbishment of toilet in Kennedy Town	Alteration, addition, fitting-out works and building services	February 2023 to April 2024
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
Re-flooring works for carpark at plaza in Tsing Yi	Alteration, addition, fitting-out works and building services	August 2023 to February 2024
Fitting-out works for a service centre in To Kwa Wan	Alteration, addition, fitting-out works and building services	September 2023 to November 2023
Provision of re-roofing works for residential blocks in Kowloon Bay	Alteration, addition, fitting-out works and building services	November 2023 to July 2024
Plumbing and drainage installation for a stadium in Yuen Long	Alteration, addition, fitting-out works and building services	April 2023 to December 2025
Restoration works for a Buddhist temple in Happy Valley	Repair and restoration of historic buildings	August 2020 to August 2021
Renovation of Bishop's House in Central	Repair and restoration of historic buildings	November 2022 to June 2023
Major repairs for a school in Central and Western District	Repair and restoration of historic buildings	November 2023 to December 2024

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 30 September 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 (“Milestone Specialty”)	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 2026	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor ^{5,6}	Type A – D, F, G (Class I, II, III) ^{7,8}	Milestone Builder	2 September 2011	2 September 2026	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 2022	Not Applicable
Buildings Department	Certificate of Registration of General Building Contractor ⁴	–	Speedy Engineering	28 February 2019	30 January 2022	Not Applicable

Notes:

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) Lifestyle products – development, marketing and sale of Lifestyle Products in the Mainland China of the PRC.

Financial Review

Revenue

Revenue for the six months ended 30 September 2023 was approximately HK\$60.4 million, representing a decrease of 11.9% from approximately HK\$68.6 million for the six months ended 30 September 2022. The decline in our revenue was mainly attributable to the decrease in revenue in relation to construction and engineering business from approximately HK\$67.9 million during the period ended 30 September 2022 to approximately HK\$49.5 million during the period ended 30 September 2023. And, on the other hand, the increase in revenue in relation to property development and investment business from approximately HK\$775,000 during the period ended 30 September 2022 to approximately HK\$3,247,000 during the period ended 30 September 2023 due to the improvement of the tourism market in Japan following its reopening; and the revenue in relation to the lifestyle products business of approximately HK\$7,687,000 during the period ended 30 September 2023 which was newly acquired in December 2022.

Gross Profit

The Group's gross profit for the six months ended 30 September 2023 was approximately HK\$6.7 million (six months ended 30 September 2022: approximately HK\$5.8 million). The profit was principally due to significant decrease in costs from approximately HK\$62.9 million for the six months ended 30 September 2022 to approximately HK\$53.7 million for the six months ended 30 September 2023.

Selling and Marketing Expenses

The selling and marketing expenses amounted to approximately HK\$16,973,000 during the period ended 30 September 2023 are all from the lifestyle products business which was newly acquired in December 2022.

Administrative Expenses

The Group's administrative expenses were approximately HK\$21.0 million during the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$13.7 million).

Loss before Tax and Loss attributable to the owners of the Company

During the six months ended 30 September 2023, the Group reported loss before income tax of approximately HK\$14.8 million (six months ended 30 September 2022: approximately HK\$18.5 million).

Loss attributable to the owners of the Company was approximately HK\$14.4 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$18.5 million).

DEBTS AND CHARGE ON ASSETS

The total interest-bearing borrowings of the Group, including bank and other borrowings, loans from a shareholder and lease liabilities, was approximately HK\$101.0 million as at 30 September 2023 (31 March 2023: approximately HK\$121.2 million). Borrowings were denominated in Hong Kong dollars and RMB and interest rates of bank and other borrowings were ranged from 3.0% to 6.0% per annum. The Group currently does not have an interest rate hedging policy while the Group monitors interest rate risks continuously.

As at 30 September 2023, 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 30 September 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, finance 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 capital contributions and loans from a shareholder and bank borrowings.

As at 30 September 2023, the Group had cash and bank balances of approximately HK\$11.6 million (31 March 2023: approximately HK\$13.9 million). The Group's gearing ratio and current ratio are as follows:

	As at	
	30 September	31 March
	2023	2023
Current ratio	2.8	2.7
Gearing ratio	92%	95%

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 (total debts including loans from a shareholder, lease liabilities and 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 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 2023 might continue to influence our economic performance. The Directors believe that the stimulus packages from the HKSAR Government and Japan Government will help to cushion the hit from adverse impacts on the macroeconomic condition. 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 30 September 2023 and for the period ended 30 September 2023, most of the assets, liabilities, income and expenditures of the Group are denominated in Hong Kong dollars (“HK\$”), 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 September 2023.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no material capital commitments.

CONTINGENT LIABILITIES

Save as disclosed in Note 15 of this interim result announcement, the Group had no other contingent liabilities as at 30 September 2023.

EVENT AFTER THE REPORTING PERIOD

There have been no significant events occurred after 30 September 2023 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 119 employees, including 103 staff and 16 workers (31 March 2023: 98 employees, including 88 staff and 10 workers). 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 total staff costs incurred by the Group during the six months ended 30 September 2023 was approximately HK\$16.8 million (six months ended 30 September 2022: approximately HK\$13.0 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 interim results announcement and the total number of shares available for grant under the scheme was 80,000,000 shares, representing 10% of the issued share capital of the Company as at the adoption date of the scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RESULTS AND DIVIDENDS

The results of the Group for the six months ended 30 September 2023 are set out in interim condensed consolidated statement of profit or loss and other comprehensive income on page 2 of this interim results announcement.

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2023.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2023, the Company has applied the principles and 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”).

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code and all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 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.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established the Audit Committee which currently consists of three independent non-executive Directors with written terms of reference which deal clearly with its authority and duties.

The Group’s interim condensed consolidated financial information for the six months ended 30 September 2023 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM ANNOUNCEMENT

The interim announcement for the six months ended 30 September 2023 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the designated website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.DimmiLife.com) in due course.

By Order of the Board
Dimmi Life Holdings Limited
Ge Zhang
Chairman

Hong Kong, 29 November 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The English text of this announcement shall prevail over its Chinese text.