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Dimmi
DIMMI LIFE HOLDINGS LIMITED
迪米生活控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1667)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024

RESULTS HIGHLIGHTS

- Revenue for the year ended 31 March 2024 was approximately HK\$121.5 million, representing an increase of 11.2% from approximately HK\$109.3 million for the year ended 31 March 2023.
- Gross profit for the year ended 31 March 2024 was approximately HK\$2.0 million (31 March 2023: approximately HK\$6.6 million).
- Selling and marketing expenses for the year ended 31 March 2024 was approximately HK\$35.4 million (the period from 30 December 2022 to 31 March 2023: approximately HK\$4.0 million).
- Administrative expenses for the year ended 31 March 2024 were approximately HK\$60.1 million (31 March 2023: approximately HK\$29.9 million).
- Loss for the year attributable to owners of the Company was approximately HK\$90.4 million (31 March 2023: approximately HK\$26.6 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 2024 together with comparative figures for the previous financial year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	4	121,519	109,332
Cost of sales		<u>(119,473)</u>	<u>(102,768)</u>
Gross profit		2,046	6,564
Other income and gains, net	5	12,510	17,074
Selling and marketing expenses		(35,433)	(3,971)
Administrative expenses		(60,071)	(29,866)
Fair value gains on investment properties	10	1,531	378
Other expenses, net		(1,661)	(6,255)
Finance costs		<u>(9,160)</u>	<u>(10,602)</u>
LOSS BEFORE TAX	6	(90,238)	(26,678)
Income tax (expense)/credit	7	<u>(179)</u>	<u>36</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(90,417)</u>	<u>(26,642)</u>

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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>(4,906)</u>	<u>(1,012)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(4,906)</u>	<u>(1,012)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(95,323)</u>	<u>(27,654)</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>(9.42)</u>	<u>(2.78)</u>
Diluted	9	<u>(9.42)</u>	<u>(2.78)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Investment properties	10	11,177	11,155
Property, plant and equipment		36,691	44,673
Right-of-use assets		2,525	7,803
Patents		–	2,757
Rental deposits	11	613	613
Total non-current assets		51,006	67,001
CURRENT ASSETS			
Amounts due from joint ventures		1,293	1,354
Amounts due from related parties		7	1,440
Trade and other receivables, deposits and prepayments	11	30,347	26,965
Contract assets	12	179,605	206,062
Inventories		6,519	4,354
Tax recoverable		–	582
Cash and bank balances		9,718	13,888
Total current assets		227,489	254,645
CURRENT LIABILITIES			
Amounts due to related parties		4,544	11,312
Contract liabilities	12	11,988	14,558
Trade and other payables and accruals	13	70,818	64,302
Bank borrowings	14	–	841
Lease liabilities		2,946	2,913
Tax payable		351	–
Total current liabilities		90,647	93,926
NET CURRENT ASSETS		136,842	160,719
TOTAL ASSETS LESS CURRENT LIABILITIES		187,848	227,720

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Amounts due to related parties		–	576
Other borrowings	14	70,357	90,861
Loans from shareholders	14	96,517	118,941
Lease liabilities		2,035	5,140
Deferred tax liabilities		1,119	1,945
		<hr/>	<hr/>
Total non-current liabilities		170,028	217,463
		<hr/>	<hr/>
Net assets		17,820	10,257
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		96,000	96,000
Reserves		(78,180)	(85,743)
		<hr/>	<hr/>
Total equity		17,820	10,257
		<hr/>	<hr/>

NOTES

1.1 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.

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

- 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;
- Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and
- Development, marketing and sale of intelligent consumer products in personal life care sector (“lifestyle products”) in the mainland (“Chinese Mainland”) 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

For the year ended 31 March 2024, the Group recorded a net loss of approximately HK\$90,417,000 and net operating cash outflow of HK\$38,199,000. As at 31 March 2024, the Group had cash and cash equivalents of HK\$9,718,000. As at the same date, the Group had outstanding other borrowings and loans from shareholders with an aggregate carrying amount of approximately HK\$166,874,000, which are repayable beyond one year from the end of the reporting period.

In preparing the financial statements, the directors of the Company have given careful consideration to the Group’s future liquidity requirements, operating performance and available sources of financing in assessing the Group’s ability to continue operating as a going concern and the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 March 2024, after taking into consideration of the following:

- (i) the available shareholders’ loan facilities of the Group; and
- (ii) the estimated cash flows of the Group for the next twelve months from the end of the reporting period, in particular, with the consideration of the upcoming business operation plans and control of the selling and marketing expenses.

2. ACCOUNTING POLICIES

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”) 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 new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</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 nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group’s approach and policy align with the amendments, the amendments had no impact on the Group’s financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 March 2022.

Upon the application of the amendments, the Group has determined the amendments did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 China Mainland.

The Group's revenue from external customers from each operating segment is set out in note 5 to the financial statements.

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, discount of initial recognition on interest-free loans, bank interest income, gain on bargain purchase and discharge of liabilities.

	Construction and engineering services <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Lifestyle products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2024				
Segment revenue (<i>note 4</i>)	<u>97,001</u>	<u>6,464</u>	<u>18,054</u>	<u>121,519</u>
Segmental EBITDA/(LBITDA) (excluding fair value gains on investment properties)	(27,041)	1,099	(63,178)	(89,120)
Depreciation and amortisation	(1,625)	(1,097)	(2,701)	(5,423)
Fair value gains on investment properties	<u>–</u>	<u>1,531</u>	<u>–</u>	<u>1,531</u>
Segment results	<u>(28,666)</u>	<u>1,533</u>	<u>(65,879)</u>	<u>(93,012)</u>
Reconciliation:				
Discount of initial recognition on interest-free loans				11,925
Bank interest income				9
Finance costs				<u>(9,160)</u>
Loss before tax				(90,238)
Income tax expenses				<u>(179)</u>
Loss for the year attributable to owners of the Company				<u><u>(90,417)</u></u>
<i>Other segment information:</i>				
(Reversal of impairment)/impairment recognised in profit or loss, net	(1,868)	–	5,729	3,861
Capital expenditure*	<u>–</u>	<u>–</u>	<u>1,416</u>	<u>1,416</u>
As at 31 March 2024				
Segment assets	<u>209,555</u>	<u>49,250</u>	<u>19,690</u>	<u>278,495</u>
Segment liabilities	<u>(236,463)</u>	<u>(1,557)</u>	<u>(22,655)</u>	<u>(260,675)</u>

	Construction and engineering services <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Lifestyle products <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>–</u>	<u>378</u>	<u>–</u>	<u>378</u>
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 (Reversal of impairment)/impairment recognised in profit or loss, net	–	–	(5,879)	(5,879)
	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>

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets 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

	2024 HK\$'000	2023 HK\$'000
Hong Kong	97,001	101,843
Japan	6,464	3,662
Chinese Mainland	18,054	3,827
	<u>121,519</u>	<u>109,332</u>

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

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	–	3,849
Japan	47,868	53,916
Chinese Mainland	2,525	8,623
	<u>50,393</u>	<u>66,388</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 2024, there were 2 (2023: 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 2024 and 2023, the revenue from each of these customers was as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	N/A	13,421
Customer B	N/A	13,359
Customer C	21,510	12,523
Customer D	39,713	N/A

4. REVENUE

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers:</i>		
Provision of construction and engineering services		
– Building construction services	1,534	11,164
– Alteration, addition, fitting-out works and building services	56,445	81,777
– Repair and restoration of historic buildings	39,022	8,902
Sale of lifestyle products	18,054	3,827
Hotel income	6,464	3,662
	<u>121,519</u>	<u>109,332</u>

5. OTHER INCOME AND GAINS, NET

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

	2024 HK\$'000	2023 HK\$'000
Other income		
Bank interest income	9	4
Discount at initial recognition on interest-free loans from directors of the Group's subsidiaries (<i>note (i)</i>)	11,925	–
Government grants (<i>note (ii)</i>)	–	1,788
Others	576	454
	<u>12,510</u>	<u>2,246</u>
Gains, net		
Gains on disposal of items of property, plant and equipment, net	–	263
Waiver of a loan from a related party	–	5,879
Waiver of accrued directors' fees in prior years	–	4,666
Gain on early termination of a lease	–	123
Gain on a bargain purchase	–	2,250
Reversal of impairment of property, plant and equipment	–	1,647
	<u>–</u>	<u>14,828</u>
	<u>12,510</u>	<u>17,074</u>

Notes:

- (i) During the year ended 31 March 2024, net income of approximately HK\$11,925,000 represented the discount at initial recognition of interest-free loans from the directors of the Group's subsidiaries of HK\$83,012,000 using the prevailing market interest rate.
- (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:

	2024 HK\$'000	2023 HK\$'000
Construction cost recognised in cost of sales [#]	105,517	97,887
Direct operating expenses (including repair and maintenance) arising from rental-earning investment properties [#]	3,734	2,798
Cost of the lifestyle products sold [#]	10,222	2,083
Auditor's remuneration		
Audit services	1,560	1,560
Non-audit services	180	170
Depreciation of property, plant and equipment	1,982	1,330
Depreciation of right-of-use assets	3,015	2,426
Amortisation of patents	426	143
	<u>126,546</u>	<u>108,377</u>

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

7. INCOME TAX EXPENSE/(CREDIT)

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 2024 (2023: Nil).

The income tax provisions in respect of operations in Chinese Mainland 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.

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	434	–
Chinese Mainland	40	–
Japan	382	–
	<u>856</u>	<u>–</u>
Total current tax	856	–
Deferred	(677)	(36)
	<u>(19)</u>	<u>(36)</u>
Income tax expense/(credit)	<u>179</u>	<u>(36)</u>

8. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the year ended 31 March 2024 (2023: Nil).

9. 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 year attributable to the owners of the Company, and the weighted average number of ordinary shares of 960,000,000 (2023: 960,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

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

	2024 HK\$'000	2023 HK\$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculation	<u>(90,417)</u>	<u>(26,642)</u>
	Number of shares	
	2024 '000	2023 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>960,000</u>	<u>960,000</u>

10. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	11,155	11,788
Fair value gains on investment properties, net	1,531	378
Exchange realignment	<u>(1,509)</u>	<u>(1,011)</u>
Carrying amount at 31 March	<u>11,177</u>	<u>11,155</u>

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Trade receivables	14,955	11,826
Impairment on trade receivables	(1,190)	(1,561)
	<u>13,765</u>	<u>10,265</u>
Prepayments, deposits and other receivables:		
Prepayments	13,124	12,094
Deposits	2,258	3,262
Other receivables	6,046	6,211
Impairment on other receivables	(4,233)	(4,254)
	<u>17,195</u>	<u>17,313</u>
	<u>30,960</u>	<u>27,578</u>
Portion classified as current assets	<u>(30,347)</u>	<u>(26,965)</u>
Non-current portion	<u>613</u>	<u>613</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:

	2024 HK\$'000	2023 HK\$'000
Less than 30 days	6,574	6,286
31 to 60 days	5,119	2,389
61 to 90 days	1,095	806
Over 90 days	977	784
	<u>13,765</u>	<u>10,265</u>

12. CONTRACT ASSETS/(LIABILITIES)

	31 March 2024 HK\$'000	31 March 2023 HK\$'000	1 April 2022 HK\$'000
Unbilled revenue relating to construction contracts	169,019	190,404	200,638
Retention receivables of construction contracts	17,790	25,414	26,976
	<u>186,809</u>	<u>215,818</u>	<u>227,614</u>
Impairment	(7,204)	(9,756)	(6,821)
	<u>179,605</u>	<u>206,062</u>	<u>220,793</u>
Contract liabilities relating to construction contracts	(11,988)	(14,558)	(13,868)

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Trade payables	60,237	56,906
Other payables and accruals	10,581	7,396
	<u>70,818</u>	<u>64,302</u>

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:

	2024 HK\$'000	2023 HK\$'000
Less than 30 days	34,226	28,875
31 to 60 days	1,905	1,682
61 to 90 days	240	1,267
Over 90 days	23,866	25,082
	<u>60,237</u>	<u>56,906</u>

14. BANK AND OTHER BORROWINGS AND LOANS FROM SHAREHOLDERS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings	–	841
Other borrowings	<u>70,357</u>	<u>90,861</u>
	70,357	91,702
Current portion	<u>–</u>	<u>(841)</u>
Non-current portion	<u>70,357</u>	<u>90,861</u>
Loans from shareholders		
Non-current portion	<u>96,517</u>	<u>118,941</u>

15. CONTINGENT LIABILITIES

At 31 March 2024 and 2023, the Group's contingent liabilities were as follows:

	2024 HK\$'000	2023 HK\$'000
Surety bonds	<u>1,520</u>	<u>1,520</u>

As at 31 March 2024, the Group provided guarantees of surety bonds in respect of 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.

16. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2024 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 Chinese Mainland.

Business Review

The following table sets out a breakdown of our total revenue during the year ended 31 March 2024 (the “Year”) and the comparative year according to our five major types of services:

	Year ended 31 March			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Building construction services	1,534	1.3	11,164	10.2
Alteration, addition, fitting-out works and building services	56,445	46.4	81,777	74.9
Repair and restoration of historic buildings	39,022	32.1	8,902	8.1
Sale of lifestyle products	18,054	14.9	3,827	3.5
Property development and investment	6,464	5.3	3,662	3.3
Total	121,519	100.0	109,332	100.0

As at 31 March 2024, 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 2024, the aggregate amount of revenue expected to be recognised after 31 March 2024 of our on-going projects was approximately HK\$88.7 million.

The following table sets out our completed contracts during the year ended 31 March 2024 with contract sum of HK\$3 million or above:

Particulars of project	Main category of works	Expected project period <i>(Note)</i>
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
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
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
Fitting-out works for a service centre in To Kwa Wan	Alteration, addition, fitting-out works and building services	September 2023 to November 2023
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

Note: 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 2024 with contract sum of more than HK\$3 million:

Particulars of project	Main category of works	Expected project period ^(Note)
Residential development in Ting Kau	Building construction services	September 2018 to December 2019
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
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
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
Repair works for a school in Tai Po	Alteration, addition, fitting-out works and building services	December 2023 to August 2024
Replacement of drinking fountains, water filter cartridges and UV water sterilizers at Municipal Venues in Sai Kung District	Alteration, addition, fitting-out works and building services	August 2023 to February 2025

Particulars of project	Main category of works	Expected project period <i>(Note)</i>
Provision of drinking fountains at Municipal Venues in New Territories West	Alteration, addition, fitting-out works and building services	August 2023 to July 2024
Major repairs for a school in Central and Western District	Repair and restoration of historic buildings	November 2023 to December 2024
Repair and maintenance works for a temple in Kennedy Town	Repair and restoration of historic buildings	November 2023 to July 2024

Note: 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 2024, 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 ^(Note 1)	Approved Contractors for Public Works – Buildings Category	Group A (probation) ^(Note 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 ^(Note 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 ^(Note 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 ^(Note 4)	–	Milestone Builder	29 October 2008	14 October 2026	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor ^(Note 5, 6)	Type A – D, F, G (Class I, II, III) ^(Note 7, 8)	Milestone Builder	2 September 2011	2 September 2026	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor ^(Note 9)	Site Formation Works ^(Note 10)	Milestone Builder	27 September 2006	10 September 2027	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 ^(Note 4)	–	Speedy Engineering	28 February 2019	30 January 2025	Not Applicable

Notes:

- 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.
- 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.
- 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.
- 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.
- Minor Works Contractors are eligible to carry out various types of minor works.
- 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.
- 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.

Financial Review

Revenue

Revenue for the year ended 31 March 2024 was approximately HK\$121.5 million, representing an increase of 11.2% from approximately HK\$109.3 million for the year ended 31 March 2023. The increase in our revenue was mainly due to the recognition of revenue in relation to the lifestyle products business for the whole year was approximately HK\$18.1 million for the year ended 31 March 2024 (the period from 30 December 2022 to 31 March 2023: HK\$3.8 million). Besides, the increase in revenue in relation to property development and investment business from approximately HK\$3.7 million during the year ended 31 March 2023 to approximately HK\$6.5 million during the year ended 31 March 2024 due to the improvement of the tourism market in Japan. On the other hand, the revenue in relation to the construction and engineering business was decreased from approximately HK\$101.8 million during the year ended 31 March 2023 to approximately HK\$97.0 million during the year ended 31 March 2024 due to the reversal of revenue in respect of certain construction projects.

Gross Profit

The Group's gross profit for the year ended 31 March 2024 was approximately HK\$2.0 million (31 March 2023: approximately HK\$6.6 million). The decrease in gross profit was mainly due to the turnaround of gross loss in relation to construction and engineering business from gross profit of approximately HK\$4.0 million during the year ended 31 March 2023 to gross loss of approximately HK\$8.5 million during the year ended 31 March 2024 due to the reversal of revenue recognised in respect of certain construction projects. On the other hand, the gross profit in relation to property development and investment business increased from approximately HK\$0.8 million during the year ended 31 March 2023 to approximately HK\$2.7 million during the year ended 31 March 2024; and the gross profit in relation to the lifestyle products business of approximately HK\$7.8 million during the year ended 31 March 2024 (the period from 30 December 2022 to 31 March 2023: approximately HK\$1.7 million).

Selling and Marketing Expenses

The selling and marketing expenses amounted to approximately HK\$35.4 million during the year ended 31 March 2024 (the period from 30 December 2022 to 31 March 2023: approximately HK\$4.0 million) are all from the lifestyle products business.

Administrative Expenses

The Group's administrative expenses increased from approximately HK\$29.9 million during the year ended 31 March 2023 to approximately HK\$60.1 million during the year ended 31 March 2024. The increase in administrative expenses was due to the recognition of administrative expenses in relation to the lifestyle products business for the whole year was approximately HK\$14.3 million (the period from 30 December 2022 to 31 March 2023: HK\$3.7 million); the increase in staff costs in respect of the increase in number of employees and expenses related to the share-based payments of certain employees.

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

During the year ended 31 March 2024, the Group reported loss before tax of approximately HK\$90.2 million (31 March 2023: approximately HK\$26.7 million).

Loss for the Year attributable to owners of the Company for the year ended 31 March 2024 was approximately HK\$90.4 million (31 March 2023: approximately HK\$26.6 million).

The increase in loss before tax and loss for the year attributable to owners of Company was primarily attributable to the reversal of revenue in respect of certain construction projects; the increase in selling and marketing expenses in relation to the lifestyle products business; and the increase in administrative expenses.

DEBTS AND CHARGES ON ASSETS

As at 31 March 2024, the total borrowings of the Group, including other borrowings, loans from shareholders and lease liabilities, was approximately HK\$171.9 million (31 March 2023: approximately HK\$121.2 million). Borrowings were denominated mainly in Hong Kong dollars and interest rates of bank and other borrowings were charged at 3.0%–6.4% (2023: 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 2024 and 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 31 March 2024, 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 2024, the Group had cash and bank balances of approximately HK\$9.7 million (31 March 2023: approximately HK\$13.9 million). The Group's gearing ratio and current ratio are as follows:

	As at 31 March	
	2024	2023
Current ratio	2.5	2.7
Gearing ratio	90%	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 (net debt including loans from shareholders, 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 shareholders, and we have sufficient working capital for our future requirements.

PROSPECTS

Looking forward, 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 business scopes.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2024 and for the year ended 31 March 2024, 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 2024, the Group had no material capital commitments.

CONTINGENT LIABILITIES

Save as disclosed in note 15 to this announcement, the Group had no other contingent liabilities as at 31 March 2024.

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 109 employees, including 97 staff and 12 workers (31 March 2023: 98 employees, including 88 staff and 10 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 2024 was approximately HK\$48.8 million (31 March 2023: approximately HK\$24.3 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 2024 (31 March 2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 27 September 2024, the register of members of the Company will be closed from Tuesday, 24 September 2024 to Friday, 27 September 2024, 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 Annual General Meeting, 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, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 23 September 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2024, 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 2024 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 2024.

AUDIT COMMITTEE

The Company has set up the Audit Committee on 13 March 2017 with written terms of reference of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management systems, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

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 2024.

SCOPE OF WORK OF THE COMPANY’S AUDITORS IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 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 2024 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.dimmilife.hk) in due course.

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

Hong Kong, 28 June 2024

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. Chu Kin Ming and Mr. Ho Wing Sum as independent non-executive Directors.