



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

2023/2024

Interim Report 中期報告

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

(Incorporated in the Cayman Island with limited liability)
(於開曼群島註冊成立的有限責任公司)

HKEX Stock Code 股份代號 : 1667

CONTENTS

| | |
|--|----|
| Corporate Information | 2 |
| Financial Highlights | 3 |
| Management Discussion and Analysis | 4 |
| Disclosure of Interests | 12 |
| Corporate Governance and Other Information | 14 |
| Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 15 |
| Interim Condensed Consolidated Statement of Financial Position | 16 |
| Interim Condensed Consolidated Statement of Changes in Equity | 18 |
| Interim Condensed Consolidated Statement of Cash Flows | 19 |
| Notes to Interim Condensed Consolidated Financial Information | 20 |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ge Zhang (*Chairman*) (Appointed on 29 June 2023)
Ms. Hou Lingling
Mr. Liu Ning
Mr. Ma Gang (Resigned on 29 June 2023)

Independent Non-Executive Directors

Mr. Chu Kin Ming
Mr. Ho Wing Sum
Mr. Ho Siu Keung

AUDIT COMMITTEE

Mr. Chu Kin Ming (*Chairman*)
Mr. Ho Wing Sum
Mr. Ho Siu Keung

REMUNERATION COMMITTEE

Mr. Ho Siu Keung (*Chairman*)
Mr. Ge Zhang (Appointed on 29 June 2023)
Ms. Hou Lingling
Mr. Liu Ning (Appointed on 30 December 2022)
Mr. Chu Kin Ming
Mr. Ho Wing Sum
Mr. Ma Gang (Resigned on 29 June 2023)

NOMINATION COMMITTEE

Mr. Ge Zhang (*Chairman*) (Appointed on 29 June 2023)
Ms. Hou Lingling
Mr. Liu Ning (Appointed on 30 December 2022)
Mr. Chu Kin Ming
Mr. Ho Wing Sum
Mr. Ho Siu Keung
Mr. Ma Gang (Resigned on 29 June 2023)

AUTHORISED REPRESENTATIVES

Ms. Hou Lingling
Mr. Ng Ming Kwan

COMPANY SECRETARY

Mr. Ng Ming Kwan

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

REGISTERED OFFICE

3rd Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1701, 17th Floor, Office Tower 1, The Harbourfront
18 Tak Fung Street, Kowloon East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
3rd Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

STOCK CODE

01667

WEBSITE

www.DimmiLife.com

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.

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 intelligent consumer products in personal life care sector (“Lifestyle Products”) in the mainland (“Mainland China”) of the People’s Republic of China (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 | 60,446 | 100.0 | 68,638 | 100.0 |

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 |
| 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 |

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

| Particulars of project | Main category of works | Expected project period |
|---|---|---------------------------------|
| 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 |
| 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 |

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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\$0.8 million during the period ended 30 September 2022 to approximately HK\$3.2 million 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\$7.7 million 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\$17.0 million 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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

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 2023 | 31 March 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 16 of this interim report, 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 report.

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 report 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.

DISCLOSURE OF INTERESTS

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules, were as follows:

(A) DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

| Name | Capacity/Nature of Interest | Number of shares held ^(Note 1) | Approximate percentage of the issued share capital of the Company |
|------------------------------|--|---|---|
| Ms. Hou Lingling (“Ms. Hou”) | Interest of a controlled corporation ^(Note 2) | 442,600,000 (L) | 46.10% |
| Mr. Ge Zhang (“Mr. Ge”) | Interest of a controlled corporation ^(Note 3) | 277,400,000 (L) | 28.90% |

Notes:

1. The letter “L” denotes “long position” in such shares.
2. This represents interests held by Ms. Hou through Smart Excel Group Limited, which holds 442,600,000 shares. As Smart Excel Group Limited is wholly and beneficially owned by Ms. Hou, Ms. Hou is deemed to be interested in 442,600,000 shares held by Smart Excel Group Limited under Part XV of the SFO.
3. This represents interests held by Mr. Ge through Gloria Orient Limited, which holds 277,400,000 shares. As Gloria Orient Limited is wholly and beneficially owned by Mr. Ge, Mr. Ge is deemed to be interested in 277,400,000 shares held by Gloria Orient Limited under Part XV of the SFO.

Save as disclosed above, as at 30 September 2023, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS (CONTINUED)

(B) SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 September 2023 the interests and short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

| Name | Capacity/Nature of Interest | Number of shares held ^(Note 1) | Approximate percentage of the issued share capital of the Company |
|---------------------|--|---|---|
| Xue Fan ("Ms. Xue") | Interest of a controlled corporation ^(Note 2) | 95,360,000 (L) | 9.93% |

Notes:

1. The letter "L" denotes "long position" in such shares.
2. This represents interests held by Ms. Xue through Aurum Hill Limited, which holds 95,360,000 Shares. As Aurum Hill Limited is wholly and beneficially owned by Ms. Xue, Ms. Xue is deemed to be interested in 95,360,000 Shares held by Aurum Hill Limited under Part XV of the SFO.

The Company's controlling shareholders have not pledged all or part of their interest in the Company's shares to secure the Company and its subsidiaries' debts or to secure guarantees or other support of their obligations.

Save as disclosed above, as at 30 September 2023, the Directors are not aware of any other persons who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 September 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 September 2023 and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

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 15 of this interim report.

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.

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

Six months ended 30 September

| | Notes | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
|--|-------|---------------------------------|---------------------------------|
| REVENUE | 4 | 60,446 | 68,638 |
| Cost of sales | | (53,720) | (62,857) |
| 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 | (5,105) | (3,850) |
| LOSS BEFORE TAX | 7 | (14,821) | (18,525) |
| Income tax credit | 8 | 375 | – |
| LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY | | (14,446) | (18,525) |
| OTHER COMPREHENSIVE LOSS | | | |
| <i>Item that may be reclassified to profit or loss in subsequent periods</i> | | | |
| Exchange differences on translation of foreign operations | | (4,491) | (1,208) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | | (4,491) | (1,208) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY | | (18,937) | (19,733) |
| | | HK cents per share | HK cents per share |
| Loss per share attributable to the owners of the Company: | | | |
| Basic | 10 | (1.50) | (1.93) |
| Diluted | 10 | (1.50) | (1.93) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 September 2023 HK\$'000 (Unaudited) | 31 March 2023 HK\$'000 (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 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | Notes | 30 September 2023 HK\$'000 (Unaudited) | 31 March 2023 HK\$'000 (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 |
| Total non-current liabilities | | 197,221 | 217,463 |
| Net assets | | 15,554 | 10,257 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 15 | 96,000 | 96,000 |
| Reserves | | (80,446) | (85,743) |
| Total equity | | 15,554 | 10,257 |

Ge Zhang
Executive Director

Hou Lingling
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to the owners of the Company | | | | | | Total equity HK\$'000 |
|--|---|------------------------------|--------------------------------|-------------------------------|---------------------------------|-----------------------------------|-----------------------------|
| | Share capital HK\$'000 (note 15) | Share premium HK\$'000 | Capital reserve HK\$'000 | Other reserves HK\$'000 | Exchange reserve HK\$'000 | Accumulated losses HK\$'000 | |
| At 1 April 2022 (Audited) | 96,000 | 15,991* | –* | 4,789* | 623* | (85,892)* | 31,511 |
| Loss for the period | – | – | – | – | – | (18,525) | (18,525) |
| Other comprehensive income for the period: | | | | | | | |
| Exchange differences on translation of foreign operations | – | – | – | – | (1,208) | – | (1,208) |
| Total comprehensive loss for the period | – | – | – | – | (1,208) | (18,525) | (19,733) |
| At 30 September 2022 (Unaudited) | 96,000 | 15,991* | –* | 4,789* | (585)* | (104,417)* | 11,778 |
| At 1 April 2023 (Audited) | 96,000 | 15,991* | 6,400* | 4,789* | (389)* | (112,534)* | 10,257 |
| Loss for the period | – | – | – | – | – | (14,446) | (14,446) |
| Other comprehensive income for the period: | | | | | | | |
| Exchange differences on translation of foreign operations | – | – | – | – | (4,491) | – | (4,491) |
| Total comprehensive loss for the period | – | – | – | – | (4,491) | (14,446) | (18,937) |
| Deemed capital contribution from the shareholder | – | – | 24,234 | – | – | – | 24,234 |
| At 30 September 2023 (Unaudited) | 96,000 | 15,991* | 30,634* | 4,789* | (4,880)* | (126,980)* | 15,554 |

* These reserve accounts comprise the consolidated deficit in reserves of HK\$80,446,000 (31 March 2023: HK\$85,743,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September

| | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
|---|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash used in operations | (3,823) | (12,921) |
| Income tax refunded | 149 | 133 |
| Net cash flows used in operating activities | (3,674) | (12,788) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of items of property, plant and equipment | (233) | (274) |
| Proceeds from disposal of items of property, plant and equipment | – | 133 |
| Interest received | 3 | – |
| Net cash flows used in investing activities | (230) | (141) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (157) | (116) |
| Repayments of bank and other borrowings | (841) | (11,459) |
| Principal elements of lease payments | (1,465) | (1,371) |
| Proceeds from loans from a related party | 2,658 | – |
| Proceeds from loans from a shareholder | 13,884 | 18,390 |
| Repayments of loans from a shareholder | (13,000) | (2,500) |
| Net cash flows from financing activities | 1,079 | 2,944 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at beginning of the period | 13,888 | 10,174 |
| Effect of foreign exchange rate changes, net | 539 | 7,174 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 11,602 | 7,363 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 11,602 | 7,363 |
| Cash and cash equivalents as stated in condensed consolidated statement of cash flows | 11,602 | 7,363 |

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:

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

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 or revised HKFRSs in the current period did not have any significant impact on the financial position and performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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 (note 4) | 49,512 | 3,247 | 7,687 | 60,446 |
| 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 | (378) | (1,213) | (1,384) | (2,975) |
| Segment results | (12,795) | 18 | 3,058 | (9,719) |
| Reconciliation: | | | | |
| Bank interest income | | | | 3 |
| Finance costs | | | | (5,105) |
| Loss before tax | | | | (14,821) |
| Income tax credit | | | | 375 |
| Loss for the period attributable to owners of the Company | | | | (14,446) |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. OPERATING SEGMENT INFORMATION (Continued)

| | 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 (note 4) | 67,863 | 775 | 68,638 |
| Segmental LBITDA | (4,581) | (8,216) | (12,797) |
| Depreciation | (1,247) | (631) | (1,878) |
| Segment results | (5,828) | (8,847) | (14,675) |
| Reconciliation: | | | |
| Finance costs | | | (3,850) |
| Loss before tax | | | (18,525) |
| Income tax expense | | | – |
| Loss for the period attributable to owners of the Company | | | (18,525) |

Geographical information

Revenue from external customers

| | Six months ended 30 September | |
|----------------|--|--|
| | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Hong Kong | 49,512 | 67,863 |
| Japan | 3,247 | 775 |
| Mainland China | 7,687 | – |
| | 60,446 | 68,638 |

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE

An analysis of revenue is as follows:

| | Six months ended 30 September | |
|---|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (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 | – |
| | 57,199 | 67,863 |
| <i>Revenue from other sources:</i> | | |
| Property development and investment | | |
| – Gross rental income from a hotel | 3,247 | 775 |
| | 60,446 | 68,638 |

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 |
| Total revenue from contracts with customers | 49,512 | 7,687 |
| Timing of revenue recognition | | |
| Services transferred over time | 49,512 | – |
| Goods transferred at a point in time | – | 7,687 |
| Total revenue from contracts with customers | 49,512 | 7,687 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

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 HK\$'000 (Unaudited) | 2022 HK\$'000 (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 HK\$'000 (Unaudited) | | 2022 HK\$'000 (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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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 (note) | – | 1,139 |
| Others | 169 | 61 |
| | 172 | 1,200 |
| 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 | – |
| | 24,485 | 256 |
| | 24,657 | 1,456 |

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 (note (i)) | 1,830 | 1,266 |
| Interest on loans from a shareholder (note (ii)) | 2,981 | 2,468 |
| Imputed interest on consideration for acquisition of a subsidiary | 8 | – |
| | 5,105 | 3,850 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6. FINANCE COSTS (Continued)

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 HK\$'000 (Unaudited) | 2022 HK\$'000 (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 |

[#] 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Deferred | (375) | – |

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).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Loss | | |
| Loss attributable to the owners of the Company used in the basic and diluted loss per share calculation | (14,446) | (18,525) |

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

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%.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Note | 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) |
| | | 10,846 | 10,265 |
| 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) |
| | | 20,550 | 17,313 |
| Portion classified as current assets | | 31,396 (30,783) | 27,578 (26,965) |
| Non-current portion | | 613 | 613 |

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 |
| | 10,846 | 10,265 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. TRADE AND OTHER PAYABLES AND ACCRUALS

| | Notes | 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 |
| | | 69,713 | 64,302 |

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 |
| | 62,188 | 56,906 |

- (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 |
| | 7,525 | 7,396 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER

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

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 | – | 841 |

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 | – | 841 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER (Continued)

Notes: (Continued)

(i) (Continued)

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 | 6,097 | 3,387 |
| | 93,742 | 90,861 |

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\$.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER (Continued)

Notes: (Continued)

- (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. SHARE CAPITAL

| | 30 September 2023 HK\$'000 (Unaudited) | 31 March 2023 HK\$'000 (Audited) | |
|---|---|--|---------------------------------------|
| Authorised: | | | |
| 2,000,000,000 ordinary shares of HK\$0.1 each | 200,000 | 200,000 | |
| Issued and fully paid: | | | |
| 960,000,000 ordinary shares of HK\$0.1 each | 96,000 | 96,000 | |
| | Number of ordinary shares | Nominal value of ordinary shares HK\$'000 | Share premium HK\$'000 |
| Issued and fully paid: | | | |
| At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023 | 960,000,000 | 96,000 | 15,991 |

Note:

Share options of the Company

The Company operates a share option scheme (the "Scheme") for the purpose of recognising and encouraging the contributions that the eligible participants have made or may make to the Group. Eligible participants of the Scheme include, but are not limited to, the Group's employees and executive and non-executive directors. The Scheme has been conditionally approved and adopted on 13 March 2017 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date. No share options have been granted, exercised or cancelled under the Scheme since its adoption date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. CONTINGENT LIABILITIES

The Group's contingent liabilities were as follows:

| | As at | |
|---------------------|---|---|
| | 30 September 2023 HK\$'000 (Unaudited) | 31 March 2023 HK\$'000 (Audited) |
| Surety bonds (Note) | 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.

17. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the period:

| | Notes | Six months ended 30 September | |
|--|-----------|--|--|
| | | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Hotel management fee paid to Popsible Hospitality Management Limited | (i), (ii) | 275 | 73 |
| Consultancy fee paid to Popsible Hospitality Management Limited | (i) | 32 | 40 |
| Consultancy fee paid to 泊舍ホテル経営株式会社 | (i) | - | 77 |

Notes:

- (i) The pricing of these transactions was determined based on mutual negotiation between the Group and the related parties.
- (ii) The amount for the six months ended 30 September 2023 and 2022 represented hotel management fee paid to Popsible Hospitality Management Limited, the joint venture.

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

17. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (b) Key management includes executive, non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

| | Six months ended 30 September | |
|---|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Salaries, allowances and benefits in kind | 4,086 | 4,167 |
| Discretionary bonuses | – | – |
| Retirement benefit costs – defined contribution plans | 55 | 31 |
| | 4,141 | 4,198 |

- (c) Outstanding balances with related parties:

| | Note | 30 September 2023 HK\$'000 (Unaudited) | 31 March 2023 HK\$'000 (Audited) |
|--|------|---|---|
| | | | |
| Amounts due from joint ventures | | | |
| Possible Hospitality Management Limited (HK) | | 395 | 426 |
| Possible Hospitality Management Limited (Japan) | | 1,436 | 928 |
| | | 1,831 | 1,354 |
| Amount due from a related party | | | |
| Mr. Leung Kam Fai, the key management of the Group | | – | 1,440 |
| Amounts due to related parties | | | |
| Gloria Orient Ltd. | | 1,013 | 1,006 |
| Splendid Insight Ltd. | | 1,524 | 1,210 |
| Mr. Ge Zhang | | 1,001 | 1,007 |
| Mr. Leung Chin Hung | | 350 | – |
| 深圳超多維科技有限公司 | | 1,188 | 351 |
| 深圳創銳思科技有限公司 | | 3,769 | 7,738 |
| | | 8,845 | 11,312 |

Note: The balances are unsecured, interest-free, repayable on demand and denominated in HK\$.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, current portion of financial assets included in trade and other receivables, deposits and prepayments and amounts due from joint ventures, financial liabilities included in trade and other payables and accruals and current portion of bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of long-term deposits and the non-current portion of loans from a shareholder, lease liabilities and bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group did not have any financial liabilities measured at fair values as at 30 September 2023 and 31 March 2023.

Fair value hierarchy

Assets for which fair values are disclosed

As at 30 September 2023 (Unaudited)

| | Fair value measurement using | | | Total HK\$'000 |
|-----------------|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) HK\$'000 | Significant observable inputs (Level 2) HK\$'000 | Significant unobservable inputs (Level 3) HK\$'000 | |
| Rental deposits | – | 613 | – | 613 |

As at 31 March 2023 (Audited)

| | Fair value measurement using | | | Total HK\$'000 |
|-----------------|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) HK\$'000 | Significant observable inputs (Level 2) HK\$'000 | Significant unobservable inputs (Level 3) HK\$'000 | |
| Rental deposits | – | 613 | – | 613 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed

As at 30 September 2023 (Unaudited)

| | Fair value measurement using | | | Total HK\$'000 |
|---------------------------------------|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) HK\$'000 | Significant observable inputs (Level 2) HK\$'000 | Significant unobservable inputs (Level 3) HK\$'000 | |
| Other borrowings, non-current portion | – | – | 93,742 | 93,742 |
| Loans from a shareholder | – | – | 98,571 | 98,571 |
| | – | – | 192,313 | 192,313 |

As at 31 March 2023 (Audited)

| | Fair value measurement using | | | Total HK\$'000 |
|---------------------------------------|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) HK\$'000 | Significant observable inputs (Level 2) HK\$'000 | Significant unobservable inputs (Level 3) HK\$'000 | |
| Other borrowings, non-current portion | – | – | 90,861 | 90,861 |
| Loans from a shareholder | – | – | 118,941 | 118,941 |
| | – | – | 209,802 | 209,802 |

19. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

These condensed consolidated financial information were approved and authorised for issue by the board of directors on 29 November 2023.

Dimmi

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