

2023

2024

**ANNUAL REPORT**  
**年報**

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

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



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## 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. Yan Wing Cheung (Appointed on 24 July 2024)

Mr. Ho Siu Keung (Resigned on 13 June 2024)

### Audit Committee

Mr. Chu Kin Ming (*Chairman*)

Mr. Ho Wing Sum

Mr. Yan Wing Cheung (Appointed on 24 July 2024)

Mr. Ho Siu Keung (Resigned on 13 June 2024)

### Remuneration Committee

Mr. Yan Wing Cheung (*Chairman*)

(Appointed on 24 July 2024)

Mr. Ho Siu Keung (*Chairman*) (Resigned on 13 June 2024)

Mr. Ge Zhang (Appointed on 29 June 2023)

Ms. Hou Lingling

Mr. Liu Ning (Ceased to be a member on 29 July 2024)

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 (Ceased to be a member on 29 July 2024)

Mr. Chu Kin Ming

Mr. Ho Wing Sum

Mr. Yan Wing Cheung (Appointed on 24 July 2024)

Mr. Ho Siu Keung (Resigned on 13 June 2024)

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

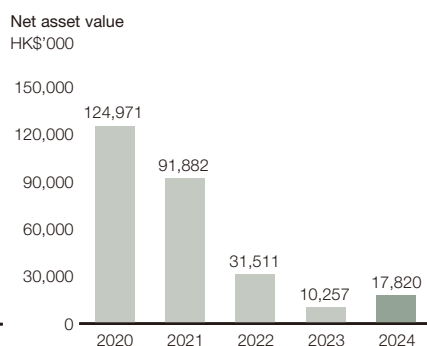
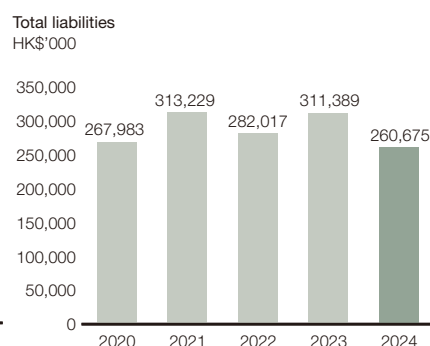
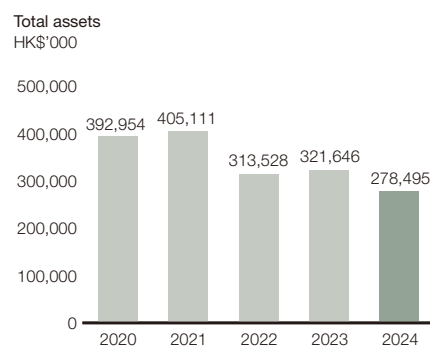
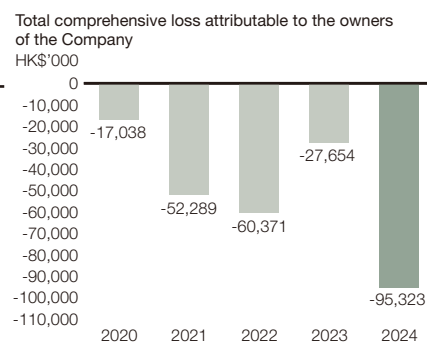
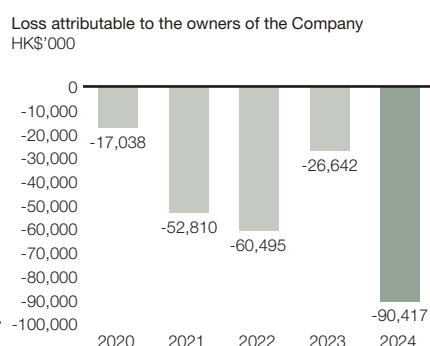
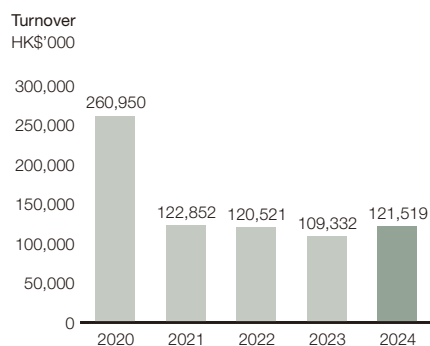
### **Website**

[www.dimmilife.com](http://www.dimmilife.com)



# FINANCIAL HIGHLIGHTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Turnover					
Building construction services	1,534	11,164	10,134	10,493	8,483
Alteration, addition, fitting-out works and building services	56,445	81,777	101,535	95,331	240,097
Repair and restoration of historic buildings	39,022	8,902	7,773	16,384	12,148
Sale of lifestyle products	18,054	3,827	–	–	–
Hotel income	6,464	3,662	1,079	644	222
<b>Total</b>	<b>121,519</b>	<b>109,332</b>	<b>120,521</b>	<b>122,852</b>	<b>260,950</b>
Loss attributable to the owners of the Company	(90,417)	(26,642)	(60,495)	(52,810)	(17,038)
Total comprehensive loss attributable to the owners of the Company	(95,323)	(27,654)	(60,371)	(52,289)	(17,038)
	At 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	278,495	321,646	313,528	405,111	392,954
Total liabilities	260,675	311,389	282,017	313,229	267,983
Net asset value	17,820	10,257	31,511	91,882	124,971



Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of Dimmi Life Holdings Limited (the “Company”), I am honoured to present our annual report of the Company and together with its subsidiaries (collectively the “Group”) for the year ended 31 March 2024 (the “Year” or “2024”).

“Construction and engineering services”, “property development and investment” and “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”)” are the three major segments of the Group.

Regarding the “construction and engineering services” segment, the contracts entered into by the Group with its customers are divided into three categories, namely (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings. And we are unfailingly being a reputable member of the construction industry with job references in both private and public sectors.

Regarding the “property development and investment” segment, the Group acquired two parcels of land in Osaka, Japan before, where the construction of a hotel has been completed on one of the two parcels of land and the hotel is fully operational.

In the meantime, as the Group will also develop the “property development and investment” business, the Group will look for suitable property development projects in Hong Kong or Southeast Asia.

Regarding the “development, marketing and sale of lifestyle products in the PRC” segment, the Group just newly developed an emerging all-round intelligent personal care brand, is dedicated to providing users with a new personal care experience that integrates artificial intelligence electronic devices and healthcare materials in one. It is driven by technological innovation, “development, marketing and sale of lifestyle products in the PRC” business is committed to leading the transformation of the intelligent personal care industry, such as oral care. Leading a new concept in personal care products by integrating smart devices and healthcare materials, we are bringing users around the world a new experience in smart personal care through innovative products.



## CHAIRMAN'S STATEMENT (Continued)

Looking forward, I 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.

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our customers, subcontractors and materials suppliers for their continuous support, as well as the management team and all our employees for their loyalty and dedications. We will continue to be vigilant as to cater any possible market changes, and remain unwavering in our commitment to our shareholders.

**Mr. Ge Zhang**

*Chairman*

Hong Kong, 28 June 2024



## Business and Financial Review

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

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong;

- (b) Property development and investment – principally engaged in the property development and investment business in Hong Kong and Japan; and

- (c) Development, marketing and sale of lifestyle products in the PRC.

## Business Review

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

	Year ended 31 March			
	2024		2023	
	HK\$'000	%	HK\$'000	%
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
Hotel income	6,464	5.3	3,662	3.3
<b>Total</b>	<b>121,519</b>	<b>100</b>	<b>109,332</b>	<b>100.0</b>

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.





## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

<b>Particulars of project</b>	<b>Main category of works</b>	<b>Expected project period</b>
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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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:

<b>Particulars of project</b>	<b>Main category of works</b>	<b>Expected project period</b>
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
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



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 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 <sup>(Note 1)</sup>	Approved Contractors for Public Works – Buildings Category	Group A (probation) <sup>(Note 2)</sup>	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 <sup>(Note 3)</sup>	–	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 <sup>(Note 3)</sup>	–	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
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 <sup>(Note 4)</sup>	–	Milestone Builder	29 October 2008	14 October 2026	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor <sup>(Note 5, 6)</sup>	Type A – D, F, G (Class I, II, III) <sup>(Note 7, 8)</sup>	Milestone Builder	2 September 2011	2 September 2026	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor <sup>(Note 9)</sup>	Site Formation Works <sup>(Note 10)</sup>	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 <sup>(Note 4)</sup>	–	Speedy Engineering	28 February 2019	30 January 2025	Not Applicable

Notes:

1. WBDB refers to the Works Branch Development Bureau (發展局工務科) of the Government. The Development Bureau has maintained the Contractor List and the Specialist List to monitor the eligibility of a contractor to tender for Government contracts.
2. A Group A (probation) contractor may tender for any number of Group A contracts (i.e. contracts of value up to HK\$100 million) in the same category, provided the total value of works in the Group A contracts that it already holds and the Group A contract being procured under the same category does not exceed HK\$100 million.
3. A Repair and Restoration of Historic Buildings Category contractor is eligible to tender for Government contracts relating to repair and restoration of historic buildings and structures.
4. Registered general building contractors (RGBC) may carry out general building works and street works which do not include any specialised works in the designated categories.
5. Minor Works Contractors are eligible to carry out various types of minor works.
6. Minor works are classified into three classes according to their scale, complexity and risk to safety and are subject to different degree of control. Minor works are grouped into seven types (i.e. Types A, B, C, D, E, F and G) according to their nature.
7. Type A (Alteration and Addition Works); Type B (Repair Works); Type C (Works relating to Signboards); Type D (Drainage Works); Type E (Works relating to Structures for Amenities); Type F (Finishes Works); and Type G (Demolition Works).
8. Class I (High degree of complexity and risk with 44 minor works items); Class II (Medium degree of complexity and risk with 40 minor works items); and Class III (Low degree of complexity and risk with 42 minor works items).
9. Registered specialist contractors may carry out specialised works in their corresponding categories in the sub-registers in which they have been entered. There are five categories of works designated as specialised works: demolition works, foundation works, ground investigation field works, site formation works and ventilation works.
10. All site formation works are specialised works of the site formation category save for the circumstances specified by the Buildings Department.

### Development of the Group

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

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

### 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 (during 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 decrease of 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 cost in respect of the increase in number of employees and expenses related to the share-based payments of certain employees in relation to head office.



### 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 report, 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 30 to the financial statements, 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 report.

### 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 report 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.





## DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The composition of the Board of Directors as at the date of this annual report is set out below:

#### Executive Directors

##### Mr. Ge Zhang

**Mr. Ge Zhang (戈張)** (“Mr. Ge”), aged 54, was appointed as an executive Director of the Company on 29 June 2023. Mr. Ge serves as the chairman of the Board, a member of the Remuneration Committee and as the chairman of the Nomination Committee of the Company. He is responsible for the financial aspects and the formulation of business development strategies of the Group.

Mr. Ge has almost 20 years of experience in management and research and development. Mr. Ge is the founder of SuperD Technology Group (超多維科技集團). He has been dedicated in the field of optics, in particular to the research and development of 3D graphic vision technology since 2004. He has won the first prize of National Technology Invention Awards of the People’s Republic of China, and has been awarded as a national-level talent of High-Level Professional in Shenzhen. Mr. Ge was the chairman of Shenzhen 3D Display Industry Alliance (深圳3D顯示產業聯盟理事長) and a member of the Sixth Chinese People’s Political Consultative Conference of Shenzhen.

In 2017, Mr. Ge founded Shenzhen Chaowei Zhimei Technology Co., Ltd. (深圳超維智美科技有限公司) (later renamed as Shenzhen Dimmi Life Technology Co., Ltd. (深圳迪米生活科技有限公司)) (“Shenzhen Dimmi Life”), which is currently a subsidiary of the Company and mainly engaged in the research and development of new intelligent personal care products.

He served as the chairman of Shenzhen Dimmi Life, and is responsible for the company’s overall strategic operation and business planning. At the end of 2019, he was awarded as a local-level talent of High-Level Professional in Shenzhen.

##### Ms. Hou Lingling

**Ms. Hou Lingling (侯玲玲)** (“Ms. Hou”), aged 44, was appointed as an executive Director of the Company on 28 December 2020. Ms. Hou serves as a member of the Remuneration Committee and Nomination Committee of the Company. She is responsible for the financial aspects and the formulation of business development strategies of the Group.

Ms. Hou is one of the shareholders and the general manager of Shenzhen Ruijia Jewellery Company Limited (深圳市瑞嘉珠寶有限公司) (“Shenzhen Ruijia”), a distributor with up to 35 stores of a well-known jewellery brand in Hong Kong and has been recognised with the best sales performance awards by the said jewellery brand. Ms. Hou has been appointed as the general manager of Shenzhen Ruijia since August 1999. Her role as the general manager involves day-to-day operation of the company’s business, formulating the annual, quarterly and monthly budgets, managing the operation of the retail stores, exploration of new retail market, liaising with the company’s brand strategic partnership and relationship with the landlords of the company’s various stores.

Ms. Hou is also the supervisor of Shenzhen Zhong Ying Tai De Pictures Company Limited (深圳中影泰得影業股份有限公司) and Shenzhen Zhong Ying Tai De Cinema Development Company Limited (深圳中影泰得院線發展有限公司), which principally engage in cinema investment consultancy, management and planning in the PRC and cinema business operations in more than 15 cities in the PRC, respectively.



### Mr. Liu Ning

**Mr. Liu Ning (劉寧)** (“Mr. Liu”), aged 47, was appointed as an executive Director of the Company on 30 December 2022 and appointed as the Chief Executive Officer on 29 June 2023. He is responsible for the operational management of the Group.

Mr. Liu obtained his bachelor degree from Northwest University of the PRC in 1998 and his master degree from XiDian University of the PRC in 2002. Mr. Liu has been the vice president of supply chain and general manager of Shenzhen Dimmi Life Technology Co., Ltd. since 2021 and he has been responsible for developing the innovative products in personal care industry, supply chain management and sales in global.

From 2008 to 2010, Mr. Liu was the Senior CAE Manager of Greater China region in Synopsys Inc., (NASDAQ: SNPS) and was mainly responsible for supporting IP business development and customer technical evaluation and adoption in Greater China region. From 2007 to 2008, Mr. Liu was the SOC Manager of AltoBeam, Inc. and was responsible for developing the first generation of DMBT digital TV decoder chip. From 2002 to 2007, Mr. Liu was the manager of logic design in VIA Technology and was responsible for chip design in Personal Computer motherboard.

## Independent Non-Executive Directors

### Mr. Chu Kin Ming

**Mr. Chu Kin Ming (朱健明)** (“Mr. Chu”), aged 44, was appointed as an independent non-executive Director of the Company on 28 December 2020. Mr. Chu serves as chairman of the audit committee and a member of the Remuneration Committee and Nomination Committee of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group.

Mr. Chu holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University and the Executive Master Degree of Business Administration of the Chinese University of Hong Kong. He is currently the independent non-executive director of each of Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 01134), Optima Automobile Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 08418) and Century Energy International Holdings Limited, a company listed on the GEM of Stock Exchange (stock code: 08132).

Mr. Chu has approximately 20 years of experience in the field of auditing, accounting, management and company secretarial matters. Mr. Chu has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms.

Currently, Mr. Chu is the company secretary of Sino-Life Group Limited, a company listed on GEM of the Stock Exchange (stock code: 08296) since June 2019 and the company secretary of China Rare Earth Holdings Limited (stock code: 00769) since February 2024 and the company secretary of Future World Holdings Limited (stock code: 00572).

Mr. Chu is a fellow member of The Association of Chartered Certified Accountants. He is also a member of The Hong Kong Institute of Certified Public Accountants, Chartered Institute of Management Accountants, The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Mr. Chu has extensive experience in the field of accounting and financial management.

### Mr. Ho Wing Sum

**Mr. Ho Wing Sum (何永深)**, aged 40, was appointed as an independent non-executive Director of the Company on 28 December 2020. Mr. Ho Wing Sum serves as a member of the audit committee, remuneration committee and nomination committee of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group.

Mr. Ho Wing Sum has over 10 years' experience in accounting and client management. Mr. Ho Wing Sum has been the director of 88M Global Limited and Jupica Limited since July 2020 and the director of Wang Fu Consultant Company Limited since June 2020. Mr. Ho Wing Sum has been a director of Plutus AF Limited since October 2018, a director of Insight Power Investments Limited since January 2019 and the general manager of Unique & Partners CPA since October 2017. He was the general manager of Lacubus CPA from June 2014 to December 2018 and the director of Unique Corporate Services Limited from September 2014 to October 2017. He worked as an assurance associate of Marcum Bernstein & Pinchuk LLP. from August 2006 to October 2011 and an assistant accountant at Cheng & Cheng Limited from March 2004 to August 2006.

Mr. Ho Wing Sum obtained a bachelor degree in accounting from Napier University, United Kingdom in January 2018. Mr. Ho Wing Sum became a certified public accountant of the Delaware Board of Accountancy since November 2011.

### Mr. Yan Wing Cheung

**Mr. Yan Wing Cheung (甄永祥)** ("Mr. Yan"), aged 59, was appointed as an independent non-executive Director of the Company on 24 July 2024. Mr. Yan serves as chairman of the remuneration committee, a member of the audit committee and nomination committee of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group.

Mr. Yan graduated from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) with a Professional Diploma in Accountancy, and from the University of Bradford of UK with a Master's degree in Business Administration. Mr. Yan has over 30 years of experience in auditing, corporate finance, financial management and corporate governance. He previously held various senior roles in companies listed in Hong Kong and the United Kingdom. Mr. Yan has been the Finance Director of DIT Group Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 00726); the Chief Financial Officer of Green Dragon Gas Limited, a company listed on the main board of the London Stock Exchange in the United Kingdom (stock code: GDG); and an executive director, group financial controller and company secretary of Chinese People Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00681). Prior to joining the commercial sector, Mr. Yan worked in international accounting firms, Deloitte, BDO and KPMG respectively for over 10 years.

Mr. Yan is a fellow member of each of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants; and an associate member of the Hong Kong Independent Non-Executive Director Association.



## Senior Management

**Mr. Leung Kam Fai (梁錦輝)** (“Mr. Leung”), aged 57, is director of “construction and engineering services” segment. He is also one of the co-founders of Milestone Builder. He is responsible for the operational aspects and the formulation of business development strategies of “construction and engineering services” segment.

Mr. Leung has over 20 years of experience in the construction and civil engineering industry. Mr. Leung obtained a Master of Science in Construction Financial Management degree from the Heriot-Watt University in the United Kingdom in November 2009. He was granted as a Professional Member of the Royal Institution of Chartered Surveyors in August 2010, elected as a Member of the Hong Kong Institute of Surveyors in September 2012 and became a Registered Professional Surveyor in the Building Surveying Division in January 2014.

Mr. Leung was awarded the Gold Award in the Construction Manager of the Year Awards 2012 from the Chartered Institute of Building (Hong Kong) in Heritage Conservation Category in 2012.

**Mr. Ng Ming Kwan (吳銘軍)** (“Mr. Ng”), aged 46, was appointed as the CFO of the Group on 2 March 2021 and also appointed as the Company Secretary of the Group on 29 April 2021. He is responsible for the oversight of the Group’s finance and accounting function and internal controls.

Mr. Ng was appointed as the independent non-executive director and a chairman of the audit committee of China NT Pharma Group (stock code: 01011) on 19 January 2023.

Mr. Ng is a certified public accountant of Hong Kong Institute of Certified Public Accountants, Chartered Professional Accountants of Canada and a Certified Management Accountants of Canada. He is also a Chartered Financial Analyst.

Mr. Ng previously worked in various management role in Hong Kong listed companies with company secretary and financial management duties. Those companies were (started with the latest):

- Prosperity International Holdings (H.K.) Limited (stock code: 00803, already delisted);
- Hao Tian Development Group Limited (now known as Aceso Life Science Group Limited) (stock code: 00474) and Hao Tian International Construction Investment Group Limited (stock code: 01341); and
- SMI Culture & Travel Group Holdings Limited (stock code: 02366, already delisted) and SMI Holdings Group Limited (stock code: 00198, already delisted).

The Board is pleased to present this Corporate Governance Report of the Company.

## Corporate Governance Practices

The Board recognises the importance of corporate transparency and accountability. The Company is committed to achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

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”) since its Listing.

The Board is of the opinion that throughout the year ended 31 March 2024, the Company had adopted the principles and code provisions as set out in the CG Code.

## Directors’ 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.

## The Board

The Board acts in good faith, with due diligence and care, to discharge its duties concerning the best interests of the Company and its shareholders. The primary role of the Board is to protect and enhance long term shareholders’ value; it also oversees the management, business, strategies and financial performance of the Group to ensure that good corporate governance policies and practices are implemented within the Group. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The management is responsible for the execution of the strategies in the Group’s daily operations and the implementation of the risk management and internal control systems.



The Board currently comprises the following 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. Ho Wing Sum

Mr. Chu Kin Ming

Mr. Yan Wing Cheung (Appointed on 24 July 2024)

Mr. Ho Siu Keung (Resigned on 13 June 2024)

The biographies of the Directors and the relationships among them are set out in the “Directors and Senior Management” section on pages 16 to 19 of this annual report. The executive Directors bring a good balance of skills and experience to the Company. The independent non-executive Directors provide their independent judgment on the development, performance and risk management of the Group. The Directors are fully aware that they are individually and collectively accountable to shareholders.

The executive Directors have entered into employment contracts with the Company and each of the independent non-executive Directors have been appointed on a specific term of three years. Notwithstanding the specific term of appointments, the articles of association of the Company (the “Articles of Association”) provides that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and be eligible for re-election by the shareholders.

### Independent Non-Executive Directors

During the year ended 31 March 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

### Board Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication of a majority of Directors.

The Directors shall also call Board meetings when they think it is appropriate and fit to handle the business affairs in respect of investment strategies, financial performance and potential risks relating to the daily operations of the Group.

During the Year, four Board meetings were held.

## Continuous Professional Development of Directors

During the year ended 31 March 2024, all Directors confirmed to comply with the provision of the CG Code in relation to continuous professional development. In doing so, the Directors have undertaken various forms of activities relevant to the Company's business, Directors' duties and responsibilities.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 March 2024 are summarised as follows:

Directors	Type of Training <sup>(Note)</sup>
<b>Executive Directors</b>	
Mr. Ge Zhang ( <i>Chairman</i> ) (Appointed on 29 June 2023)	B
Ms. Hou Lingling	B
Mr. Liu Ning	B
Mr. Ma Gang (Resigned on 29 June 2023)	B
<b>Independent Non-Executive Directors</b>	
Mr. Chu Kin Ming	A, B
Mr. Ho Wing Sum	A, B
Mr. Ho Siu Keung (Resigned on 13 June 2024)	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## Board Committees

The Board has established certain Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee specific aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which clearly outline the committees' authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.



The majority of the members of each Board committee are independent non-executive Directors. The members of the Board committees are set out below:

### **Audit Committee**

Mr. Chu Kin Ming (*Chairman*)  
Mr. Ho Wing Sum  
Mr. Yan Wing Cheung (Appointed on 24 July 2024)  
Mr. Ho Siu Keung (Resigned on 13 June 2024)

### **Remuneration Committee**

Mr. Yan Wing Cheung (*Chairman*) (Appointed on 24 July 2024)  
Mr. Ho Siu Keung (*Chairman*) (Resigned on 13 June 2024)  
Mr. Ge Zhang (Appointed on 29 June 2023)  
Ms. Hou Lingling  
Mr. Liu Ning (Ceased to be a member on 29 July 2024)  
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 (Ceased to be a member on 29 July 2024)  
Mr. Chu Kin Ming  
Mr. Ho Wing Sum  
Mr. Yan Wing Cheung (Appointed on 24 July 2024)  
Mr. Ho Siu Keung (Resigned on 13 June 2024)  
Mr. Ma Gang (Resigned on 29 June 2023)

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### **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 held two meetings to review in respect of the year ended 31 March 2024, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, appointment of external auditors and engagement of non-audit services and relevant scope of works and connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor.



## Remuneration Committee

The Company has set up the Remuneration Committee on 13 March 2017 with written terms of reference of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee met three times to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

Details of the remuneration of the Directors and senior management are set out in the sections headed “Directors’ and Chief Executive’s Remuneration” and “Related Party Balances and Transactions” in this annual report.

## Nomination Committee

The Company has set up the Nomination Committee on 13 March 2017 with written terms of reference of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company’s board diversity policy, including but not limited to skills, industry and regional experience, background, race, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee met three times to review the structure, size and composition of the Board and the independence of the independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.



## Nomination Policy and Procedure

The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new director (to be an additional director or fill a casual vacancy as and when it arises) or any re-appointment of directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

- (a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive director) and other relevant Board Committees, if invited;
- (d) bringing a range of business and financial experience to the Board, giving the Board and any committees on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;
- (e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;
- (f) ensuring the committees on which he or she serves to perform their powers and functions conferred on them by the Board; and
- (g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

## Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code by Directors and relevant employees, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## Attendance Records of Directors

The attendance record of each Director at the Board and Board Committee meetings of the Company held during the Year is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	2023 AGM
Mr. Ge Zhang ( <i>Chairman</i> ) (Appointed on 29 June 2023)	1/2	N/A	0/1	0/1	0/1
Ms. Hou Lingling	2/2	N/A	1/1	1/1	1/1
Mr. Liu Ning	2/2	N/A	1/1	1/1	1/1
Mr. Ma Gang (Resigned on 29 June 2023)	1/2	N/A	1/1	1/1	1/1
Mr. Chu Kin Ming	2/2	1/1	1/1	1/1	1/1
Mr. Ho Wing Sum	2/2	1/1	1/1	1/1	1/1
Mr. Ho Siu Keung (Resigned on 13 June 2024)	2/2	1/1	1/1	1/1	1/1

## Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

One of the major functions of the Board is to maintain an adequate risk management and internal control systems to safeguard shareholders' investments and the Group's assets, and reviewing their effectiveness annually through the Audit Committee. The Audit Committee shall report to the Board on any material issues and makes recommendations to the Board.

The Group has maintained internal control guidance and procedures on the Group's operational cycles relating to revenue, purchase and expenditure, inventory and human resources etc., to ensure proper accounting records are kept so that reliable financial reporting can be provided, the effectiveness and efficiency of operation can be achieved, and the compliance with applicable laws and regulations and safeguarding of assets can be maintained. These procedures, together with the Company's compliance manual, have also shaped the control environment in which and how the Group operates, including the budgeting controls, investment decision making, risk assessment and practices of corporate governance. These systems are designed to provide reasonable protection against errors, losses and fraud.

The Company does not establish a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group.



Regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and contract receipts from the customers, the efficiency in the use of the Group's resources and the operational matters to ensure the Group has complied with the regulations that have material impact to the Group's business. The aim is to enhance the communication and accountability of the Directors and management so that significant strategic, financial, operational and compliance risks or potential deviations are timely identified and dealt with in a proper manner, while significant issues are reported back to the Board for their attention. The Company also compiles monthly reports to the Board to update the latest financial performance, position and prospects of the Group.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. While any potential inside information will be escalated to the executive meetings or the Board via the established reporting channels, the Directors will assess and determine if the inside information of the Company exists where timely disclosure is required to be made by way of an announcement published on the Stock Exchange website. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

The Group's aim is to run competitive business in Hong Kong. The Group has to comply with respective requirements and pass the regular reviews in order to retain its listing in the Development Bureau Approved Contractors for Public Works – Buildings Category, Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings Category and Approved Suppliers of Materials and Specialist Contractors for Public Works – Electrical Installation Category (Group II) (probation). The Group has also implemented a management system in accordance with the requirements under ISO 9001, ISO 14001 and ISO 45001 to ensure that the Group's services meet the requisite health and safety, quality and environmental requirements. During the Year, the Group passed the audits conducted by external consultants and renewed these certificates. Therefore, stringent ongoing controls and monitoring systems have already been embedded in the daily operations of the Group's business.

The Board reviewed the effectiveness of the Group's risk management and internal control systems at its Board meeting including its financial, operational and compliance controls, and its risk management functions. No material fraud or errors came to the attention of the Board from all these sources. Therefore, the Board considered that the risk management and internal control systems were effective and adequate during the Year and no significant weakness had been identified.

## Directors' Remuneration

Directors' emoluments are determined with reference to Directors' duties, responsibilities and performance and the results of the Group. In addition, the Directors' remuneration is reviewed by the Remuneration Committee annually. Details of the Directors' remuneration are set out in note 9 to the financial statements.

## Remuneration of the Senior Management

During the year ended 31 March 2024, the remuneration of senior management is listed below by band:

Band of remuneration (HK\$)	Number of Person
HK\$1,000,001 to HK\$1,500,000	2

## Auditor's Remuneration

The remuneration paid or payable to the external auditor of the Company in respect of audit and non-audit services for the year ended 31 March 2024 amounted to approximately HK\$1.6 million and HK\$180,000, respectively.

## Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for the preparation of financial statements for the year ended 31 March 2024 which give a true and fair view of the financial position of the Group and of the Group's financial performance and cash flows. In preparing the financial statements which give a true and fair view, it is fundamental that the appropriate standards and accounting policies are selected and applied consistently. The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 42 to 47 of this annual report. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

## Company Secretary

The Company's company secretary, Mr. Ng Ming Kwan, coordinates the supply of information to the Directors and is the primary contact person within the Company for all matters relating to the duties and responsibilities of the company secretary. All Directors have access to the company secretary to ensure that Board procedures and all applicable laws, rules and regulations are followed. During the year ended 31 March 2024, the company secretary had taken no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. For details of the company secretary's biography, please refer to the section headed "Directors and Senior Management" of this annual report.

## Shareholders' Rights

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

We seriously take care of the shareholders' interest to ensure that they are treated fairly and are able to exercise their shareholders' rights effectively. Shareholders are entitled by the Articles of Association and are also encouraged to participate in the Company's general meetings or appoint proxies to attend and vote. Shareholder(s) holding not less than 10% of the Company's paid-up capital having the right of voting at general meetings may request the Board to convene an extraordinary general meeting and put forward proposals. Such requisition should be made in writing to the Board or the company secretary for such purpose and should specify the objects of the meeting.

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Law of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

In case a shareholder wishes to nominate a person for election as director in a general meeting, the particulars of the candidate must be stated in a nomination notice signed and deposited together with a notice of willingness signed by the candidate to the company secretary at the Company's principal place of business (Unit 1701, 17th Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Kowloon East, Hong Kong) or at the Hong Kong branch share registrar and transfer office of the Company. The notice should be given at least seven days prior to the date of such general meeting.

## Investor Relations

The Company is committed to maintain effective and timely dissemination of the Group's information to its shareholders and the market. The annual general meeting of the Company is the primary forum for communication by the Company with its shareholders and for shareholder participation. At the annual general meeting of the Company, the Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. In addition, the Company's website ([www.dimmilife.com](http://www.dimmilife.com)) contains extensive company information which is easily accessible.

## Constitutional Documents

There has been no change to the Company's constitutional documents during the Year under review. An up-to-date version of the Company's memorandum and articles of association is available on the websites of the Company and the Stock Exchange.

## Enquiries to the Board

Enquiries may be put to the Board through mail to the Company's principal place of business in Hong Kong at Unit 1701, 17th Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Kowloon East, Hong Kong (email: [general.hldgs@dimmilife.com](mailto:general.hldgs@dimmilife.com)). For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Board submits the Directors' Report together with the audited consolidated financial statements of the Group for the Year.

## Principal Activities

The principal activity of the Company is investment holding. The Group provides:

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

The principal activities of the principal subsidiaries are set out in note 1 to the financial statements.

## Business Review

The business review of the Group, with the description of the principal risks and uncertainties, for the Year and the likely future development, are included in the section headed “Management Discussion and Analysis” in this annual report on pages 7 to 15, which forms part of this annual report.

## Results and Dividends

The results of the Group for the year ended 31 March 2024 are set out in the section headed “Consolidated Statement of Profit or Loss and Other Comprehensive Income” on page 48 of this annual report.

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

## Dividend Policy

### 1. Objective

The objective of the Company's dividend policy (the “Dividend Policy”) is to allow shareholders of the Company (the “Shareholders”) to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.



## 2. Factors to be considered

2.1 The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and the factors set out below.

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;
- contractual restrictions on the payment of dividends by the Company to its Shareholders or by subsidiaries to the Company;
- taxation considerations;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

## 3. Review of the Dividend Policy

3.1 The Board will review the Dividend Policy as appropriate from time to time.





## Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 134 of this annual report. This summary does not form part of the audited financial statements.

## Properties

Details of the properties of the Group held for investment purposes are set out in note 15 to the financial statements.

## Donations

No charitable and other donations were made by the Group during the year ended 31 March 2024 (2023: Nil).

## Deficit

Deficit of the Company as at 31 March 2024, calculated under the Companies Law (as revised) of the Cayman Islands, amounted to approximately HK\$80.4 million (31 March 2023: HK\$13.4 million).

Movements of the reserves of the Group are set out in the section headed "Consolidated Statement of Changes in Equity" on page 51 of this annual report.

## Shares Capital

Details of movements in the Company's share capital for the year ended 31 March 2024 are set out in note 26 to the financial statements.

## Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## 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.

## 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.

Pursuant to the Scheme, the Company may grant options to any employees (including any executive director but excluding any non-executive director) and any directors (including non-executive and independent non-executive directors), any supplier, any customer, any shareholder, any advisor or consultant of the Group or any entity in which the Group holds at least 20% of its issued share capital (the "Invested Entity"), any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity and any other group or class of participants who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Scheme. The options granted must be accepted within 21 days from the date of offer with a remittance of HK\$1.00. The subscription price of a share shall be at least the highest of (i) the closing price of the Company's shares as stated in The Stock Exchange's daily quotations sheet on the date of an offer for the grant of the option; (ii) the average of the closing prices of the shares of the Company as stated in The Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of an offer for the grant of the option; and (iii) the nominal value of the shares of the Company on the date of an offer for the grant of the option.

The share options granted are exercisable at any time during a period as the Directors may determine which shall not exceed 10 years from the date of an offer for the grant of the option, subject to the provisions for early termination contained in the Scheme, and provided that the Directors may determine the minimum period for which an option has to be held or other restrictions before its exercise.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the Listing Date (i.e. 80,000,000 shares). The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% in aggregate of the shares of the Company in issue. The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

The Scheme will remain in force for a period of 10 years after the date of adoption.

No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this annual 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.

## Directors

The Directors during the Year and up to the date of this annual report are:

### 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. Yan Wing Cheung (Appointed on 24 July 2024)

Mr. Ho Siu Keung (Resigned on 13 June 2024)

Pursuant to Article 108 of the Articles of Association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company, provided that every Director (including those appointed for a specific item) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with the Article 108 of the Articles of Association, Mr. Liu Ning, the executive Director and Mr. Ho Wing Sum, the Independent non-executive Director, shall retire from office at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Details of the Directors standing for re-election at the 2024 AGM are set out in the section headed "Directors and Senior Management" of this annual report.

## 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.

Should any information regarding the closure of the register of members above is different from those disclosed in the annual results announcement of the Company dated 28 June 2024, please consider the information in this annual report as the standard and final.

## Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.

## Directors' Service Contracts

None of the Directors being proposed for re-election at the 2024 AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## Permitted Indemnity Provision

The Articles of Association provide that every Director shall be indemnified out of the assets of the Company against all losses and liabilities incurred or sustained by him as a Director in the execution of his duties or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to such Director. There is appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

## Directors'/Controlling Shareholders' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Group's Business

Saved as disclosed in note 31 to the financial statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, holding company of the Company, any of the Company's subsidiaries or fellow subsidiaries was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## Disclosure of Interests

As at the date of this annual report, 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 <sup>(Note 1)</sup>	Approximate percentage of the issued share capital of the Company
Ms. Hou Lingling ("Ms. Hou")	Interest of a controlled corporation <sup>(Note 2)</sup>	433,000,000 (L)	45.1%
Mr. Ge Zhang ("Mr. Ge")	Interest of a controlled corporation <sup>(Note 3)</sup>	277,400,000 (L)	28.90%
Mr. Liu Ning ("Mr. Liu")	Beneficial owner	9,600,000 (L)	1.00%

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 433,000,000 shares. As Smart Excel Group Limited is wholly and beneficially owned by Ms. Hou, Ms. Hou is deemed to be interested in 433,000,000 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 the date of this annual report, 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.

### (b) Shareholders' Interests in Shares and Underlying Shares

So far as the Directors are aware, as at the date of this annual report 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 <sup>(Note 1)</sup>	Approximate percentage of the issued share capital of the Company
Xue Fan ("Ms. Xue")	Interest of a controlled corporation <sup>(Note 2)</sup>	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 the date of this annual report, 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 Year.

## Directors' Interests in Competing Business

During the Year and up to the date of this annual 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.

## Equity-linked Agreements

Save for the Scheme as set out in the section headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the Year or subsisted at the end of the Year.

## Major Customers and Suppliers

During the year ended 31 March 2024, the Group's five largest customers in aggregate accounted for approximately 74.3% (31 March 2023: approximately 52.1%) of the Group's total revenue. The largest customer accounted for approximately 36.5% (31 March 2023: approximately 13.2%) of the Group's total revenue.

During the year ended 31 March 2024, the Group's five largest subcontractors in aggregate accounted for approximately 81.8% (31 March 2023: approximately 68.7%) of the Group's total sub-contracting fee. The largest sub-contractor accounted for approximately 44.9% (31 March 2023: approximately 25.8%) of the Group's total sub-contracting fee.



## DIRECTORS' REPORT (Continued)

During the year ended 31 March 2024, the Group's five largest suppliers in aggregate accounted for approximately 78.7% (31 March 2023: approximately 48.5%) of the Group's total material costs. The largest supplier accounted for approximately 39.6% (31 March 2023: approximately 24.6%) of the Group's total material costs.

To the best of the knowledge of the Directors, none of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major customers, sub-contractors and suppliers.

## Relationships with Customers, Suppliers and Employees

### Customers

During the Year, we served public customers including the Government and quasi-Government entities as well as private companies. Generally, our projects are on contract by contract basis. We have established relationships with our customers. We believe that our quality is evidenced by the years of relationship between our Group and our customers and number of projects secured with repeated customers. Over 30 customers awarded us with more than one project which contributed to our revenue in the last four years and a number of such customers did business with us for over five years. The primary objective of our Group is to fulfil the needs of the customers by providing a quality services that meets both contractual and regulatory requirements, which we believe is also the reason of our success. To ensure that the quality of our works and that of our subcontractors conform to our customers' specifications, our Group has established a Quality Management System ("QMS") which is certified to be in compliance with the requirements of ISO 9001, for implementation in our offices. Our Directors believe that our Group's QMS shall help maintain the quality of our building services whilst allowing such quality to improve continuously.

### Suppliers

The Group engages our construction materials suppliers and subcontractors on a contract by contract basis and therefore we have not entered into any long term agreements with our construction materials suppliers and subcontractors. We generally maintained multiple construction materials suppliers and subcontractors for products and services to avoid over-reliance on a single or a few suppliers and subcontractors. We select subcontractors and suppliers from our approved subcontractors and suppliers list based on their previous experience, skills, present work load, price quotations and historical work quality. We from time to time review and update our internal approved list of subcontractors and suppliers according to their performance assessment. The Directors consider that we have maintained good business relationships with these suppliers and subcontractors. During the Year, we had no material shortage of the construction materials and we did not experience any material shortage or delay in the supply of materials or services that we required from our subcontractors.

### Employees

The Group has established good relationship with our employees and we have no material non-compliance in respect of the applicable labour laws and regulations in Hong Kong. During the Year, we have not experienced any significant problems with our employees or disruption to its operations due to labour disputes nor has our Group experienced any difficulties in retention of experienced staff or skilled personnel.

Our Group offers attractive remuneration package to our employees, which includes basic salary, bonuses and other cash allowances or subsidies. Our Group determines the salary of our employees mainly based on their qualifications, relevant working experience, position and seniority. Our Group conducts annual review on the salary levels and promotions based on the working performance of each employees.

We believe that continuous education and training is important to maintain the service quality of our Group, so we intend to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. As part of the induction of new workers, they will receive training regarding construction site safety. Our Group also encourages relevant personnel to attend training courses to keep them up-to-date with the latest developments and best practices in the industry to enhance their work performance. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel is required to cope with our Group's business development.

## Environmental Policies

Our Group's operation at construction sites are subject to certain environmental requirements pursuant to the laws in Hong Kong and PRC, including primarily those in relation to air pollution control, noise control, water pollution control, waste disposal, environmental impact assessment and public health control. For details of the regulatory requirements, please refer to the section headed "Laws and Regulations" in the Prospectus. It is the belief of our Directors that environmental protection is a management responsibility and our Group is committed to complying with the legal requirements and with other requirements relating to environmental aspects, prevention of pollution, reduction of construction waste and resources saving.

Our Group has obtained ISO 14001:2015 in respect of our environmental management system. We require our employees and subcontractors to follow our environmental plan in order to ensure proper management of environmental protection and compliance with statutory requirements. Some of the measures include, among others:

Area	Measures
Air pollution control	<ul style="list-style-type: none"> <li>(i) Any vehicle or item used on site will be monitored for spillages caused by leakage of fuel, lubrication or hydraulic system.</li> <li>(ii) Cleaning of concrete and working areas will be carried out using wet vacuum or wash down methods to minimise dust.</li> <li>(iii) Excessive exhaust emissions from mechanical equipment will result in prohibition of use.</li> </ul>
Water pollution control	<ul style="list-style-type: none"> <li>(i) Waste water from any office, site canteen or toilet facilities are directed to foul sewer or to sewage treatment facilities either directly or indirectly by means of pumping.</li> <li>(ii) Chemical wastes are stored in secured containers, undercover to prevent ingress of rainwater and where liquids are involved, storage areas shall be bund with sufficient capacity to contain projected spill quantities.</li> <li>(iii) During periods of wet and muddy conditions, trucks and heavy vehicles shall not leave site unless effective wheel washing has been carried out.</li> </ul>
Waste disposal	<ul style="list-style-type: none"> <li>(i) The common user disposal containers will be for the deposit of controlled waste (i.e. non-hazardous industrial or special waste) and will be situated in both the construction and site establishment areas.</li> <li>(ii) Notice will be posted which clearly state which materials can or cannot be disposed of through the common user disposal skips.</li> <li>(iii) Waste skips and other receptacles will be checked during the routine safety and environmental inspections/audits.</li> </ul>





## DIRECTORS' REPORT (Continued)

Area	Measures
Energy consumption	<ul style="list-style-type: none"><li>(i) Electrical appliances must be switched off when not in use.</li><li>(ii) Regular maintenance of facilities and machinery will be conducted to ensure optimal functioning.</li><li>(iii) Energy-efficient machinery will be prioritised during procurement.</li></ul>
Water saving	<ul style="list-style-type: none"><li>(i) Dripping taps will be repaired immediately to prevent further leakage.</li><li>(ii) Water-efficient equipment with Water Efficiency Labels will be prioritised.</li><li>(iii) Regular inspection and maintenance on water taps, pipelines and storage tanks will be conducted.</li></ul>

### Compliance with Relevant Laws and Regulations

The Directors confirmed that during the Year and up to the date of this annual report, the Group had obtained all the necessary licenses, qualifications and certifications which are required to carry on our Group's activities, and were not in non-compliance with the applicable laws, rules and regulations, which is likely to have a material adverse impact on our business, prospects, financial condition or results of operation.

### Related Party Transactions

The significant related party transactions entered into by the Group during the year ended 31 March 2024 is set out in note 31 to the financial statements.

These related party transactions did not constitute a connected transaction (as defined in the Listing Rules) that is required to be disclosed.

### Connected Transactions and Continuing Connected Transactions

The transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules have been fully exempted.

### Our Directors' Confirmation

The independent non-executive Directors, after reviewing the above agreements, confirm that the terms under the agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole, and the agreements have been entered into as part of the Group's ordinary and usual course of business, on an arm's length basis by reference to prevailing market rates and upon normal commercial terms.

## Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date and up to the date of this annual report.

## Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 20 to 29 of this annual report.

## Environmental, Social and Governance Report

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix 27 to the Listing Rules will be published on the websites of the Company and the Stock Exchange.

## 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 annual report.

## Audit Committee

The Audit Committee has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 March 2024.

## Auditor

The consolidated financial statements for the year ended 31 March 2024 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM.

On behalf of the Board

**Mr. Ge Zhang**

*Chairman*

Hong Kong, 28 June 2024



**To the shareholders of Dimmi Life Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## Opinion

We have audited the consolidated financial statements of Dimmi Life Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 48 to 133, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



## Key Audit Matters (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### Revenue recognition for construction and engineering contracts

For the year ended 31 March 2024, the Group's revenue recognised for provision of construction and engineering services amounted to HK\$97,001,000.

The Group has recognised revenue from the provision of construction and engineering services over time, using an input method to measure progress towards complete satisfaction of services. The input method recognises revenue based on the proportion of actual costs incurred relative to budget contract costs for satisfaction of the construction and engineering services.

This involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, forecasting the costs to complete a contract, valuing contract variations, claims and potential liquidated damages and estimating the provision for onerous contracts.

Related disclosures are included in notes 3 and 5 to the financial statements.

We performed the following procedures in relation to revenue recognition for construction and engineering services:

- obtaining an understanding from management on the budget costs and how the budget costs are determined;
- discussing the status of projects with management, to identify material variation orders to the original plan of contract works and understand the basis of the estimated revenue and costs to completion from variation orders, to assess any potential liquidated damages for major contracts and to assess the provision for onerous contracts which were determined based on the amount of unavoidable costs required to meet the obligations under the construction contract and the economic benefits expected to be received;
- testing the controls of the Group over its processes to record and estimate contract revenue, actual costs incurred and the estimated total costs;
- checking, on a sampling basis, the payment certificates issued by the architects employed by contract customers, completion accounts, payment applications from subcontractors and invoices from suppliers;
- checking the estimated total costs for satisfaction of the construction and engineering contracts to the subcontractors and suppliers' quotations, and comparing the actual costs incurred with the estimated total costs for satisfaction of the construction and engineering services to assess the status of the projects on a sampling basis; and
- comparing, on a sample basis, the budget costs against the actual costs incurred.



## Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
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### Impairment assessment of contract assets

As at 31 March 2024, the Group recorded contract assets of HK\$179,605,000, which was significant to the consolidated financial statements of the Group. During the year, impairment loss of contract assets of HK\$2,552,000 was reversed.

The measurement of expected credit loss ("ECL") for contract assets was estimated by management through the application of management judgements and estimations. Management performs periodic assessments on the recoverability of contract assets based on information including credit profiles of different customers, historical settlement records, subsequent settlement or billing status, expected timing and amount of realisation of outstanding balances, on-going trading relationships with the relevant customers and forecasts of future economic conditions.

Related disclosures are included in notes 3 and 20 to the financial statements.

We performed the following procedures in relation to the impairment assessment of contract assets:

- assessing and testing the Group's processes and controls relating to the monitoring of contract assets; and
- evaluating the expected credit loss provisioning methodology, key data inputs and assumptions, including both historical and forward-looking information, used to determine the expected credit loss by taking into account factors such as historical settlement records, credit risk information of customers, subsequent transfers of contract assets to trade receivables, written opinions from the Group's external industry expert, future economic conditions used in forward-looking information, and other relevant information on a sampling basis.

## **Other Information included in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Leung Yin.

### **Ernst & Young**

*Certified Public Accountants*

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

28 June 2024





# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>REVENUE</b>	5	<b>121,519</b>	109,332
Cost of sales		<b>(119,473)</b>	(102,768)
<b>Gross profit</b>		<b>2,046</b>	6,564
Other income and gains, net	6	<b>12,510</b>	17,074
Selling and marketing expenses		<b>(35,433)</b>	(3,971)
Administrative expenses		<b>(60,071)</b>	(29,866)
Fair value gains on investment properties	15	<b>1,531</b>	378
Other expenses, net		<b>(1,661)</b>	(6,255)
Finance costs	7	<b>(9,160)</b>	(10,602)
<b>LOSS BEFORE TAX</b>	8	<b>(90,238)</b>	(26,678)
Income tax (expense)/credit	11	<b>(179)</b>	36
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(90,417)</b>	(26,642)
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Item that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		<b>(4,906)</b>	(1,012)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<b>(4,906)</b>	(1,012)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(95,323)</b>	(27,654)
		<b>HK cents per share</b>	HK cents per share
<b>Loss per share attributable to the owners of the Company:</b>			
Basic	13	<b>(9.42)</b>	(2.78)
Diluted	13	<b>(9.42)</b>	(2.78)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	15	11,177	11,155
Property, plant and equipment	14	36,691	44,673
Right-of-use assets	16(a)	2,525	7,803
Patents	17	–	2,757
Rental deposits	19	613	613
<b>Total non-current assets</b>		<b>51,006</b>	67,001
<b>CURRENT ASSETS</b>			
Amounts due from joint ventures	18, 31	1,293	1,354
Amounts due from related parties	31	7	1,440
Trade and other receivables, deposits and prepayments	19	30,347	26,965
Contract assets	20	179,605	206,062
Inventories	21	6,519	4,354
Tax recoverable		–	582
Cash and bank balances	22	9,718	13,888
<b>Total current assets</b>		<b>227,489</b>	254,645
<b>CURRENT LIABILITIES</b>			
Amounts due to related parties	31	4,544	11,312
Contract liabilities	20	11,988	14,558
Trade and other payables and accruals	23	70,818	64,302
Bank borrowings	24	–	841
Lease liabilities	16(b)	2,946	2,913
Tax payable		351	–
<b>Total current liabilities</b>		<b>90,647</b>	93,926
<b>NET CURRENT ASSETS</b>		<b>136,842</b>	160,719
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>187,848</b>	227,720



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Amounts due to related parties	31	–	576
Other borrowings	24	70,357	90,861
Loans from shareholders	24	96,517	118,941
Lease liabilities	16(b)	2,035	5,140
Deferred tax liabilities	25	1,119	1,945
<b>Total non-current liabilities</b>		<b>170,028</b>	217,463
<b>Net assets</b>		<b>17,820</b>	10,257
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	26	96,000	96,000
Reserves	27	(78,180)	(85,743)
<b>Total equity</b>		<b>17,820</b>	10,257

**Ge Zhang**  
*Executive Director*

**Liu Ning**  
*Executive Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to the owners of the Company						Total equity HK\$'000
	Share capital	Share premium	Capital reserve	Other reserves	Exchange reserve	Accumulated losses	
	HK\$'000 (note 26)	HK\$'000 (note 27(a))	HK\$'000 (note 27(b))	HK\$'000 (note 27(c))	HK\$'000 (note 27(d))	HK\$'000	
<b>At 1 April 2022</b>	96,000	15,991*	–*	4,789*	623*	(85,892)*	31,511
Loss for the year	–	–	–	–	–	(26,642)	(26,642)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	(1,012)	–	(1,012)
Total comprehensive loss for the year	–	–	–	–	(1,012)	(26,642)	(27,654)
Deemed capital contribution from the shareholder							
– discharge of liabilities by the shareholder (note 31(a))	–	–	6,400	–	–	–	6,400
<b>At 31 March 2023 and 1 April 2023</b>	96,000	15,991*	6,400*	4,789*	(389)*	(112,534)*	10,257
Loss for the year	–	–	–	–	–	(90,417)	(90,417)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	(4,906)	–	(4,906)
Total comprehensive loss for the year	–	–	–	–	(4,906)	(90,417)	(95,323)
Share-based payments (note 9)	–	–	19,439	–	–	–	19,439
Deemed capital contributions from the shareholders							
– discharge of liabilities by the shareholders (note 31(a))	–	–	74,874	–	–	–	74,874
– discount at initial recognition on interest-free loan from a shareholder (note 24(iii))	–	–	8,573	–	–	–	8,573
<b>At 31 March 2024</b>	96,000	15,991*	109,286*	4,789*	(5,295)*	(202,951)*	17,820

\* These reserve accounts comprise the consolidated deficit in reserves of HK\$78,180,000 (2023: HK\$85,743,000) in the consolidated statement of financial position.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(90,238)	(26,678)
Adjustments for:			
Bank interest income	6	(9)	(4)
Waiver of accrued directors' fees in prior years	6	–	(4,666)
Gain on a bargain purchase	6	–	(2,250)
Discount at initial recognition on interest-free loans from the directors of the Group's subsidiaries	6	(11,925)	–
Finance costs	7	9,160	10,602
Gains on disposal of items of property, plant and equipment, net	6	–	(263)
Depreciation of property, plant and equipment	8	1,982	1,330
Depreciation of right-of-use assets	8	3,015	2,426
Amortisation of patents	8	426	143
Gain on early termination of a lease	6	–	(123)
Impairment of patents	8	2,271	–
Impairment/(reversal of impairment) of property, plant and equipment	8	2,455	(1,647)
Impairment of right-of-use assets	8, 16	2,079	–
Fair value gain on investment properties	15	(1,531)	(378)
Share-based payments	9	19,439	–
Waiver of a loan from a related party	6	–	(5,879)
(Reversal of impairment)/impairment of financial assets and contract assets, net		(2,944)	2,813
		(65,820)	(24,574)
(Increase)/decrease in trade and other receivables, deposits and prepayments		(2,874)	3,916
(Increase)/decrease in inventories		(2,197)	934
Decrease in contract assets		29,009	11,796
(Decrease)/increase in contract liabilities		(2,570)	690
Increase in amounts due from joint ventures		(110)	(752)
Increase/(decrease) in trade and other payables and accruals		6,215	(10,446)
Cash used in operations		(38,347)	(18,436)
Income tax refunded		148	144
<b>Net cash flows used in operating activities</b>		<b>(38,199)</b>	<b>(18,292)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2024



	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment	14	(1,416)	(274)
Acquisition of a subsidiary	28	–	3,365
Proceeds from disposal of items of property, plant and equipment		–	373
Cash advance to related parties		–	(1,440)
Repayment from related parties		1,433	–
Interest received		9	4
<b>Net cash flows from investing activities</b>		<b>26</b>	2,028
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(264)	(483)
New other borrowings		–	6,193
Cash advance from related parties		1,927	11,308
Repayments of bank and other borrowings		(8,130)	(14,390)
Principal elements of lease payments		(2,880)	(2,421)
Proceeds from loans from shareholders		60,298	19,581
Repayments of shareholder loan		(17,074)	–
<b>Net cash flows from financing activities</b>		<b>33,877</b>	19,788
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the year		13,888	10,174
Effect of foreign exchange rate changes, net		126	190
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>9,718</b>	13,888
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	22	9,718	13,888
Cash and cash equivalents as stated in consolidated statement of cash flows		9,718	13,888

## 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”).

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and business	Issued and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Milestone Builder Engineering Limited (“Milestone Builder”)	Hong Kong	HK\$14,700,000	–	100%	Provision of general building works and specialist building works
Prime Builder Engineering Limited	Hong Kong	HK\$8,000	–	100%	Provision of general building works and specialist building works
Milestone Specialty Engineering Limited	Hong Kong	HK\$20,000	–	100%	Engineering and construction sub-contracting
Speedy Engineering & Trading Company Limited	Hong Kong	HK\$570,000	–	100%	Provision of engineering services

## 1.1 Corporate and Group Information (Continued)

### Information about subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Possible Development Limited ("PDL")	Hong Kong	HK\$1,000,000	–	100%	Investment holding of Japan business
Top Table Development Limited	Japan	Japanese Yen ("JPY") 1,000,000	–	100%	Property development and investment in Japan
深圳迪米生活科技有限公司* <sup>⊗</sup>	PRC/Chinese Mainland	RMB19,000,000	–	100%	Development, marketing and sale of lifestyle products

\* This entity is registered as a wholly-foreign-owned enterprise under PRC law.

<sup>⊗</sup> Acquired by the Group in December 2022

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 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.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights result in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



## 2. Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 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.



## 2. Accounting Policies (Continued)

### 2.2 Changes in accounting policies and disclosures (Continued)

- (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 April 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 temporary differences arising from right-of-use assets and lease liabilities are not significant and 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.

## 2. Accounting Policies (Continued)

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 April 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

## 2. Accounting Policies (Continued)

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies

#### Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.



### 2. Accounting Policies (Continued)

#### 2.4 Material accounting policies (Continued)

##### Business combinations and goodwill (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Fair value measurement

The Group measures its investment properties at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.





## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g. a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	Shorter of lease terms and 40 years
Leasehold improvements	Shorter of remaining lease terms and 4 years
Furniture and office equipment	4 to 5 years
Motor vehicles	3 to 4 years
Other equipment	2 to 4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

#### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Leases (Continued)

##### Group as a lessee (Continued)

##### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets are as follows:

Office premises	2 to 3 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Leases (Continued)

##### Group as a lessee (Continued)

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

#### Investments and other financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial assets at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Investments and other financial assets (Continued)

##### Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset in default when contractual payments are past due for more than one year. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.





## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Impairment of financial assets (Continued)

##### General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals, amounts due to related parties, bank and other borrowings, loans from shareholders and lease liabilities.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Financial liabilities (Continued)

##### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

##### Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

#### Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where the Group is contractually obliged or where there is a past practice that has created a constructive obligation.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

#### Revenue recognition

##### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### (a) Construction and engineering services

Revenue from the provision of construction and engineering services is recognised over time, using an input method to measure progress towards complete satisfaction of services. The input method recognises revenue based on the proportion of actual costs incurred relative to budget contract costs for satisfaction of the construction and engineering services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Revenue recognition (Continued)

##### Revenue from contracts with customers (Continued)

#### (b) Sale of lifestyle products

Revenue from the sale of lifestyle products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the lifestyle products.

Some contracts for the sale of lifestyle products provide customers with rights of return, giving rise to variable consideration.

##### Right of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

#### (c) Hotel income

Revenue from hotel operation is recognised over the schedule period on a straight-line basis because the customer simultaneously receives and consumes the benefits returns by the Group.

##### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

#### Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

#### Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### Other employee benefits

##### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the Group’s subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.



## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting periods.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.





## 2. Accounting Policies (Continued)

### 2.4 Material accounting policies (Continued)

#### Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

## 3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### 3. Significant Accounting Judgements and Estimates (Continued)

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### Revenue recognition for construction and engineering contracts

The Group recognises revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction works. The progress is determined by the aggregated cost for the individual contract incurred at the end of the reporting period compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on the construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of contract revenue, construction costs and the amount of contract modifications prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs and contract revenue.

##### Recoverability of trade receivables and contract assets

The policy for impairment of trade receivables and contract assets of the Group is based on the evaluation of collectability and ageing analysis of trade receivables and contract assets as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. Significant judgement and estimates are required in assessing the ultimate realisation of these assets, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in deterioration of their ability to make payments, additional provisions may be required. Further details are disclosed in notes 19 and 20 to the financial statements.



### 3. Significant Accounting Judgements and Estimates (Continued)

#### Estimation uncertainty (Continued)

##### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets are disclosed in notes 14, 16 and 17 to the financial statements.

### 4. Operating Segment Information

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

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

## 4. Operating Segment Information (Continued)

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

#### 4. Operating Segment Information (Continued)

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

\* 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.

#### 4. Operating Segment Information (Continued)

##### 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
	<b>121,519</b>	109,332

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
	<b>50,393</b>	66,388

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

##### 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



## 5. 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
	<b>121,519</b>	109,332



## 5. Revenue (Continued)

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

The information of types of goods or services is set out in the table above.

#### For the year ended 31 March 2024

	<b>Construction and engineering services HK\$'000</b>	<b>Property development and investment HK\$'000</b>	<b>Sale of lifestyle products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Geographical markets</b>				
Hong Kong	97,001	–	–	97,001
Chinese Mainland	–	–	18,054	18,054
Japan	–	6,464	–	6,464
Total revenue from contracts with customers	97,001	6,464	18,054	121,519
<b>Timing of revenue recognition</b>				
Services transferred over time	97,001	6,464	–	103,465
Goods transferred at a point in time	–	–	18,054	18,054
Total revenue from contracts with customers	97,001	6,464	18,054	121,519





## 5. Revenue (Continued)

### Revenue from contracts with customers (Continued)

#### (a) Disaggregated revenue information (Continued)

For the year ended 31 March 2023

	Construction and engineering services HK\$'000	Property development and investment HK\$'000	Sale of lifestyle products HK\$'000	Total HK\$'000
<b>Geographical markets</b>				
Hong Kong	101,843	–	–	101,843
Chinese Mainland	–	–	3,827	3,827
Japan	–	3,662	–	3,662
Total revenue from contracts with customers	101,843	3,662	3,827	109,332
<b>Timing of revenue recognition</b>				
Services transferred over time	101,843	3,662	–	105,505
Goods transferred at a point in time	–	–	3,827	3,827
Total revenue from contracts with customers	101,843	3,662	3,827	109,332

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:

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of construction and engineering services	12,757	5,912



## 5. Revenue (Continued)

### Revenue from contracts with customers (Continued)

#### (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 31 March are as follows:

	2024 HK\$'000	2023 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	<b>88,733</b>	118,403

The 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.

##### Sale 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.

##### Hotel income

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its revenue from hotel income as the performance obligation is part of a contract that has an original expected duration of one year or less.



## 6. 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
<b>Other income</b>		
Bank interest income	9	4
Discount at initial recognition on interest-free loans from the directors of the Group's subsidiaries (note (i))	11,925	–
Government grants (note (ii))	–	1,788
Others	576	454
	<b>12,510</b>	2,246
<b>Gains, net</b>		
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 (note 28)	–	2,250
Reversal of impairment of property, plant and equipment	–	1,647
	–	14,828
	<b>12,510</b>	17,074

Notes:

- (i) During the year ended 31 March 2024, net income of approximately HK\$11,925,000 (2023: Nil) represented the discount at initial recognition of interest-free loans from the directors of the Group's subsidiaries of HK\$83,012,000 (2023: Nil) 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.

## 7. Finance Costs

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	6	313
Interest on lease liabilities	258	170
Interest on interest-free loans from the directors of the Group's subsidiaries:		
unwinding of discount (note (i))	2,632	2,553
Interest on interest-free loans from a shareholder:		
unwinding of discount (note (ii))	585	–
Interest on loans from shareholders (note (iii))	5,609	7,550
Imputed interest on consideration for acquisition of a subsidiary	52	16
Others	18	–
	<b>9,160</b>	<b>10,602</b>

Notes:

- (i) During the year ended 31 March 2024, interest expenses of approximately HK\$2,632,000 (2023: HK\$2,553,000) represented the unwinding of discount on loans from the directors of the Group's subsidiaries of HK\$83,012,000 (2023: HK\$92,289,000) that bear no interest and discounted using the prevailing market interest rate.
- (ii) During the year ended 31 March 2024, interest expenses of approximately HK\$585,000 represented the unwinding discount on loans from a shareholder of HK\$11,854,000 that bear no interest and discounted using the prevailing market interest rate.
- (iii) Interest expenses of approximately HK\$5,609,000 (2023: HK\$7,550,000) were recognised from loans from shareholders at a fixed interest rate of 6% per annum (2023: 6% per annum).

## 8. Loss before Tax

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

	2024 HK\$'000	2023 HK\$'000
Construction cost recognised in cost of sales <sup>#</sup>	105,517	97,887
Direct operating expenses (including repair and maintenance) arising from rental-earning investment properties <sup>#</sup>	3,734	2,798
Cost of the lifestyle products sold <sup>#</sup>	10,222	2,083
Auditor's remuneration		
Audit services	1,560	1,560
Non-audit services	180	170
Depreciation of property, plant and equipment (note 14)	1,982	1,330
Depreciation of right-of-use assets (note 16(a))	3,015	2,426
Amortisation of patents (note 17)	426	143
Research and development expenditure	5,754	1,384
Employee benefit expense (including directors' and chief executive's emoluments) (note 9)		
Wages and salaries	26,448	22,176
Discretionary bonuses	452	1,098
Share-based payments	19,439	–
Pension scheme contributions (defined contribution scheme)*	2,447	1,073
	<b>48,786</b>	<b>24,347</b>
Lease payments not included in the measurement of lease liabilities (included in administrative expenses) (note 16(c))	–	533
Reversal of impairment of trade receivables <sup>^</sup> (note 19)	(371)	(142)
(Reversal of impairment)/impairment of contract assets <sup>^</sup> (note 20)	(2,552)	2,935
(Reversal of impairment)/impairment of other receivables <sup>^</sup> (note 19)	(21)	20
Impairment/(reversal of impairment) of property, plant and equipment <sup>^□</sup> (note 14)	2,455	(1,647)
Impairment of right-of-use assets <sup>^</sup> (note 16(a))	2,079	–
Impairment of patents <sup>^</sup> (note 17)	2,271	–
Written-back of trade receivables written off in prior year <sup>^</sup>	(2,230)	–
Foreign exchange differences, net <sup>^</sup>	30	3,442

<sup>□</sup> The amounts are included in "Other income and gains, net" in the consolidated statement of profit or loss and other comprehensive income.

<sup>^</sup> The amounts are included in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

<sup>#</sup> The amounts are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 9. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	1,132	2,217
Other emoluments:		
Salaries, allowances and benefits in kind	1,675	–
Share-based payments	19,439	–
Pension scheme contributions	33	18
	<b>22,279</b>	<b>2,235</b>

The remuneration of each of the directors is set out below:

### 2024

Name	Salaries, allowances and benefits				Pension scheme contributions	Total
	Fees	in kind	Share-based payments			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive directors</b>						
Mr. Ge Zhang ( <i>Chairman</i> ) (note a)	–	–	16,367	–		16,367
Ms. Hou Lingling (note a)	–	–	–	–		–
Mr. Ma Gang (note b)	500	–	–	5		505
Mr. Liu Ning ( <i>Chief Executive Officer</i> ) (note c)	200	1,675	3,072	28		4,975
	<b>700</b>	<b>1,675</b>	<b>19,439</b>	<b>33</b>		<b>21,847</b>
<b>Independent non-executive directors</b>						
Mr. Ho Siu Keung (Resigned on 13 June 2024)	144	–	–	–		144
Mr. Chu Kin Ming	144	–	–	–		144
Mr. Ho Wing Sum	144	–	–	–		144
	<b>432</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>432</b>
Total	<b>1,132</b>	<b>1,675</b>	<b>19,439</b>	<b>33</b>		<b>22,279</b>

## 9. Directors' and Chief Executive's Remuneration (Continued)

2023

Name	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>				
Ms. Hou Lingling ( <i>Chairman</i> ) (note a)	–	–	–	–
Mr. Ma Gang ( <i>Chief Executive Officer</i> ) (note b)	1,410	–	18	1,428
Mr. Liu Ning (note c)	375	–	–	375
	1,785	–	18	1,803
<b>Independent non-executive directors</b>				
Mr. Ho Siu Keung (Resigned on 13 June 2024)	144	–	–	144
Mr. Chu Kin Ming	144	–	–	144
Mr. Ho Wing Sum	144	–	–	144
	432	–	–	432
<b>Total</b>	<b>2,217</b>	<b>–</b>	<b>18</b>	<b>2,235</b>

During the year ended 31 March 2024, Mr. Ge Zhang and Ms. Hou Lingling waived directors' remuneration of HK\$738,000 and HK\$1,257,000, respectively.

During the year ended 31 March 2023, Ms. Hou Lingling and Mr. Ma Gang waived directors' remuneration of HK\$2,100,000 and HK\$590,000, respectively.

Except for the above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 March 2024 (2023: Nil).

During the year ended 31 March 2024, Smart Excel Group Limited, a company controlled by Ms. Hou Lingling, transferred (i) 277,400,000 shares to Gloria Orient Limited, a company directly-wholly-owned by Mr. Ge Zhang, at a discounted price; and (ii) 9,600,000 shares to Mr. Liu Ning at a nominal amount. The difference between the fair value of the shares transferred by Ms. Hou Lingling and the consideration paid by Mr. Ge Zhang and Mr. Liu Ning was accounted for as share-based payment expenses.

Notes:

- (a) On 29 June 2023, Ms. Hou Lingling resigned as the Chairlady of the Company and Mr. Ge Zhang was appointed as executive director and the Chairman of the Company on the same date.
- (b) On 29 June 2023, Mr. Ma Gang resigned as chief executive officer and executive director of the Company.
- (c) Mr. Liu Ning was appointed as an executive director of the Company with effect from 30 December 2022. On 29 June 2023, Mr. Liu Ning was appointed as chief executive officer of the Company.



## 10. Five Highest Paid Individuals

The five highest paid employees during the year included two directors (2023: one director), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Wages, salaries, allowance and benefits in kind	3,150	7,315
Retirement benefit costs – defined contribution plans	50	54
	<b>3,200</b>	7,369

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	3	1
HK\$2,000,001 to HK\$2,500,000	–	2

During the years ended 31 March 2024 and 2023, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.





## 11. 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	–
Deferred (note 25)	(677)	(36)
<b>Income tax expense/(credit)</b>	<b>179</b>	<b>(36)</b>

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(90,238)	(26,678)
Tax at the statutory tax rate of 16.5%	(14,889)	(4,402)
Income not subject to tax	(3,101)	(3,236)
Expenses not deductible for tax purposes	6,711	2,867
Effect of different tax rate applicable to a subsidiary operating in overseas	(599)	(38)
Tax losses not recognised	12,057	4,773
<b>Tax expense/(credit) at the Group's effective rate</b>	<b>179</b>	<b>(36)</b>

There is no share of tax attributable to joint ventures for the years ended 31 March 2024 and 2023 in the consolidated statement of profit or loss and other comprehensive income.



## 12. Dividends

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

## 13. 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
<b>Loss</b>		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculation	(90,417)	(26,642)
	2024 '000	2023 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	960,000	960,000

## 14. Property, Plant and Equipment

31 March 2024

	Land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Other equipment HK\$'000	Total HK\$'000
At 1 April 2023						
Cost	45,197	746	4,741	56	1,198	51,938
Accumulated depreciation and impairment	(2,461)	(525)	(3,025)	(56)	(1,198)	(7,265)
Net carrying amount	42,736	221	1,716	-	-	44,673
At 1 April 2023, net of accumulated depreciation and impairment	42,736	221	1,716	-	-	44,673
Additions	-	-	1,416	-	-	1,416
Depreciation (note 8)	(1,069)	(91)	(822)	-	-	(1,982)
Impairment (note 8)	-	(130)	(2,325)	-	-	(2,455)
Exchange realignment	(4,976)	-	15	-	-	(4,961)
At 31 March 2024, net of accumulated depreciation and impairment	36,691	-	-	-	-	36,691
At 31 March 2024						
Cost	39,851	746	6,000	56	1,198	47,851
Accumulated depreciation and impairment	(3,160)	(746)	(6,000)	(56)	(1,198)	(11,160)
Net carrying amount	36,691	-	-	-	-	36,691

## 14. Property, Plant and Equipment (Continued)

31 March 2023

	Land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Other equipment HK\$'000	Total HK\$'000
At 1 April 2022						
Cost	49,263	4,230	3,025	1,708	1,198	59,424
Accumulated depreciation and impairment	(3,310)	(4,230)	(2,896)	(1,708)	(1,198)	(13,342)
Net carrying amount	45,953	–	129	–	–	46,082
At 1 April 2022, net of accumulated depreciation and impairment	45,953	–	129	–	–	46,082
Additions	–	274	–	–	–	274
Acquisition of a subsidiary (note 28)	–	–	1,805	–	–	1,805
Disposal	–	–	(110)	–	–	(110)
Depreciation (note 8)	(1,153)	(53)	(124)	–	–	(1,330)
Reversal of impairment	1,647	–	–	–	–	1,647
Exchange realignment	(3,711)	–	16	–	–	(3,695)
At 31 March 2023, net of accumulated depreciation and impairment	42,736	221	1,716	–	–	44,673
At 31 March 2023						
Cost	45,197	746	4,741	56	1,198	51,938
Accumulated depreciation and impairment	(2,461)	(525)	(3,025)	(56)	(1,198)	(7,265)
Net carrying amount	42,736	221	1,716	–	–	44,673



#### 14. Property, Plant and Equipment (Continued)

As at 31 March 2024, the Group had property, plant and equipment of HK\$2,320,000 related to the cash-generating unit of the lifestyle products segment. Given the lifestyle products segment was loss-making during the year, an impairment assessment has been performed by Graval Consulting Limited, independent professionally qualified valuer, based on the value-in-use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management. As a result of the impairment assessment, an impairment loss of HK\$2,320,000 was recognised in profit or loss for certain items of property, plant and equipment during the year ended 31 March 2024. Key assumption was pre-tax discount rate applied to the cash flow projections of 21%.

As at 31 March 2024, the Group had property, plant and equipment of HK\$135,000 related to the cash-generating unit of the construction and engineering services segment. Given the construction and engineering services segment was loss-making during the year, an impairment assessment has been performed by the management, based on the value-in-use calculation, using cash flow projections based on financial budgets covering a period of 18-month. As a result of the impairment assessment, an impairment loss of HK\$135,000 was recognised in profit or loss for certain items of property, plant and equipment during the year ended 31 March 2024. Key assumption was pre-tax discount rate applied to the cash flow projections of 6%.

During the year ended 31 March 2023, the Group recognised a reversal of impairment of HK\$1,647,000 for property, plant and equipment related to Japan property investment business, which belongs to the property development and investment segment as its estimated recoverable amount was higher than the carrying amount due to the lifting of all the travel restrictions in Japan under COVID-19.



## 15. 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	(1,509)	(1,011)
Carrying amount at 31 March	11,177	11,155

### Fair value measurement using significant unobservable inputs (level 3)

	2024 HK\$'000	2023 HK\$'000
A parcel of land located in Japan	11,177	11,155

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	A parcel of land HK\$'000
Carrying amount at 1 April 2022	11,788
Gain from a fair value adjustment recognised in profit or loss	378
Exchange realignment	(1,011)
Carrying amount at 31 March 2023 and 1 April 2023	11,155
Gain from a fair value adjustment recognised in profit or loss	1,531
Exchange realignment	(1,509)
Carrying amount at 31 March 2024	11,177

## 15. Investment Properties (Continued)

The Group's investment property is a parcel of land located in Dotonbori 1 Chome, Chuo-ku, Osaka, Japan as at 31 March 2024 and 2023. The fair values as at 31 March 2024 and 2023 were assessed by an independent professionally qualified valuer, PSA (HK) Surveyors Limited.

The valuations were determined using the direct comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are the adjusted market price per square meter of land.

Set out below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range	
			2024	2023
Land – Japan	Direct comparison approach	Unit selling prices of comparables (JPY/sq.m.)	<b>900,000–1,664,000</b>	692,000–1,734,000

A significant increase (decrease) in the unit selling prices of comparables in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

## 16. Leases

### The Group as a lessee

The Group has lease contracts for office premises. Leases of office premises generally have lease terms between 2 and 3 years. There are several lease contracts that include extension options which are further discussed below.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Office premises HK\$'000</b>
As at 1 April 2022	1,551
Additions	9,265
Termination of a lease	(534)
Depreciation charge	(2,426)
Exchange realignment	(53)
As at 31 March 2023 and 1 April 2023	<b>7,803</b>
Depreciation charge	<b>(3,015)</b>
Impairment	<b>(2,079)</b>
Exchange realignment	<b>(184)</b>
As at 31 March 2024	<b>2,525</b>

As at 31 March 2024, the Group had right-of-use assets of HK\$3,677,000 related to the cash-generating unit of the lifestyle products segment. Given the lifestyle products segment was loss-making during the year, an impairment assessment has been performed by Graval Consulting Limited, independent professionally qualified valuer, based on the value-in-use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management. As a result of the impairment assessment, the recoverable amount of the assets of HK\$2,525,000 was determined and an impairment loss of HK\$1,152,000 was recognised in profit or loss for certain right-of-use assets during the year ended 31 March 2024. Key assumption was pre-tax discount rate applied to the cash flow projections of 21%.

As at 31 March 2024, the Group had right-of-use assets of HK\$927,000 related to the cash-generating unit of the construction and engineering services segment. Given the construction and engineering services segment was loss-making during the year, an impairment assessment has been performed by the management, based on the value-in-use calculation, using cash flow projections based on financial budgets covering a period of 18-month. As a result of the impairment assessment, an impairment loss of HK\$927,000 was recognised in profit or loss for right-of-use assets during the year ended 31 March 2024. Key assumption was pre-tax discount rate applied to the cash flow projections of 6%.





## 16. Leases (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at beginning of year	8,053	1,925
New leases	–	9,265
Termination of a lease	–	(657)
Exchange realignment	(192)	(59)
Accretion of interest recognised during the year	258	170
Payments	(3,138)	(2,591)
Carrying amount at end of year	4,981	8,053
Analysed into:		
Current portion	2,946	2,913
Non-current portion	2,035	5,140

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets	8	3,015	2,426
Gain on early termination of a lease	6	–	123
Impairment of right-of-use assets	8	2,079	–
Interest on lease liabilities	7	258	170
Expenses relating to short-term leases	8	–	533
Total amount recognised in profit or loss		5,352	3,252

#### (d) Extension option

Extension option is included in a lease contract of an office premise. This is used to maximise operational flexibility in terms of managing the asset used in the Group's operations.

The extension option held is exercisable only by the Group and not by the lessor at a negotiated rate upon renewal for a period of 3 years from 8 August 2025.

#### (e) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.



## 17. Patents

### 31 March 2024

	Patents HK\$'000
At 1 April 2023:	
Cost	2,902
Accumulated amortisation	(145)
Net carrying amount	2,757
Cost at 1 April 2023, net of accumulated amortisation	2,757
Amortisation (note 8)	(426)
Impairment	(2,271)
Exchange realignment	(60)
At 31 March 2024	–
At 31 March 2024:	
Cost	2,902
Accumulated amortisation and impairment	(2,902)
Net carrying amount	–

### 31 March 2023

	Patents HK\$'000
Cost at 1 April 2022, net of accumulated amortisation	–
Acquisition of a subsidiary (note 28)	2,864
Amortisation (note 8)	(143)
Exchange realignment	36
At 31 March 2023	2,757
At 31 March 2023:	
Cost	2,902
Accumulated amortisation	(145)
Net carrying amount	2,757

## 17. Patents (Continued)

As at 31 March 2024, the Group had patents of HK\$2,271,000 related to the cash-generating unit of the lifestyle products segment. Given the lifestyle products segment was loss-making during the year, an impairment assessment has been performed by Graval Consulting Limited, independent professionally qualified valuer, based on the value-in-use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management. As a result of the impairment assessment, an impairment loss of HK\$2,271,000 was recognised in profit or loss for patents during the year ended 31 March 2024. Key assumption was pre-tax discount rate applied to the cash flow projections of 21%.

## 18. Interests in Joint Ventures

	2024 HK\$'000	2023 HK\$'000
Share of net assets	–	–
Due from joint ventures (note 31)	1,293	1,354

Particulars of the joint venture, which is not individually material and is an unlisted corporate entity, are as follows:

Name	Place of registration and business	Particulars of issued and paid-up capital	Proportion of ownership interest			
			Group's effective interest	Voting power	Profit sharing	Principal activity
Possible Hospitality Management Limited	Hong Kong	Paid-up capital HK\$1,000,000	30%	30%	30%	Hotel management in Japan

The Group has discontinued the recognition of its share of losses of a joint venture, Possible Hospitality Management Limited and its subsidiary because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of profits of this joint venture for the current year and unrecognised cumulatively share of losses were HK\$75,000 (2023: unrecognised share of losses of HK\$26,000) and HK\$831,000 (2023: HK\$906,000), respectively.

## 19. Trade and Other Receivables, Deposits and Prepayments

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

Notes:

- (a) 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
	<b>13,765</b>	10,265

## 19. Trade and Other Receivables, Deposits and Prepayments (Continued)

Notes: (Continued)

(a) (Continued)

An impairment analysis is performed at each reporting date to measure expected credit losses. The Group applies the simplified approach to provide for the expected credit losses prescribed by HKFRS 9.

Provision matrix is used for impairment analysis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by credit risk characteristics and the ageing). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Reversal of loss allowance for trade receivables of HK\$371,000 (2023: HK\$142,000) was recognised during the year ended 31 March 2024. The related ECLs consideration are set out in note 34 to the financial statements.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	1,561	1,703
Reversal of impairment (note 8)	(371)	(142)
At end of year	1,190	1,561

As at 31 March 2024, included in the Group's trade receivable balances of construction and engineering services were customers with an aggregate net carrying amount of HK\$5,875,000 (2023: HK\$2,008,000) which was past due as at the reporting date. Out of the past due balances, HK\$588,000 (2023: HK\$375,000) has been past due more than 90 days and was not considered as in default. The Group rebutted the presumption of default under the ECL model for trade receivables past due over 90 days assuming no significant change in credit quality after having an understanding of those customers' background as well as the good payment records and continuous business relationship with those customers. Further, such long outstanding balances were primarily due to overdue payment which was common in the provision of construction and engineering services industry and payment was prolonged by the internal procedures of the relevant customers. The Group does not hold any collateral over these balances. The related ECLs analysis are set out in note 34 to the financial statements.

## 19. Trade and Other Receivables, Deposits and Prepayments (Continued)

Notes: (Continued)

(a) (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**At 31 March 2024**

	Current HK\$'000	Less than 30 days HK\$'000	Past due			Total HK\$'000
			31 to 60 days HK\$'000	61 to 90 days HK\$'000	Over 90 days HK\$'000	
Construction and engineering services						
Expected credit loss rate	3.9%	3.9%	8.6%	10.5%	51.8%	8.5%
Gross carrying amount	7,171	4,226	1,227	114	1,221	13,959
Expected credit losses	277	163	105	12	633	1,190
Lifestyle products						
Expected credit loss rate	0%	–	–	–	–	0%
Gross carrying amount	996	–	–	–	–	996
Expected credit losses	–	–	–	–	–	–

At 31 March 2023

	Current HK\$'000	Less than 30 days HK\$'000	Past due			Total HK\$'000
			31 to 60 days HK\$'000	61 to 90 days HK\$'000	Over 90 days HK\$'000	
Construction and engineering services						
Expected credit loss rate	4.5%	5.1%	18.6%	27.2%	68.6%	13.8%
Gross carrying amount	8,096	450	848	709	1,196	11,299
Expected credit losses	366	23	158	193	821	1,561
Lifestyle products						
Expected credit loss rate	0%	–	–	–	–	0%
Gross carrying amount	527	–	–	–	–	527
Expected credit losses	–	–	–	–	–	–

(b) None of the other receivables is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. Reversal of loss allowance for other receivables of HK\$21,000 (2023: impairment loss of HK\$20,000) was recognised during the year ended 31 March 2024. Their related ECLs consideration are set out in note 34 to the financial statements.

The movements in the loss allowance for impairment of other receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	4,254	4,234
(Reversal of impairment)/impairment losses (note 8)	(21)	20
At end of year	4,233	4,254



## 20. Contract Assets/(Liabilities)

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

Notes:

- (a) A contract asset, net of the contract liability related to the same contract, is recognised over the period in which the provision of construction and engineering services is performed, representing the Group's right to consideration for the services performed and not billed because the rights are conditional on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when the payment certificate/invoice is issued. The decrease in contract assets in 2024 and 2023 was the result of the decrease in the provision of construction and engineering services during the year.

The expected timing of recovery or settlement for contract assets as at 31 March is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	65,635	85,336
After one year	96,866	96,460
Total contract assets	162,501	181,796

The Group's trading terms and credit policy with customers are disclosed in note 19 to the financial statements.

## 20. Contract Assets/(Liabilities) (Continued)

Notes: (Continued)

- (b) Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the consolidated statement of financial position, retention receivables were classified as current assets based on the operating cycle. The expected timing of recovery or settlement of these retention receivables based on the terms of related contracts was as follows:

	2024 HK\$'000	2023 HK\$'000
Will be recovered within twelve months	9,773	19,046
Will be recovered more than twelve months after the end of the year	7,331	5,220
	<b>17,104</b>	<b>24,266</b>

The Group does not hold any collateral over the balances.

- (c) Reversal of loss allowance for contract assets of HK\$2,552,000 (2023: impairment losses of contract assets of HK\$2,935,000) was recognised during the year ended 31 March 2024.

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	9,756	6,821
(Reversal of impairment)/impairment losses (note 8)	<b>(2,552)</b>	2,935
At end of year	<b>7,204</b>	9,756





## 20. Contract Assets/(Liabilities) (Continued)

Notes: (Continued)

(c) (Continued)

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The Group applies the simplified approach to provide for the ECLs prescribed by HKFRS 9.

The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by credit risk characteristics and the ageing). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details of impairment of contract assets for the years ended 31 March 2024 and 2023 were set out in note 34 to the financial statements.

(d) Details of contract liabilities are as follows:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000	1 April 2022 HK\$'000
Short-term advances received from customers			
Construction and engineering services	(11,988)	(14,558)	(13,868)

Contract liabilities include short-term advances received to deliver construction and engineering services.

The decrease in contract liabilities in 2024 was mainly due to the negotiation of smaller prepayments on overall contract liabilities. The increase in contract liabilities for 2023 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction and engineering services at the end of the year.

## 21. Inventories

	2024 HK\$'000	2023 HK\$'000
Raw materials	3,028	962
Finished goods	3,491	3,392
	<b>6,519</b>	4,354

## 22. Cash and Bank Balances

	2024 HK\$'000	2023 HK\$'000
Cash on hand and at bank	9,718	13,888

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	6,899	8,798
Renminbi ("RMB")	1,917	3,340
Australian dollars	–	445
United States dollars	827	851
Euro	–	273
Japanese yen	74	180
Other currencies	1	1
	<b>9,718</b>	13,888

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 March 2024, the cash and bank balances of the Group denominated in RMB amounted to HK\$1,917,000 (2023: HK\$3,340,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 23. Trade and Other Payables and Accruals

	Notes	2024 HK\$'000	2023 HK\$'000
Trade payables	(a)	<b>60,237</b>	56,906
Other payables and accruals	(b)	<b>10,581</b>	7,396
		<b>70,818</b>	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:

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

- (b) Other payables and accruals

	2024 HK\$'000	2023 HK\$'000
Accrued staff costs and pension obligations	<b>6,624</b>	3,471
Accrued expenses	<b>3,492</b>	2,396
Other payables	<b>465</b>	1,529
	<b>10,581</b>	7,396

## 24. Bank and Other Borrowings and Loans from Shareholders

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

Notes:

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

	2024 HK\$'000	2023 HK\$'000
Within one year and on demand	–	841

As at 31 March 2024 and 2023, bank borrowings are secured by personal guarantee from directors of construction and engineering services segment.

These bank borrowings carried floating rates at the Prime Rate minus a margin. The weighted average interest rate was 3.0% per annum as at 31 March 2023.

There are no undrawn bank facilities as at 31 March 2024 (2023: Nil).

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

	2024 HK\$'000	2023 HK\$'000
Within one year	–	–
In the second year	–	87,474
In the third to fifth years, inclusive	70,357	3,387
	70,357	90,861

Other borrowings of approximately HK\$70,357,000 from the directors of the Group's subsidiaries as at 31 March 2024 (2023: HK\$87,747,000) are unsecured, interest-free, repayable by 14 October 2026 (2023: 14 October 2024) and denominated in HK\$.

## 24. Bank and Other Borrowings and Loans from Shareholders (Continued)

Notes: (Continued)

(ii) (Continued)

Other borrowings of approximately HK\$2,105,000 from a related company as at 31 March 2023 bore interest at 6% per annum, and were unsecured, repayable on demand from 31 December 2025 and denominated in HK\$. The shareholder of the related company became the shareholder of the Company during the year ended 31 March 2024, hence, the outstanding balance was transferred to loans from shareholders.

Other borrowings of approximately HK\$1,282,000 from a related company as at 31 March 2023 were unsecured, interest-free and repayable by 3 August 2026 and denominated in RMB. The shareholder of the related company became the shareholder of the Company during the year ended 31 March 2024. The borrowings were transferred to loans from shareholders during the year ended 31 March 2024.

As at 31 March 2024, all the other borrowings of the Group are denominated in HK\$.

As at 31 March 2023, other than certain other borrowing with carrying amount of HK\$1,282,000 denominated in RMB, all the bank and other borrowings of the Group are denominated in HK\$.

(iii) The Group's loans from shareholders are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	–
In the second year	–	118,941
In the third to fifth years, inclusive	<b>96,517</b>	–
	<b>96,517</b>	118,941

Loans from a shareholder of approximately HK\$85,328,000 (2023: HK\$118,941,000) as at 31 March 2024 bear interest at 6% per annum (2023: 6% per annum), and are unsecured, repayable on demand from 30 June 2028 (2023: 31 March 2025) and denominated in HK\$.

Loans from a company controlled by a shareholder of approximately HK\$10,189,000 as at 31 March 2024 are unsecured, interest-free and repayable on demand from 3 August 2026 and denominated in RMB. The loans were transferred from other borrowings during the year ended 31 March 2024.

Loans from a company controlled by a shareholder of approximately HK\$1,000,000 as at 31 March 2024 are unsecured, bear interest at 6% per annum, repayable on demand from 30 June 2028 and denominated in HK\$. The loans were transferred from other borrowings during the year ended 31 March 2024.

During the year ended 31 March 2024, HK\$8,573,000 represented the discount at initial recognition of interest-free loan from shareholder of HK\$55,224,000 using the prevailing market interest rate. The transaction is accounted for as a deemed contribution from the shareholder in capital reserve.

During year ended 31 March 2024, the shareholders issued waiver letters to the Company and agreed to discharge certain loans of HK\$73,874,000 (2023: HK\$6,400,000). The transaction was accounted for as a deemed contribution from the shareholder in the capital reserve.

## 25. Deferred Tax

The movements in deferred tax liabilities during the year are as follows:

	<b>Fair value adjustment arising from acquisition</b>	<b>Others</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>Deferred tax liabilities</b>			
At 1 April 2022	(1,284)	(89)	(1,373)
Acquisition of a subsidiary (note 28)	(716)	–	(716)
Credited to the consolidated statement of profit or loss and other comprehensive income during the year (note 11)	36	–	36
Exchange realignment	108	–	108
At 31 March 2023 and 1 April 2023	<b>(1,856)</b>	<b>(89)</b>	<b>(1,945)</b>
Credited to the consolidated statement of profit or loss and other comprehensive income during the year (note 11)	<b>677</b>	–	<b>677</b>
Exchange realignment	<b>149</b>	–	<b>149</b>
At 31 March 2024	<b>(1,030)</b>	<b>(89)</b>	<b>(1,119)</b>

As at 31 March 2024, deferred tax assets have not been recognised in respect of (i) tax losses arising in Hong Kong of HK\$217,952,000 (2023: HK\$181,951,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose; (ii) tax losses arising in Chinese Mainland of HK\$42,675,000 (2023: HK\$17,868,000) that will expire in one to five years for offsetting against future taxable profits; (iii) revaluation of properties of HK\$114,000 (2023: HK\$530,000) as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.



## 26. Share Capital

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Authorised:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HK\$0.1 each	<b>200,000</b>	200,000
Issued and fully paid:		
960,000,000 (2023: 960,000,000) ordinary shares of HK\$0.1 each	<b>96,000</b>	96,000

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares</b>	<b>Share premium</b>
		HK\$'000	HK\$'000
Issued and fully paid:			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	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.



## 27. Reserves

### (a) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

### (b) Capital reserve

Capital reserve comprises (i) deemed capital contributions from shareholders for discharge of certain loans; (ii) deemed capital contribution arising from interest-free loans from shareholders; and (iii) share-based payments to certain employees.

### (c) Other reserves

Other reserves of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the reorganisation and the nominal value of the share capital of the Company issued in exchange therefor.

### (d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the financial statements.



## 28. Business Combination

On 30 December 2022, the Group entered into a sale and purchase agreement with an independent third party and a company controlled by an immediate family member of the former Chairman of the Group, for the acquisition of the entire equity interests in Dimmi Life Holdings Ltd (“Dimmi SZ”). The purchase consideration for the acquisition was in the form of cash of HK\$2,783,000. Upon the completion of the acquisition on 30 December 2022, Dimmi SZ and its subsidiaries (the “Dimmi SZ group”) become wholly-owned subsidiaries of the Company. The Dimmi SZ group is principally engaged in development, marketing and sale of intelligent consumer products in personal life care sector in Chinese Mainland.

The fair values of the identifiable assets and liabilities of the Dimmi SZ group as at the date of acquisition were as follows:

	HK\$'000
Property and equipment	1,805
Patents	2,864
Trade and other receivables, deposits and prepayments	3,458
Inventories	5,186
Amount due from a related party	7
Cash and cash equivalents	3,365
Other payables and accruals	(2,972)
Trade payables	(2,170)
Other borrowings	(4,793)
Deferred tax	(716)
Amount due to a related party	(1,001)
<b>Total identifiable net assets at fair value</b>	<b>5,033</b>
Gain on a bargain purchase	(2,250)
<b>Total consideration</b>	<b>2,783</b>
Satisfied by:	
Cash	2,783



## 28. Business Combination (Continued)

An analysis of the cash flows in respect of the acquisition of the Dimmi SZ group is as follows:

	HK\$'000
Cash consideration paid	(2,783)
Cash and bank balances acquired	3,365
Consideration payable included in other payables and accruals	2,783
<b>Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries</b>	<b>3,365</b>

The purpose of the above acquisition is to expand the operations of the Group in the respective field.

The fair values (which are also their respective gross contractual amount) of the trade and other receivables, deposits and prepayments and an amount due from a related party as at the date of the acquisition amounted to HK\$3,458,000 and HK\$7,000, respectively. None of these receivables had been impaired and it was expected that the full contractual amount could be recovered.

Since the acquisition, the Dimmi SZ group contributed HK\$3,827,000 to the Group's revenue and HK\$112,000 to the consolidated loss for the year ended 31 March 2023.

Had the business combination taken place at the beginning of the year ended 31 March 2023, the revenue and the loss of the Group for the year ended 31 March 2023 would have been HK\$113,540,000 and HK\$34,700,000, respectively.

No acquisition was noted for the year ended 31 March 2024.

## 29. Notes to the Consolidated Statement of Cash Flows

### (a) Major non-cash transactions

Save as disclosed in notes 24 and 31 to the financial statements regarding the discharge of certain liabilities by the shareholders, the Group has no other major non-cash transactions of investing and financing activities during the years ended 31 March 2024.

During the year ended 31 March 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$9,265,000 and HK\$9,265,000, respectively, in respect of lease arrangements for office premises.

29. Notes to the Consolidated Statement of Cash Flows (Continued)

(b) Changes in liabilities arising from financing activities

	Amounts due to related parties HK\$'000	Lease liabilities HK\$'000	Bank and other borrowings HK\$'000	Loans from shareholders HK\$'000
As at 31 March and 1 April 2022	–	1,925	98,432	98,210
New leases	–	9,265	–	–
Changes from financing cash flows	11,308	(2,591)	(8,670)	19,581
Acquisition of a subsidiary (note 28)	1,001	–	4,793	–
Interest expense	16	170	2,866	7,550
Waiver of loan from shareholder	–	–	–	(6,400)
Waiver of loan from a related party	–	–	(5,879)	–
Termination of a lease	–	(657)	–	–
Foreign exchange alignment	(437)	(59)	160	–
As at 31 March and 1 April 2023	<b>11,888</b>	<b>8,053</b>	<b>91,702</b>	<b>118,941</b>
Changes from financing cash flows	<b>1,927</b>	<b>(3,138)</b>	<b>(8,136)</b>	<b>43,224</b>
Transfer from other borrowings to loans from shareholders	–	–	<b>(3,387)</b>	<b>3,387</b>
Transfer	<b>(7,738)</b>	–	–	<b>7,738</b>
Discount at initial recognition on interest-free loan	–	–	<b>(11,925)</b>	<b>(8,573)</b>
Interest expense	<b>52</b>	<b>258</b>	<b>2,638</b>	<b>6,194</b>
Waiver of loans from shareholders	–	–	–	<b>(73,874)</b>
Waiver of liabilities from a related party	<b>(1,000)</b>	–	–	–
Foreign exchange alignment	<b>(585)</b>	<b>(192)</b>	<b>(535)</b>	<b>(520)</b>
As at 31 March 2024	<b>4,544</b>	<b>4,981</b>	<b>70,357</b>	<b>96,517</b>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within operating activities	–	533
Within financing activities	<b>3,138</b>	2,591
	<b>3,138</b>	3,124

### 30. Contingent Liabilities

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

	2024 HK\$'000	2023 HK\$'000
Surety bonds	1,520	1,520

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

### 31. Related Party Balances and Transactions

(a) In addition to the transactions and balances disclosed in notes 24 and 28 to the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2024 HK\$'000	2023 HK\$'000
Hotel management fee paid to Popsible Hospitality Management Limited (Japan)	(i), (ii)	595	338
Consultancy fee paid to Popsible Hospitality Management Limited (Japan)	(i)	68	138
Rental fee paid to a related party	(iii)	1,599	308
Purchase of a subsidiary	(iv)	–	2,783
Discharge of liabilities by shareholders	(v)	74,874	6,400

Notes:

- (i) The pricing of these transactions was determined based on mutual negotiation between the Group and the related party.
- (ii) The amount represented hotel management fee paid to Popsible Hospitality Management Limited (Japan), the joint venture.
- (iii) The amount represented rental expenses paid to a company controlled by one of the shareholders (2023: key management of the Company).
- (iv) On 30 December 2022, the Company entered into the sale and purchase agreement with a company controlled by an immediate family member of the former Chairlady as detailed in note 28 to the financial statements.
- (v) During year ended 31 March 2024, the shareholders issued waiver letters to the Company and agreed to discharge certain liabilities of HK\$74,874,000 (2023: HK\$6,400,000). The transaction was accounted for as deemed contributions from the shareholders in the capital reserve.

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.

### 31. 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:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	25,726	8,802
Retirement benefit costs – defined contribution plans	86	72
	<b>25,812</b>	<b>8,874</b>

- (c) Outstanding balances with related parties:

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Amounts due from joint ventures</b>			
Possible Hospitality Management Limited (HK)	(i)	390	426
Possible Hospitality Management Limited (Japan)	(i)	903	928
		<b>1,293</b>	<b>1,354</b>
<b>Amount due from related parties</b>			
Green Home Real Estate Limited	(i), (v)	2	–
Green Home Property Investment Limited	(i), (v)	2	–
Green Home Holdings Limited	(i), (v)	3	–
Mr. Leung Kam Fai, the key management of the Group	(i)	–	1,440
		<b>7</b>	<b>1,440</b>
<b>Amounts due to related parties</b>			
Gloria Orient Limited	(i), (vi)	1,033	1,268
Splendid Insight Limited	(i), (vi)	1,548	1,524
Mr. Ge Zhang	(i), (iii)	–	1,007
深圳超多維科技有限公司	(ii), (vi)	1,963	351
深圳創銳思科技有限公司	(ii), (iv)	–	7,738
		<b>4,544</b>	<b>11,888</b>
<b>Lease liabilities</b>			
深圳超多維科技有限公司		2,674	4,323

Notes:

- (i) The balances are unsecured, interest-free, repayable on demand and denominated in HK\$.
- (ii) The balances are unsecured, interest-free, repayable on demand and denominated in RMB.

### 31. Related Party Balances and Transactions (Continued)

(c) (Continued)

Notes: (Continued)

- (iii) During year ended 31 March 2024, the shareholder issued waiver letter to the Company and agreed to discharge amount due to shareholder of HK\$1,000,000. The transaction was accounted for as a deemed contribution from the shareholder in the capital reserve.
- (iv) During the year ended 31 March 2024, the amount outstanding was transferred to loans from the shareholder.
- (v) These companies are controlled by a senior management of the Group.
- (vi) These companies are controlled by Mr. Ge Zhang.

### 32. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

	2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost:		
Amounts due from joint ventures	1,293	1,354
Amounts due from related parties	7	1,440
Trade receivables	13,765	10,265
Financial assets included in other receivables and deposits	3,121	4,434
Cash and bank balances	9,718	13,888
	<b>27,904</b>	31,381

#### Financial liabilities

	2024 HK\$'000	2023 HK\$'000
Financial liabilities at amortised cost:		
Amounts due to related parties	4,544	11,888
Trade payables	60,237	56,906
Financial liabilities included in other payables and accruals	3,957	3,925
Bank and other borrowings	70,357	91,702
Loans from shareholders	96,517	118,941
Lease liabilities	4,981	8,053
	<b>240,593</b>	291,415



### 33. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, current portion of financial assets included in trade and other receivables and deposits, financial liabilities included in trade and other payables and accruals, amounts due from/to joint ventures and related parties and current portion of bank and other borrowings 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 shareholders 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 assets and liabilities measured at fair values as at 31 March 2024 and 2023.

#### Assets for which fair values are disclosed

##### As at 31 March 2024

	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	
Long-term deposits	–	–	613	613

##### As at 31 March 2023

	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	
Long-term deposits	–	–	613	613

### 33. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

#### Liabilities for which fair values are disclosed

As at 31 March 2024

	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	–	–	70,357	70,357
Loans from shareholders	–	–	96,517	96,517
	–	–	166,874	166,874

As at 31 March 2023

	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

### 34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include bank and other borrowings, financial assets included in other receivables, deposits, financial liabilities included in other payables, lease liabilities, cash and bank balances and loans from shareholders. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Details of these financial instruments are disclosed in the respective notes to the financial statements.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.



## 34. Financial Risk Management Objectives and Policies (Continued)

### Credit risk

The Group's credit risk is primarily attributable to contract assets, trade receivables, financial assets included in deposits and other receivables, amounts due from joint ventures and related parties and cash and bank balances. The Group's maximum credit risk exposure at the end of each reporting period in the event of other parties failing to perform their obligations is represented by the carrying amounts of financial assets and contract assets as stated in the consolidated statement of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's trade receivables and contract assets from contract works represent interim payments or retentions certified by the customers under terms as stipulated in the contracts and the Group does not hold any collateral over these trade receivables and contract assets. As the Group's customers in respect of contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

At 31 March 2024, the Group had certain concentrations of credit risk as 23% and 78% (2023: 21% and 63%) of the trade receivables were due from the Group's largest external customer and the Group's five largest external customers, respectively, within the construction and engineering services segment.

For trade receivables and contract assets, the Group has applied the simplified approach to provide for impairment for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. With the incorporation of forward-looking information in estimating the ECLs, management considered that the provision of impairment allowance in respect of these collectively assessed trade receivables and contract assets based on the weighted average ECL rates up to 4.2% (2023: 5.0%) applied on different groupings. The provision for impairment of trade receivables and contract assets are disclosed in notes 19 and 20 to the financial statements, respectively.

For financial assets included in deposits and other receivables, cash and bank balances and amounts due from joint ventures and related parties ("Other Financial Assets"), the Group applied the general approach to provide for impairment for ECLs prescribed by HKFRS 9. None of Other Financial Assets as at 31 March 2024 and 2023 were overdue, and all balances were categorised within Stage 1 for the measurement of ECLs. Management considered that the provision of impairment allowance in respect of these collectively assessed receivable, except for deposits and other receivables, was immaterial as at 31 March 2024 and 2023. The provision for the impairment of deposits and other receivables are disclosed in note 19 to the financial statements.

### Maximum exposure and year-end staging

The tables below show the credit quality and maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The amounts presented are gross carrying amounts for financial assets.

34. Financial Risk Management Objectives and Policies (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 March 2024

	12-month ECLs		Lifetime ECLs		Simplified approach HK\$'000	Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000			
Amounts due from joint ventures	1,293	-	-	-	-	1,293
Amounts due from related parties	7	-	-	-	-	7
Trade receivables	-	-	-	-	14,955	14,955
Financial assets included in other receivables and deposits	7,354	-	-	-	-	7,354
Contract assets	-	-	-	-	186,809	186,809
Cash and bank balances	9,718	-	-	-	-	9,718
	<b>18,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,764</b>	<b>220,136</b>

As at 31 March 2023

	12-month ECLs		Lifetime ECLs		Simplified approach HK\$'000	Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000			
Amounts due from joint ventures	1,354	-	-	-	-	1,354
Amount due from a related party	1,440	-	-	-	-	1,440
Trade receivables	-	-	-	-	11,826	11,826
Financial assets included in other receivables and deposits	8,688	-	-	-	-	8,688
Contract assets	-	-	-	-	215,818	215,818
Cash and bank balances	13,888	-	-	-	-	13,888
	<b>25,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,644</b>	<b>253,014</b>

Except for trade receivables and contract assets which apply the simplified approach in calculating ECLs, the credit quality of other financial assets measured at amortised cost is considered to be “normal” as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition and hence, they are all classified under Stage 1 for measurement of ECLs. The loss allowance for all financial assets measured at amortised cost was not significant as at 31 March 2024 and 2023.

### 34. Financial Risk Management Objectives and Policies (Continued)

#### Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. In addition, shareholders' loan facilities have been put in place for contingency purposes.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of the reporting period) and the earliest date that the Group could be required to repay:

	<b>Within 1 year or on demand HK\$'000</b>	<b>Between 1 and 2 years HK\$'000</b>	<b>Between 2 and 5 years HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 31 March 2024</b>				
Loans from shareholders	–	–	109,785	109,785
Trade and other payables and accruals	64,194	–	–	64,194
Lease liabilities	3,277	2,163	–	5,440
Other borrowings	–	–	83,012	83,012
Amounts due to related parties	4,544	–	–	4,544
	<b>72,015</b>	<b>2,163</b>	<b>192,797</b>	<b>266,975</b>
<b>At 31 March 2023</b>				
Loans from a shareholder	–	133,214	–	133,214
Trade and other payables and accruals	60,831	–	–	60,831
Lease liabilities	3,174	3,174	1,820	8,168
Bank and other borrowings	843	92,289	3,921	97,053
Amounts due to related parties	11,312	576	–	11,888
	76,160	229,253	5,741	311,154

### 34. Financial Risk Management Objectives and Policies (Continued)

#### Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may issue new shares to increase its capital or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The Group monitors capital using a net gearing ratio, which is net debt divided by total capital. Net debt includes loans from shareholders, lease liabilities, bank and other borrowings, less cash and bank balances. Total capital represents total equity plus net debt. The following table is an analysis of the Group's capital structure as at 31 March:

	2024 HK\$'000	2023 HK\$'000
Loans from shareholders (note 24)	96,517	118,941
Lease liabilities (note 16)	4,981	8,053
Bank and other borrowings (note 24)	70,357	91,702
Less: Cash and bank balances (note 22)	(9,718)	(13,888)
Net debt	162,137	204,808
Total equity	17,820	10,257
Total capital	179,957	215,065
Net gearing ratio	90%	95%

### 35. Comparative Amounts

Certain comparative amounts have been reclassified and re-presented to conform with the current year's presentation.



### 36. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1	1
Investments in subsidiaries	2,858	36,440
<b>Total non-current assets</b>	<b>2,859</b>	<b>36,441</b>
<b>CURRENT ASSETS</b>		
Prepayments	132	190
Amounts due from subsidiaries	108,685	170,202
Cash and bank balances	273	1,280
<b>Total current assets</b>	<b>109,090</b>	<b>171,672</b>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	7,217	1,712
Amounts due to related parties	2,799	2,799
<b>Total current liabilities</b>	<b>10,016</b>	<b>4,511</b>
<b>NET CURRENT ASSETS</b>	<b>99,074</b>	<b>167,161</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>101,993</b>	<b>203,602</b>
<b>NON-CURRENT LIABILITIES</b>		
Other borrowing	–	2,105
Loans from a shareholder	86,328	118,941
Total non-current liabilities	86,328	121,046
<b>Net assets</b>	<b>15,605</b>	<b>82,556</b>
<b>EQUITY</b>		
Share capital	96,000	96,000
Reserves (note)	(80,395)	(13,444)
<b>Total equity</b>	<b>15,605</b>	<b>82,556</b>

### 36. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	15,991	–	56,481	(84,843)	(12,371)
Loss and other comprehensive loss for the year	–	–	–	(7,473)	(7,473)
Deemed capital contribution from the shareholder	–	6,400	–	–	6,400
At 31 March 2023 and 1 April 2023	<b>15,991</b>	<b>6,400</b>	<b>56,481</b>	<b>(92,316)</b>	<b>(13,444)</b>
Loss and other comprehensive loss for the year	–	–	–	(134,310)	(134,310)
Share-based payments	–	19,439	–	–	19,439
Deemed capital contribution from shareholders	–	47,919	–	–	47,919
At 31 March 2024	<b>15,991</b>	<b>73,758</b>	<b>56,481</b>	<b>(226,626)</b>	<b>(80,395)</b>

### 37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2024.



## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows.

### Results

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Turnover	121,519	109,332	120,521	122,852	260,950
Loss before tax	(90,238)	(26,678)	(54,582)	(52,453)	(16,879)
Income tax (expense)/credit	(179)	36	(5,913)	(357)	(159)
Loss for the year	(90,417)	(26,642)	(60,495)	(52,810)	(17,038)

### Assets, Equity and Liabilities

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Assets</b>					
Non-current assets	51,006	67,001	59,421	125,691	28,794
Current assets	227,489	254,645	254,107	279,420	364,160
Total assets	278,495	321,646	313,528	405,111	392,954
<b>Equity and liabilities</b>					
Total equity	17,820	10,257	31,511	91,882	124,971
Non-current liabilities	170,028	217,463	186,784	134,989	15,734
Current liabilities	90,647	93,926	95,233	178,240	252,249
Total liabilities	260,675	311,389	282,017	313,229	267,983
Total equity and liabilities	278,495	321,646	313,528	405,111	392,954

Note: The summary above does not form part of the audited financial statements.



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

