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RELIANCE GLOBAL HOLDINGS LIMITED

信保環球控股有限公司*

(Formerly known as Sustainable Forest Holdings Limited 永保林業控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 723)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The Board of Directors (the “**Board**” or the “**Directors**”) of Reliance Global Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 September 2019 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		For the six months ended 30 September	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	207,831	287,697
Cost of sales		(184,023)	(268,281)
Change in fair value of investment properties	6(c)	–	5,400
Other income		–	8
Other net gain	6(c)	–	10
Administrative expenses		(8,184)	(10,195)
Other operating expenses	6(c)	(1,136)	–
Profit from operations		14,488	14,639

* *For identification purpose only*

		For the six months ended	
		30 September	
	<i>Notes</i>	2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Finance income		312	5
Finance costs		<u>(539)</u>	<u>(646)</u>
Net finance costs	6(a)	<u>(227)</u>	<u>(641)</u>
Profit before taxation	6	14,261	13,998
Income tax expense	7	<u>(618)</u>	<u>(563)</u>
Profit for the period		<u>13,643</u>	<u>13,435</u>
Attributable to:			
Owners of the Company		13,643	13,435
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>13,643</u>	<u>13,435</u>
Earnings per share	9		
– Basic		<u>HK0.150 cent</u>	<u>HK0.148 cent</u>
– Diluted		<u>HK0.148 cent</u>	<u>HK0.146 cent</u>

	For the six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>13,643</u>	<u>13,435</u>
Other comprehensive (expense)/income for the period:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(160)</u>	<u>1,479</u>
Total comprehensive income for the period	<u>13,483</u>	<u>14,914</u>
Total comprehensive income attributable to:		
Owners of the Company	13,483	14,914
Non-controlling interests	<u>–</u>	<u>–</u>
	<u>13,483</u>	<u>14,914</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	<i>Notes</i>	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		651	42
Intangible assets		6,426	6,820
Right-of-use assets		4,801	–
Loan receivables	<i>11</i>	66,006	219,800
Finance lease receivables	<i>12</i>	4,253	6,252
		82,137	232,914
Current assets			
Inventories		2,050	–
Trade and other receivables	<i>10</i>	72,250	109,229
Loan receivables	<i>11</i>	236,686	76,078
Finance lease receivables	<i>12</i>	4,173	3,923
Cash and cash equivalents		55,599	25,433
		370,758	214,663
Assets classified as held-for-sale		–	23,400
		370,758	238,063
Current liabilities			
Trade and other payables	<i>13</i>	10,275	52,494
Bank borrowings	<i>14</i>	55,195	48,151
Lease liabilities		1,970	–
Provision for taxation		1,911	1,293
Amounts received from a shareholder	<i>15</i>	200,000	200,000
		269,351	301,938
Liabilities directly associated with assets classified as held-for-sale		–	1,836
		269,351	303,774
Net current assets/(liabilities)		101,407	(65,711)
Total assets less current liabilities		183,544	167,203

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities	2,992	–
Deferred tax liabilities	2,153	2,287
	<u>5,145</u>	<u>2,287</u>
Net assets	<u>178,399</u>	<u>164,916</u>
Capital and reserves		
Share capital	125,068	125,068
Reserves	53,345	39,862
	<u>178,413</u>	<u>164,930</u>
Total equity attributable to owners of the Company	<u>178,413</u>	<u>164,930</u>
Non-controlling interests	(14)	(14)
	<u>178,399</u>	<u>164,916</u>
Total equity	<u>178,399</u>	<u>164,916</u>

Notes:

1. Corporate information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Trading in shares of the Company has been suspended since 10 October 2018.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries of the Company comprise money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), applicable International Financial Reporting Standards (“**IFRSs**”) and International Accounting Standards (“**IASs**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”).

The condensed consolidated interim financial statements have not been audited, but have been reviewed by Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The condensed consolidated interim financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2019.

The condensed consolidated interim financial statements are denominated in Hong Kong dollars (“**HK\$**”). Unless otherwise specifically stated, all amounts are presented in thousand.

3. Summary of significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for investment properties, investment properties reclassified as assets classified as held-for-sale and financial liabilities that are stated at fair values.

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2019, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the IASB:

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except as described below, the application of the above new and revised standards, amendments and interpretations to IFRSs in the current period has had no material impact on the Group's results and financial position for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

IFRS 16 "Leases"

IFRS 16 replaces IAS 17 "Leases", and the related interpretations, IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease". It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements brought forward from IAS 17 are substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) *Transitional impact*

At the date of transition to IFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

- (i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 March 2020; and
- (ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

(c) *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit before taxation in the Group's condensed consolidated statement of profit or loss and other comprehensive income, as compared to the results if IAS 17 had been applied during the period.

In the condensed consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the condensed consolidated statement of cash flows. The adoption of IFRS 16 has no significant impact on the financial results, and cash flow of the Group.

4. Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board of Directors for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

- Money lending: money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).
- Forest-related business:
 - (i) Sustainable forest management: sustainable forest management of and investment in natural forests, licensing of harvesting rights, timber and wood processing, trading and sales of forestry and timber products.
 - (ii) Sales of timber and wooden products: sales of timber and wooden products including sawn timber products.
- Leasing of properties: lease of premises to generate rental income and to gain from the appreciation in the property values.

Segment results represent the profit/loss from each segment without allocation of central administration cost such as directors' emoluments, change in fair value of financial liabilities, unallocated corporate income and unallocated corporate expenses.

Segment assets include non-current and current assets attributable to an individual reportable segment with the exception of right-of-use assets and certain unallocated corporate assets.

All liabilities are allocated to reportable segments other than lease liabilities, deferred tax liabilities, amounts received from a shareholder and unallocated corporate liabilities.

Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segments is reported below:

For the six months ended 30 September 2019 (Unaudited)

	<u>Forest-related business</u>				
	Money	Sustainable	Sales of	Leasing of	Total
	lending	forest	timber and	properties	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue					
Revenue from external customers	<u>16,171</u>	<u>950</u>	<u>190,615</u>	<u>95</u>	<u>207,831</u>
Results					
Segment results	<u>13,416</u>	<u>(127)</u>	<u>4,426</u>	<u>13</u>	17,728
Unallocated corporate income					74
Unallocated corporate expenses					<u>(3,541)</u>
Profit before taxation					<u>14,261</u>
Other segment information					
Depreciation of property, plant and equipment	-	(21)	-	(2)	(23)
Interest expenses	-	-	(494)	-	(494)
Interest income	<u>14</u>	<u>8</u>	<u>214</u>	<u>2</u>	<u>238</u>

At 30 September 2019 (Unaudited)

	<u>Forest-related business</u>				Total <i>HK\$'000</i>
	Money lending <i>HK\$'000</i>	Sustainable forest management <i>HK\$'000</i>	Sales of timber and wooden products <i>HK\$'000</i>	Leasing of properties <i>HK\$'000</i>	
Segment assets	315,833	8,297	98,165	8,524	430,819
Right-of-use assets					4,801
Unallocated corporate assets					17,275
					452,895
Segment liabilities	732	4,157	59,563	13	64,465
Unallocated:					
– Lease liabilities					4,962
– Deferred tax liabilities					2,153
– Amounts received from a shareholder					200,000
– Other unallocated corporate liabilities					2,916
					274,496

For the six months ended 30 September 2018 (Unaudited)

	Forest-related business				Total <i>HK\$'000</i>
	Money lending <i>HK\$'000</i>	Sustainable forest management <i>HK\$'000</i>	Sales of timber and wooden products <i>HK\$'000</i>	Leasing of properties <i>HK\$'000</i>	
Segment revenue					
Revenue from external customers	9,241	1,318	276,774	364	287,697
Results					
Segment results	8,963	222	6,853	5,620	21,658
Unallocated corporate income					3
Unallocated corporate expenses					(7,673)
Change in fair value of financial liabilities					10
Profit before taxation					13,998
Other segment information					
Depreciation of property, plant and equipment	–	–	–	(4)	(4)
Interest expenses	–	–	(618)	(28)	(646)
Interest income	–	3	2	–	5

At 31 March 2019 (Audited)

	Forest-related business				Total <i>HK\$'000</i>
	Money lending <i>HK\$'000</i>	Sustainable forest management <i>HK\$'000</i>	Sales of timber and wooden products <i>HK\$'000</i>	Leasing of properties <i>HK\$'000</i>	
Segment assets	<u>309,376</u>	<u>8,606</u>	<u>127,488</u>	<u>23,431</u>	468,901
Unallocated corporate assets					<u>2,076</u>
					<u>470,977</u>
Segment liabilities	<u>422</u>	<u>4,672</u>	<u>93,454</u>	<u>1,848</u>	100,396
Unallocated:					
– Deferred tax liabilities					2,287
– Amounts received from a shareholder					200,000
– Other unallocated corporate liabilities					<u>3,378</u>
					<u>306,061</u>

5. Revenue

	For the six months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Sales of timber and wooden products	190,615	276,774
Interest income from money lending business	15,554	9,026
Arrangement fee income from money lending business	617	215
Income from licensing of harvesting rights	950	1,318
Income from leasing of properties	95	364
	<u>207,831</u>	<u>287,697</u>

Note:

During the six months ended 30 September 2019, revenue is recognised at a point in time except for interest income from money lending business, income from licensing of harvesting rights and leasing of properties which fall outside the scope of IFRS 15.

6. Profit before taxation

The Group's profit before taxation is arrived at after charging/(crediting):

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Net finance costs		
Finance income:		
Interest income from bank deposits	<u>(312)</u>	<u>(5)</u>
Finance costs:		
Imputed interest on lease liabilities	45	–
Interest expense on advances drawn on bill receivables discounted with full recourse	494	618
Interest expense on bank and other borrowings wholly repayable within five years	<u>–</u>	<u>28</u>
	<u>539</u>	<u>646</u>
	<u>227</u>	<u>641</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	3,563	2,007
Contributions to retirement benefits scheme	<u>155</u>	<u>70</u>
	<u>3,718</u>	<u>2,077</u>
(c) Other items		
Change in fair value of investment properties	–	(5,400)
Change in fair value of financial liabilities [#]	–	(10)
Cost of inventories	184,023	268,281
Depreciation of property, plant and equipment	44	6
Depreciation of right-of-use assets	762	–
Impairment loss on trade receivables (note 10)*	82	–
Impairment loss on loan receivables (note 11)*	1,054	–
Minimum lease payments under operating leases for land and buildings	<u>290</u>	<u>466</u>

This item is included in "Other net gain" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

* These items are included in "Other operating expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

7. Income tax expense

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– Current tax	<u>618</u>	<u>563</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (30 September 2018: 16.5%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Dividend

The Directors do not recommend the payment or declaration of any dividend for the six months ended 30 September 2019 (30 September 2018: nil).

9. Earnings per share

- (a) The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company as follows and the reconciliation of the weighted average number of shares as shown in note 9(b):

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit		
Profit for the purpose of calculating basic and diluted earnings per share	<u>13,643</u>	<u>13,435</u>

(b) Weighted average number of shares

	For the six months ended	
	30 September	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares		
for the purpose of calculating basic earnings per share	9,105,709	9,105,707
Effect of dilutive potential ordinary shares arising		
from conversion of convertible preferred shares	106,283	106,283
	<hr/>	<hr/>
Weighted average number of ordinary shares		
for the purpose of calculating diluted earnings per share	9,211,992	9,211,990
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 September 2018, as the exercise price of the warrants exceeded the average market price of the ordinary shares of the Company during the period before they expired on 6 May 2018, they had no dilutive effect in calculating the diluted earnings per share.

10. Trade and other receivables

	At	At
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	9,048	51,990
Less: impairment allowance	(406)	(324)
	<hr/>	<hr/>
	8,642	51,666
Bills receivables discounted with full recourse	55,195	48,151
Interest receivables	3,177	2,142
Other receivables	214	236
	<hr/>	<hr/>
Financial assets at amortised costs	67,228	102,195
Trade and logging deposits	3,496	5,095
Other deposits and prepayments	1,526	1,939
	<hr/>	<hr/>
	72,250	109,229
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(i) **Trade receivables**

The aging analysis of the Group's trade receivables at the end of the reporting period, based on invoice date, and net of impairment allowance, is as follows:

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
0 to 30 days	4,718	46,362
31 to 90 days	267	207
Over 90 days	3,657	5,097
	8,642	51,666

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 to 90 days after issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

At 30 September 2019, trade receivables with aggregate carrying amount of HK\$3,657,000 (net of impairment allowance) were past due (31 March 2019: HK\$4,878,000, out of the past due balance, HK\$1,139,000 had been past due for 90 days or more but was subsequently settled after the reporting date). The Group does not hold any collateral over the balances (31 March 2019: nil).

(ii) Bill receivables discounted with full recourse

At 30 September 2019, the amounts represented bill receivables discounted to a bank with full recourse with a maturity period of less than 90 days (31 March 2019: less than 90 days). The Group recognised the full amount of the discounted proceeds as liabilities as set out in note 14.

The following were the Group's financial assets at 30 September 2019 that were transferred to a bank by discounting bill receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing. These financial assets were carried at amortised cost.

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Carrying amount of the transferred assets	55,195	48,151
Carrying amount of the associated liabilities	<u>(55,195)</u>	<u>(48,151)</u>
	<u> -</u>	<u> -</u>

(iii) Trade and logging deposits

At 30 September 2019, trade and logging deposits of HK\$3,496,000 (31 March 2019: HK\$5,095,000) were prepaid for the logging and operating costs in relation to the Group's sales of timber and wooden products business.

11. Loan receivables

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Fixed-rate loans receivables	304,401	296,533
Less: impairment allowance	(1,709)	(655)
	302,692	295,878
Analysed as:		
Current portion	236,686	76,078
Non-current portion	66,006	219,800
	302,692	295,878
Analysed as:		
Secured	265,437	250,234
Unsecured	37,255	45,644
	302,692	295,878

All loans are denominated in Hong Kong dollars. At 30 September 2019, the loan receivables carrying interest rates ranging from 8.75% to 18% per annum (31 March 2019: 8.75% to 18% per annum).

Before granting loans to potential borrowers, the Group performs internal credit assessment process to assess the potential borrowers' credit quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

At 30 September 2019, loan receivables with aggregate carrying amount of HK\$265,437,000 (31 March 2019: HK\$250,234,000) were secured by borrowers' properties. At the end of the reporting period, loan receivables with aggregate carrying amount of HK\$302,692,000 (31 March 2019: HK\$295,878,000) were not past due.

At the end of each reporting date, the Group's loan receivables were individually and collectively assessed for impairment. The Group provided impairment allowance of HK\$1,054,000 for the six months ended 30 September 2019 (30 September 2018: nil).

12. Finance lease receivables

	Minimum lease payments		Present value of minimum lease payments	
	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Finance lease receivables comprise:				
Within one year	4,861	4,737	4,173	3,923
After one year but within five years	4,529	6,827	4,253	6,252
	<u>9,390</u>	<u>11,564</u>	<u>8,426</u>	<u>10,175</u>
Less: unearned finance income	<u>(964)</u>	<u>(1,389)</u>	<u>-</u>	<u>-</u>
	<u><u>8,426</u></u>	<u><u>10,175</u></u>	<u><u>8,426</u></u>	<u><u>10,175</u></u>
Analysed as:				
Current assets			4,173	3,923
Non-current assets			4,253	6,252
			<u><u>8,426</u></u>	<u><u>10,175</u></u>

The Group's finance lease receivables were denominated in Hong Kong dollars. At 30 September 2019, the effective interest rate of the finance lease receivables ranging from 8.75% to 11% per annum (31 March 2019: 8.75% to 11%).

In the event that an instalment repayment of a finance lease receivable is past due, the entire outstanding balance of the finance lease receivable will be classified as past due. At 30 September 2019, all finance lease receivables were neither past due nor impaired (31 March 2019: nil).

Finance lease receivables are secured by leased assets and customers' deposits. Customers' deposits are collected and calculated based on certain percentage of the entire value of the lease contract. The deposits are returned to the customers by instalments over the lease contract or in full at the end of lease period according to the terms of the lease contract. When the lease contract expires and all liabilities and obligations under the lease contract have been fulfilled, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments under the lease contract. At 30 September 2019, customers' deposits of HK\$324,000 (31 March 2019: HK\$324,000) were received in advance. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognised for the six months ended 30 September 2019 (30 September 2018: nil).

13. Trade and other payables

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Trade payables (<i>note</i>)	2,806	37,490
Other payables and accruals	7,469	15,004
	<u>10,275</u>	<u>52,494</u>

Note:

An aging analysis of the Group's trade payables at the end of the reporting period, based on invoice date, is as follows:

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
0 to 30 days	<u>2,806</u>	<u>37,490</u>

The average credit period is within 30 days for both periods.

14. Bank borrowings

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Advances drawn on bill receivables discounted with full recourse	<u>55,195</u>	<u>48,151</u>

Note:

The amount represented the Group's borrowings secured by the bill receivables discounted to a bank with full recourse (note 10(ii)), and the amount was repayable within one year.

15. Amounts received from a shareholder

The amounts received from a shareholder, Champion Alliance Enterprises Limited (“**Champion Alliance**”), which was accounted for as a loan from a shareholder initially, is unsecured, interest-free and repayable on twelve months from the date of the loan facility agreement, extendable for another twelve months and subsequent twelve month period(s), or on such other date at the request of the Company and agreed by the shareholder in writing. On 1 February 2019, the shareholder confirmed that the amount due to it up to HK\$200,000,000 will be fully utilised for the subscription of new shares under a fund raising exercise to be conducted by the Company for the purpose of enlarging its capital base, such fund raising exercise is subject to the approval of the Stock Exchange. In the case of failing to get the approval, Champion Alliance has undertaken not to demand for repayment of the amount due to it (which is unsecured and interest-free) until the Group is financially viable to do so.

16. Litigation

On 30 May 2010, Universal Timber Resources do Brasil Ltda. (“**UTRB**”) entered into a service agreement (“**Service Agreement**”) with F Um Terraplanagem (“**Terraplanagem**”). Under the Service Agreement, Terraplanagem would carry out earthwork service in the hydropower plant in Rondonia, Brazil for a service fee of Brazilian Reais (“**R\$**”) 892,500. After signing the Service Agreement, Terraplanagem did not provide any earthwork service and UTRB had to hire another company to complete the earthworks. However, in the land search of the freehold land of UTRB, it revealed that Terraplanagem submitted a claim to a court against UTRB to pay for alleged outstanding service fee of approximately R\$1,291,000 and filed a precautionary injunction to prevent UTRB of selling certain area of its freehold land. Such injunction was awarded by the court during the year ended 31 March 2015. Two witness hearings were held in May 2016 and in March 2017, the court served the notice to both Terraplanagem and UTRB to present their final arguments. In May 2017, the court awarded Terraplanagem’s claim in full (the “**Court Decision**”). In June 2017, UTRB filed petition to the court presenting its arguments on the ruling by the court, however, the petition was rejected by the court. In late July 2017, UTRB filed an appeal against the Court Decision with the High Court. In late September 2019, the High Court ruled the case, ratifying the Court Decision. Furthermore, UTRB filed an appeal against the High Court decision with the Court of Final Appeal and is still awaiting the outcome of the appeal. The claim of approximately R\$1,291,000 (approximately HK\$2,432,000) has been included in other payables.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2019 (30 September 2018: nil).

BUSINESS REVIEW

For the six months ended 30 September 2019, the Group continued to principally engage in four business segments, namely, money lending business, forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties.

The Directors are pleased to report that the Group continued to perform well during the interim period by delivering a profit for the period amounting to HK\$13,643,000 (30 September 2018: HK\$13,435,000). Most of the reported profit was generated by the Group's operating activities comprising the money lending and sales of timber activities whereas previous period results included a fair value gain of investment properties of HK\$5,400,000. The Group recorded a decline in its revenue to HK\$207,831,000 (30 September 2018: HK\$287,697,000), which was principally due to the US-China trade war that led to the slowdown of the Group's timber selling activities. Nevertheless, the adverse impact on the Group's net profit caused by the slowdown of the timber trading activities was totally outweighed by the strong profit growth of the money lending business which contributed to the results that the Group's net profit for the current interim period was slightly higher than that of the prior period.

Money Lending

For the six months ended 30 September 2019, the Group's money lending business continued to achieve strong growth by generating a revenue of HK\$16,171,000 (30 September 2018: HK\$9,241,000) and profit of HK\$13,416,000 (30 September 2018: HK\$8,963,000), increased by 75% and 50% respectively over their comparables in the prior period. The substantial increases in revenue and profit of the business corresponded to the increase in size of the Group's loan and finance lease portfolio as compared to the prior period, which in turn resulted from the continued efforts of the management in promoting the business. During the period, the Group granted new loans in an aggregate principal amount of HK\$94,100,000 at interest rates ranging from 10% to 12% per annum, and tenors from 9 to 24 months. At 30 September 2019, the Group's portfolio was constituted by 36 loans and finance leases totalling HK\$311,118,000 (31 March 2019: HK\$306,053,000) (net of the impairment loss on loan receivables of HK\$1,709,000 (31 March 2019: HK\$655,000)) with details as follows:

Type of loans/finance lease	Approximate weighting to the carrying amount of the Group's loan and finance lease portfolio	Interest rate per annum	Original Maturity	Remarks
First mortgage loans	82%	8.75%-12%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loans	3%	13.5%-18%	Within two years	Loans were secured by properties located in Hong Kong
Corporate loans	12%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong
Finance lease	3%	8.75%-11%	Within three years	The finance leases were secured by motor vehicles
Total	<u>100%</u>			

The Group's loan and finance lease portfolio was well spread with an average loan size of around HK\$8.6 million, credit healthy as 88% of the portfolio was secured by collaterals, and earning a good return with weighted average interest rate amounting to approximately 11%.

Before granting loans to potential borrowers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

Risk management is an integral part of the success of the money lending business. There are clear credit policies, guidelines, controls and procedures in place which cover every aspect of the operation from information verification, credit assessment, loan approval, monitoring to collection. The operation has clear authorisation and approval hierarchy, and is led and managed by very experienced personnel. The management team is able to deliver expedite credit approval process to customers without compromising commercial benefits of lending decisions made.

In assessing expected credit losses, the loan receivables have been assessed with reference to the latest analysis on credit rating of the loans based on individual and collective basis. The Group's portfolio mainly comprised mortgage loans, and the loan to value ratio for each of the mortgaged property has been reviewed regularly. At 30 September 2019, the loan to value ratios of all mortgaged property were within the safety margin. For unsecured corporate loans, the credit rating of the loans were analysed with reference to the borrowers' credit worthiness and credit history, including their financial position, previous records of default in payment, and prevailing market conditions. At 30 September 2019, expected credit losses totalling HK\$1,709,000 has been provided.

It is the Group's plan to further expand its money lending business through focusing on developing the mortgage loan market covering residential and commercial properties, with tenor of over two to three years, aiming to establish a stable and favourable income stream to the Group. The management is confident that this business will continue to perform well and there will be satisfactory progress in revenue and profit of this business in the financial year ending 31 March 2020 ("FY2020").

Forest-related Business

Sales of timber and wooden products

For the six months ended 30 September 2019, the Group's sales of timber and wooden products business recorded a decline in revenue and profit amounting to HK\$190,615,000 (30 September 2018: HK\$276,774,000) and HK\$4,426,000 (30 September 2018: HK\$6,853,000) respectively, representing decreases of 31% and 35% over their comparables in the prior period. During the interim period, the import price and demand for hard wood in the Mainland had dropped considerably primarily owing to the US-China trade war, with the result that lower volume of timber logs of approximately 101,000 m³ (30 September 2018: 125,000 m³) at lower average price were traded on FOB (Free on Board) and CFR (Cost & Freight) basis with logistics support provided by the Group. The development of the Group's business ventures in Suriname has also slowed down as demand from customers in the Mainland is low due to the combined impact of the US-China trade war and the new entrant effect of bringing the Group harvested Suriname timber logs to the China market. Nevertheless, the Group has

successfully booked a new source of revenue by securing a new source of supply from Croatia during the interim period and expanded its product range to soft wood timber logs and products, it complements the existing product range of the Group which focuses on hard wood timber logs and products sourcing from Papua New Guinea, Cameroon, Congo, Guinea Equatorial, Liberia, Malaysia, Indonesia, Suriname and Myanmar. The new supply source from Croatia also further diversifies the Group's supply source geographically which contributes to a more stable supply of a wide variety of timber logs and wooden products to customers in Mainland China.

Although the revenue of the operation showed a decline from the prior period primarily due to the US-China trade war, it remains a high volume trading business which brings a satisfactory financial return to the Group, through effectively utilising the trade credit facilities from banks, although the profit margin of individual trade transaction is not high. The management is confident that this business will continue to perform satisfactory, for the remainder of FY2020 the Group has so far secured sales orders from major customers amounting to approximately HK\$159 million.

Sustainable forest management

Since the Group suspended its harvesting operations in the State of Acre, Brazil owing to the unfavourable business environment in 2012, the Group had continued to explore the optimal way to enhance the income stream from its forest assets. However, due to the unstable economic environment in Brazil and in view of the possibility of facing similar extortion threats from local parties in Brazil as the Group had experienced in previous years, operating the forest assets through own harvesting was considered to be unfavourable to the Group. As a result, the Board decided to change the operational model of the Group's forest assets to licensing of harvesting rights in June 2014 and since then, the Group has been actively looking for potential licensees for its forest assets. At 30 September 2019, the Group has accumulatively granted harvesting rights for over 60% of the 44,500 hectares forest areas owned.

For the six months ended 30 September 2019, the revenue of the sustainable forest management business, representing income from licensing of harvesting rights, was HK\$950,000 (30 September 2018: HK\$1,318,000), decreased by 28% when compared with the prior period and with segment loss being HK\$127,000 (30 September 2018: profit of HK\$222,000). The decrease of the licensing income was caused by the delay of commencement of one of the licenses granted which mainly led to the loss results of the operation. The Group will continue to solicit more licensees including sawmill owners so as to enhance the income stream of this operation.

Leasing of Properties

Taking the opportunity of realising the cumulative gains embedded in the Group's investment properties, the Group had entered into agreements with independent third parties during the prior financial year to dispose of all three of its investment properties at an aggregate consideration of HK\$34,260,000. The sale of one of the properties was completed during the prior financial year and the remaining two were completed during the current interim period. The principal reasons of these disposals are to fully realise the cumulative gains embedded in these properties and to allow the Group to reallocate its financial resources to the money lending business and the forest-related business which generate higher yields. The investment properties were originally acquired at a total cost of approximately HK\$23,700,000, an aggregate gain of HK\$10,560,000 has been realised upon completion of all the disposals.

Before the disposal of the two investment properties, a rental income of HK\$95,000 (30 September 2018: HK\$364,000) and a segment profit of HK\$13,000 (30 September 2018: HK\$5,620,000) were generated during the interim period.

OVERALL RESULTS

The Group continued to report encouraging results for the interim period by recording a profit attributable to owners of the Company of HK\$13,643,000 (30 September 2018: HK\$13,435,000), corresponding basic earnings per share of HK0.150 cent (30 September 2018: HK0.148 cent), and total comprehensive income attributable to owners of the Company of HK\$13,483,000 (30 September 2018: HK\$14,914,000).

Despite the absence of the fair value gain on investment properties of HK\$5,400,000 recorded in the prior period, the Group's net profit was slightly higher than that of the prior period and was mainly contributed by the Group's operating activities with the money lending business being the main driver.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continual business development, on 26 March 2018, Champion Alliance, a substantial shareholder of the Company, granted to the Company a loan facility for an aggregate principal amount of HK\$200,000,000 (the "**Loan Facility**") to meet its working capital requirements. The Loan Facility is unsecured and interest-free and has been mainly applied to the Group's money lending and forest-related business to facilitate their significant business developments. Furthermore, for financing the timber and wooden products trading operation, the Group currently has general trade facilities and back-to-back facilities for issuance of letters of credit of up to HK\$175,000,000 and HK\$139,000,000 respectively (the "**Trade Facilities**") from well established banks in Hong Kong. The management is confident that the Group has sufficient and diversified sources of funding for its continual business development.

Liquidity and Financial Resources

During the six months ended 30 September 2019, the Group financed its operation mainly by cash generated from its operations, the Trade Facilities provided by banks, the Loan Facility from Champion Alliance and the existing shareholders' funds. At 30 September 2019, the Group had current assets of HK\$370,758,000 (31 March 2019: HK\$238,063,000) and cash and cash equivalents of HK\$55,599,000 (31 March 2019: HK\$25,433,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$269,351,000 (31 March 2019: HK\$303,774,000), was at a ratio of about 1.4 (31 March 2019: 0.8). The improvement in the current ratio was mainly due to the 2.1 times increase in loan receivables that were due within one year to HK\$236,686,000 when compared to the prior financial year end (31 March 2019: HK\$76,078,000).

At 30 September 2019, the Group's borrowings comprised advances for bill receivables discounted to bank with full recourse of HK\$55,195,000 (31 March 2019: HK\$48,151,000), the bill receivables were related to receivables arising from sales of timber logs. The advances bore interests at floating rates, secured by the relevant bill receivables and were mostly repayable within 90 days.

The Group's gearing ratio expressed as a percentage of bank borrowings of HK\$55,195,000 (31 March 2019: HK\$48,151,000) over equity attributable to owners of the Company of HK\$178,413,000 (31 March 2019: HK\$164,930,000), slightly increased to 31% at 30 September 2019 from 29% at 31 March 2019. The Group's gearing ratio remained at a healthy level.

At 30 September 2019, the Group's total assets slightly decreased by 4% to HK\$452,895,000 (31 March 2019: HK\$470,977,000). Backed by the Trade Facilities from banks and the Loan Facility from Champion Alliance, the management is confident that the Group has sufficient working capital to cope with its continual business development and substantial asset base.

At 30 September 2019, the equity attributable to owners of the Company increased by 8% or HK\$13,483,000 to HK\$178,413,000 compared to HK\$164,930,000 at 31 March 2019. The increase was mainly due to the profit earned by the Group's money lending business and forest-related business.

With the amount of liquid assets on hand, the Trade Facilities from banks as well as the Loan Facility from Champion Alliance, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Charge on Assets

At 30 September 2019, bill receivables of HK\$55,195,000 were pledged to a bank to secure advances drawn on the bill receivables (31 March 2019: HK\$48,151,000).

Contingent Liabilities

At 30 September 2019, except for the litigation as set out in note 16 above, the Group had no other significant contingent liability (31 March 2019: nil).

Litigation

At 30 September 2019, there was a claim of approximately HK\$2,432,000 (approximately R\$1,291,000) against the Group which had been included in other payables, details of the ongoing litigation are set out in note 16 above.

Foreign Exchange Risk

The Group mainly operates in Brazil and Hong Kong. During the six months ended 30 September 2019, the revenue, costs and expenses of the Group's operations were denominated mainly in Hong Kong dollars, Brazilian Reais, Euro dollars, United States dollars and Renminbi. The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. The Group is not subject to foreign exchange risk of United States dollars as it is pegged with Hong Kong dollars, the Group is nevertheless exposed to potential foreign exchange risk as a result of fluctuations of Brazilian Reais, Euro dollars and Renminbi.

In addition, as some of the Group's assets are located in Brazil and denominated in Brazilian Reais while the Group's reporting currency is in Hong Kong dollars, this also exposes the Group to potential foreign exchange risk upon translation of these assets on each reporting date.

During the period under review, the Group had not experienced any significant exposure to exchange rate fluctuations of Euro dollars and Renminbi in light of their relative lower weightings to the Group's total transaction volume, and assets and liabilities in various currencies. As for the Group's assets in Brazil, any foreign exchange gains or losses due to translation of the carrying value of the assets to the Group's reporting currency on the reporting dates are unrealised and non-cash in nature, accordingly, the Group has not entered into any arrangements or financial instruments for the purpose of hedging against these potential foreign exchange risks. The Group will closely monitor its foreign currency exposure and undertake appropriate hedging measures should significant exposure arise.

PROSPECTS

Since the change of the substantial shareholder of the Company to Champion Alliance on 12 October 2017 and the appointment of the new executive directors to the Board since October 2017, the directors and management team of the Company have used their best endeavour to improve the scale and profitability of the Group's businesses. The outcomes are very encouraging and the Group is able to achieve a turnaround from continuing to record loss for the six financial years ended 31 March 2017 to record profit for the two financial years ended 31 March 2019 and the interim period for the six months ended 30 September 2019. The scale of the Group's operation, in particular the money lending and forest-related businesses, have expanded significantly. Looking ahead, the management will continue to actively exploring organic growth and vertical expansion business opportunities to further expand the scale of operation of the Group.

The Group has been continuing to opening up new business opportunities in order to diversify risks and strengthen the forest-related business of the Group. During the interim period, the Group has secured a new source of supply for softwood timber logs and wooden products from Croatia which effectively expand and diversify the Group's customer base, revenue source, product type and market coverage that are presently hard wood orientated. The Group is also contemplating to set up new business ventures in Romania and Slovenia which encompasses timber logging, wood panel processing as well as timber and wood panel trading.

In light of the encouraging results delivered by the Group's money lending business, the management will continue to explore new market opportunities in order to further enhance the scale and profitability of the money lending business. For the remainder of the financial year, the Group will allocate more resources to promote loan products through different marketing channels including digital media.

Overall speaking, in light of the encouraging results achieved by the Group for the interim period, the management is optimistic about the Group's results for FY2020 and there will be continuous growth of the Group's scale of operation.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 27 September 2019 and the subsequent approvals of the Registrar of the Companies in Bermuda and the Registrar of Companies in Hong Kong, the English name of the Company has been changed from "Sustainable Forest Holdings Limited" to "Reliance Global Holdings Limited" and the Chinese name "信保環球控股有限公司" has been adopted for identification purpose only in place of the existing Chinese name "永保林業控股有限公司" which was adopted for identification purpose only.

LISTING STATUS

References are made to the announcements of the Company dated 9 February 2018, 21 February 2018, 5 July 2018, 13 July 2018, 21 September 2018, 9 October 2018 and 12 October 2018 in relation to, among others, the Stock Exchange's decision to place the Company into the first delisting stage.

On 9 October 2018, the Company received a decision letter from the Listing (Review) Committee (the "**Decision Letter**") which upheld the decision of the Listing Committee and concluded that having assessed the Company's case under Rule 13.24 of the Listing Rules as set out in the Decision Letter, the Company has failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares. As a result, trading in the shares of the Company has been suspended commencing from 9:00 a.m. on 10 October 2018.

Pursuant to a further letter from the Stock Exchange dated 11 October 2018, the Company has been placed in the first delisting stage under Practice Note 17 of the Listing Rules which expired on 9 April 2019. The Company was required to submit a viable resumption proposal at least 10 business days (i.e. 25 March 2019) before the expiry of the first delisting stage to address the followings:

- (i) demonstrate its compliance with Rule 13.24 of the Listing Rules; and
- (ii) announce all material information for its shareholders and investors to appraise its position.

The Stock Exchange may modify or supplement the above resumption conditions if the Company's situation changes.

On 9 April 2019, the Company submitted a resumption proposal (the "**Resumption Proposal**") to the Stock Exchange to apply for the resumption of trading of the Company's shares. The Resumption Proposal contained the Group's financial results for the year ended 31 March 2019, business plan and other information which demonstrated that the Group has sufficient operations and assets to warrant the continued listing of the Company. On 25 April 2019 and 12 June 2019, the Company received comments on the Resumption Proposal from the Stock Exchange. On 22 and 28 May 2019 and 28 June 2019, the Company submitted its replies to address the Stock Exchange's comments. On 1 and 22 November 2019, the Company further submitted letters to the Stock Exchange in relation to updates on the Group's business operations and initiatives. At 29 November 2019, the date of this announcement, the Company has not received further comments from the Stock Exchange. Further announcements will be made by the Company in respect of this matter as and when appropriate.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2019 except for the following deviation:

Code Provision E.1.2

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Ms. Wang Jingyu, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 27 September 2019 (the “**2019 AGM**”) due to other business engagement. However, Mr. Lai Ming Wai, the Chief Executive Officer and an Executive Director of the Company, took the chair of the 2019 AGM in accordance with Article 63 of the bye-laws of the Company.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Group’s condensed consolidated interim financial statements for the six months ended 30 September 2019 have not been audited, but have been reviewed by the Audit Committee and the Company’s auditor, Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The report on review of the condensed consolidated interim financial statements by the auditor will be included in the interim report to be despatched to the shareholders of the Company.

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

During the six months ended 30 September 2019, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

SUSPENSION OF TRADING

Trading in shares of the Company has been suspended commencing from 9:00 a.m. on 10 October 2018 as the Company has been placed in the first delisting stage under Practice Note 17 of the Listing Rules referred to in the Company’s announcement dated 12 October 2018.

By Order of the Board
Reliance Global Holdings Limited
Wang Jingyu
Chairlady

Hong Kong, 29 November 2019

As at the date of this announcement, the Board comprises Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer) and Ms. Chan Yuk Yee as Executive Directors and Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung as Independent Non-executive Directors.