RELIANCE GLOBAL HOLDINGS LIMITED
信保環球控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 723)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The Board of Directors (the "**Board**" or the "**Directors**") of Reliance Global Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2023 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		For the six months ended 30 September	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**80,927**	259,505
Cost of sales		**(67,034)**	(230,235)
Other income		**281**	771
Administrative expenses		**(14,757)**	(24,454)
Other operating expenses	*6(c)*	**(1,373)**	(141)
(Loss)/profit from operations		**(1,956)**	5,446

* *For identification purpose only*

	Notes	For the six months ended 30 September 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Finance income		**245**	30
Finance costs		**(1,566)**	(2,761)
Net finance costs	*6(a)*	**(1,321)**	(2,731)
(Loss)/profit before taxation	*6*	**(3,277)**	2,715
Income tax expense	*7*	**(402)**	(1,043)
(Loss)/profit for the period		**(3,679)**	1,672
Attributable to:			
Owners of the Company		**(3,348)**	2,254
Non-controlling interests		**(331)**	(582)
		(3,679)	1,672
(Loss)/earnings per share	*9*		
– Basic		**HK(0.037) cent**	HK0.025 cent
– Diluted		**HK(0.036) cent**	HK0.024 cent

	For the six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(3,679)**	1,672
Other comprehensive expense for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(1,518)**	(9,490)
Total comprehensive expense for the period	**(5,197)**	(7,818)
Total comprehensive expense attributable to:		
Owners of the Company	**(4,122)**	(2,586)
Non-controlling interests	**(1,075)**	(5,232)
	(5,197)	(7,818)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	**At 30 September 2023** ***HK$'000*** **(Unaudited)**	At 31 March 2023 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**20,167**	21,756
Right-of-use assets		**1,286**	1,770
Intangible assets		**174**	174
Loan receivables	*11*	**16,690**	–
		38,317	23,700
Current assets			
Inventories		**14,589**	21,961
Trade and other receivables	*10*	**41,912**	55,844
Loan receivables	*11*	**78,023**	147,491
Repossessed assets		**50,130**	50,724
Tax recoverable		**3,325**	3,198
Cash and cash equivalents		**57,618**	65,761
		245,597	344,979
Current liabilities			
Trade and other payables	*12*	**7,285**	16,438
Bank borrowings	*13*	**17,627**	27,506
Lease liabilities		**968**	943
Amounts received from a shareholder	*14*	**2,000**	40,000
		27,880	84,887
Net current assets		**217,717**	260,092
Total assets less current liabilities		**256,034**	283,792

	Note	At 30 September 2023 HK$'000 (Unaudited)	At 31 March 2023 HK$'000 (Audited)
Non-current liabilities			
Notes payable	*15*	**18,000**	40,000
Lease liabilities		**334**	836
Deferred tax liabilities		**406**	465
		18,740	41,301
Net assets		**237,294**	242,491
Capital and reserves			
Share capital		**122,053**	122,053
Reserves		**119,622**	123,744
Total equity attributable to owners of the Company		**241,675**	245,797
Non-controlling interests		**(4,381)**	(3,306)
Total equity		**237,294**	242,491

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**").

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 comprising sustainable forest management and timber supply chain, and leasing of properties.

2. **Basis of preparation**

The condensed consolidated interim financial statements for the six months ended 30 September 2023 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 Standard ("**IAS**") 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 2023.

The condensed consolidated interim financial statements are denominated in Hong Kong dollars ("**HK$**"). Unless otherwise specifically stated, all amounts are presented in thousand (HK$'000).

3. Summary of significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

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 2023, except as described below.

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated interim financial statements:

IFRS 17 and related Amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated interim financial statements.

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) Timber supply chain: sales of timber and wood products including processed timber products.

- Leasing of properties: leasing of properties to generate rental income and to gain from appreciation in property values.

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses and finance costs.

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

All liabilities are allocated to reportable segments other than lease liabilities, deferred tax liabilities, amounts received from a shareholder and certain 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 2023 (Unaudited)

		Forest-related business			
	Money lending	**Sustainable forest management**	**Timber supply chain**	**Leasing of properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue					
Revenue from external customers	**6,163**	**–**	**74,764**	**–**	**80,927**
Results					
Segment results	**4,471**	**–**	**(1,937)**	**–**	**2,534**
Unallocated corporate income					**74**
Unallocated corporate expenses					**(4,319)**
Finance costs					**(1,566)**
Loss before taxation					**(3,277)**
Other segment information					
Capital expenditure	**–**	**–**	**(305)**	**–**	**(305)**
Depreciation of property, plant and equipment	**–**	**–**	**(1,216)**	**–**	**(1,216)**
Interest income	**24**	**–**	**171**	**–**	**195**

At 30 September 2023 (Unaudited)

		Forest-related business			
	Money lending	Sustainable forest management	Timber supply chain	Leasing of properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**180,376**	**–**	**100,566**	**–**	**280,942**
Unallocated:					
– Right-of-use assets					**1,286**
– Corporate assets					**1,686**
					283,914
Segment liabilities	**18,209**	**–**	**23,124**	**–**	**41,333**
Unallocated:					
– Lease liabilities					**1,302**
– Deferred tax liabilities					**406**
– Amounts received from a shareholder					**2,000**
– Corporate liabilities					**1,579**
					46,620

For the six months ended 30 September 2022 (Unaudited)

		Forest-related business			
	Money lending	Sustainable forest management	Timber supply chain	Leasing of properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Revenue from external customers	10,275	–	249,230	–	259,505
Results					
Segment results	7,818	–	2,798	–	10,616
Unallocated corporate income					76
Unallocated corporate expenses					(5,216)
Finance costs					(2,761)
Profit before taxation					2,715
Other segment information					
Capital expenditure	–	–	(1,914)	–	(1,914)
Depreciation of property, plant and equipment	–	–	(1,586)	–	(1,586)
Interest income	1	–	29	–	30

At 31 March 2023 (Audited)

	Money lending	Forest-related business: Sustainable forest management	Forest-related business: Timber supply chain	Leasing of properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	206,418	–	142,794	–	349,212
Unallocated:					
– Right-of-use assets					1,770
– Corporate assets					17,697
					368,679
Segment liabilities	37,813	–	41,280	–	79,093
Unallocated:					
– Lease liabilities					1,779
– Deferred tax liabilities					465
– Amounts received from a shareholder					40,000
– Corporate liabilities					4,851
					126,188

5. Revenue

An analysis of the Group's revenue is as follows:

	For the six months ended 30 September 2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales from timber supply chain business	**74,764**	249,230
Interest income from money lending business	**5,968**	9,739
Arrangement fee income from money lending business	**195**	536
	80,927	259,505

Note:

Revenue is recognised at a point in time except for interest income from money lending business which falls outside the scope of IFRS 15.

6. (Loss)/profit before taxation

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

	For the six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(a) Net finance costs		
Finance income:		
Interest income from bank deposits	**(245)**	(30)
Finance costs:		
Interest on lease liabilities	**29**	25
Interest on advances drawn on bill receivables discounted with full recourse	**147**	950
Interest on notes payable	**1,390**	1,786
	1,566	2,761
	1,321	2,731
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**8,146**	8,587
Contributions to retirement benefits scheme	**353**	351
	8,499	8,938
(c) Other items		
Cost of inventories	**61,084**	188,561
Depreciation of property, plant and equipment	**1,238**	1,641
Depreciation of right-of-use assets	**484**	916
Lease payments not included in the measurement of lease liabilities	**324**	482
Net exchange loss	**2,003**	9,337
Gain on disposal of property, plant and equipment*	**–**	(21)
Impairment losses under expected credit losses ("**ECL**") model		
– Trade receivables *(note 10)**	**1,008**	–
– Loan receivables *(note 11)**	**581**	1,081
Impairment loss on repossessed assets	**–**	1,065
Reversal of impairment loss on loan receivables under ECL model *(note 11)**	**(216)**	(1,984)
	1,373	141

* 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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– current tax	**471**	1,099
Croatia corporate income tax		
– current tax	**–**	3
– overprovision in prior years	**(24)**	–
	(24)	3
Romania corporate income tax		
– current tax	**–**	49
Deferred tax	**(45)**	(108)
	402	1,043

For the six months ended 30 September 2023, the provision for Hong Kong Profits Tax is calculated at a flat rate of 16.5% (30 September 2022: 16.5%) on the estimated assessable profits for the period, except for a group entity which is a qualifying corporation under the two-tiered profits tax rates regime. For this group entity, the first HK$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. Such basis had been applied for the calculation of the provision for Hong Kong Profits Tax for another group entity for the six months ended 30 September 2022.

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

8. Dividend

The directors of the Company do not recommend the payment or declaration of any dividend for the six months ended 30 September 2023 (30 September 2022: nil).

9. (Loss)/earnings per share

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

	For the six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	**(3,348)**	2,254

(b) Weighted average number of shares

	For the six months ended 30 September	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**9,115,435**	9,114,362
Effect of dilutive potential ordinary shares arising from conversion of convertible preferred shares	**96,557**	96,557
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**9,211,992**	9,210,919

10. Trade and other receivables

	Notes	At 30 September 2023 HK$'000 (Unaudited)	At 31 March 2023 HK$'000 (Audited)
Trade receivables		**16,493**	18,415
Less: impairment allowance		**(2,313)**	(1,375)
	(i)	**14,180**	17,040
Interest receivables		**3,219**	5,251
Less: impairment allowance		**(226)**	(226)
		2,993	5,025
Bill receivables	*(ii)*	**17,627**	27,800
Other receivables		**4,074**	3,085
Financial assets at amortised costs		**38,874**	52,950
Trade and logging deposits		**2,280**	1,445
Other deposits and prepayments		**758**	1,449
		41,912	55,844

Notes:

(i) Trade receivables

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

	At 30 September 2023 HK$'000 (Unaudited)	At 31 March 2023 HK$'000 (Audited)
0 to 30 days	**442**	1,279
31 to 90 days	**2,259**	371
91 to 180 days	**1,392**	11,904
Over 180 days	**10,087**	3,486
	14,180	17,040

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 and 120 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 2023, trade receivables of aggregate gross carrying amount of HK$11,894,000 (31 March 2023: HK$15,156,000) were past due and an impairment allowance of HK$2,313,000 (31 March 2023: HK$1,375,000) had been provided. The Group does not hold any collateral over the balances (31 March 2023: nil).

(ii) Bill receivables

At 30 September 2023, included in bill receivables of HK$17,627,000 (31 March 2023: HK$27,800,000), bill receivables of HK$17,627,000 (31 March 2023: HK$27,506,000) were discounted to banks with full recourse with a maturity period of less than 90 days (31 March 2023: less than 90 days). The Group recognised the full amount of the discounted proceeds as liabilities as set out in note 13.

The following table is the Group's financial assets at 30 September 2023 and 31 March 2023 that were transferred to banks by discounting these 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 recognised the cash received on the transfer as a secured borrowing. These financial assets were carried at amortised cost.

	At 30 September 2023 *HK$'000* **(Unaudited)**	At 31 March 2023 *HK$'000* (Audited)
Carrying amount of the transferred assets	**17,627**	27,506
Carrying amount of the associated liabilities	**(17,627)**	(27,506)
	–	–

11. Loan receivables

	At 30 September 2023 HK$'000 (Unaudited)	At 31 March 2023 HK$'000 (Audited)
Fixed-rate loan receivables	**103,305**	155,718
Less: impairment allowance	**(8,592)**	(8,227)
	94,713	147,491
Analysed as:		
Current portion	**78,023**	147,491
Non-current portion	**16,690**	–
	94,713	147,491
Analysed as:		
Secured	**89,736**	134,449
Unsecured	**4,977**	13,042
	94,713	147,491

All loans were denominated in Hong Kong dollars. At 30 September 2023, the loan receivables carried interest rates ranging from 8.5% to 12.5% per annum (31 March 2023: 8.5% to 14.5% per annum).

Before granting loans to potential borrowers, the Group performs internal 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.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, current creditworthiness, account aging and past collection history of each borrower as well as the value of collateral provided, 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 2023, loan receivables with an aggregate carrying amount of HK$89,736,000 (31 March 2023: HK$134,449,000) were secured by collateral provided by the borrowers. At the end of the reporting period, loan receivables with aggregate gross carrying amount of HK$103,305,000 (31 March 2023: HK$155,718,000), (i) HK$50,410,000 (31 March 2023: HK$137,706,000) were not past due; (ii) HK$35,083,000 (31 March 2023: nil) had been past due for less than 90 days; (iii) nil (31 March 2023: nil) had been past due for more than 90 days but less than 180 days; and (iv) HK$17,812,000 (31 March 2023: HK$18,012,000) had been past due for 180 days or more. The loan receivables that were past due for 180 days or more are credit-impaired loans.

At the end of each reporting period, the Group's loan receivables were individually and collectively assessed for impairment. An impairment allowance of HK$8,592,000 had been provided at 30 September 2023 (31 March 2023: HK$8,227,000).

12. Trade and other payables

	At 30 September 2023	At 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(note)*	**1,610**	8,945
Other payables and accruals	**4,819**	4,877
Receipt in advance	**718**	2,178
Amounts due to non-controlling interests	**138**	438
	7,285	16,438

Note:

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

	At 30 September 2023	At 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**668**	3,948
31 to 90 days	**215**	3,415
91 to 180 days	**159**	1,582
Over 180 days	**568**	–
	1,610	8,945

The average credit period is within 90 days for the six months ended 30 September 2023 (30 September 2022: within 90 days).

13. Bank borrowings

	At 30 September 2023 *HK$'000* **(Unaudited)**	At 31 March 2023 *HK$'000* (Audited)
Advances drawn on bill receivables discounted with full recourse *(note)*	**17,627**	27,506

Note:

The amount represented the Group's borrowings secured by the bill receivables discounted to banks with full recourse (note 10(ii)), the amount was repayable within one year and carried interest at the banks' lending rate plus certain basis points.

14. Amounts received from a shareholder

The amounts received from a shareholder, Champion Alliance Enterprises Limited ("**Champion Alliance**"), which were accounted for as a loan from a shareholder, are unsecured, interest-free and repayable at the end of the twelve-month period from the date of the loan facility agreement. Under the agreement, the loan facility is extendable for another twelve-month period and subsequent twelve-month period(s), or on such other date at the request of the Company and agreed by the shareholder in writing. The funds received from Champion Alliance have been applied as working capital of the Group to support its business development. Champion Alliance has undertaken not to demand for repayment of the amounts due to it (which are unsecured and interest-free) until the Group is financially viable to do so.

15. Notes payable

On 2 January 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with an independent placing agent, pursuant to which the Company agreed to place through the placing agent, on a best effort basis, to independent third parties the three-year secured notes with an aggregate principal amount of up to HK$300,000,000 and carrying interest at 7.125% per annum.

On 15 January 2020, the Company completed the issue of the first tranche of the notes of an aggregate principal amount of HK$50,000,000 which would be due on 16 January 2023. The notes payable are secured by a debenture which incorporating a first floating charge over all the undertakings, property and assets of a subsidiary of the Company engaging in the money lending business in favour of a security trustee as trustee for and on behalf of the noteholders.

On 16 January 2023, the Company entered into a deed of amendment with the noteholders pursuant to which the noteholders agreed to extend the maturity dates of the notes to the fifth anniversary of the issue date.

The Group had repaid HK$10,000,000 and HK$22,000,000 of the principal amount of the notes in January 2023 and September 2023 respectively by utilising surplus funds on hand for the purpose of saving finance costs, accordingly, at 30 September 2023, the outstanding amount of notes payable was HK$18,000,000 (31 March 2023: HK$40,000,000).

INTERIM DIVIDEND

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

BUSINESS REVIEW

For the six months ended 30 September 2023 ("**HY2023**"), the Group continued to operate in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties.

For HY2023, the Group recorded a 69% decline in revenue to HK$80,927,000 (30 September 2022: HK$259,505,000) and loss attributable to owners of the Company of HK$3,348,000 (30 September 2022: profit of HK$2,254,000), primarily owing to the challenging business conditions faced by the Group. The Group as a whole recorded a net loss of HK$3,679,000 (30 September 2022: net profit of HK$1,672,000), with a loss of HK$331,000 (30 September 2022: HK$582,000) being shared by the non-controlling interests. The loss incurred by the Group was mainly attributed to (i) the loss recorded by the Group's timber supply chain operation (the "**TSC Operation**") primarily due to the decline in its revenue, the squeeze in profit margin, the surge in energy costs in Europe and the impairment loss on trade receivables; and (ii) the decrease in profit recorded by the Group's money lending operation primarily due to the decline in its revenue resulted from the reduced size of its loan portfolio. Overall speaking, the money lending operation continued to register a profitable result of HK$4,471,000 (30 September 2022: HK$7,818,000), whilst the timber supply chain operation recorded a loss of HK$1,937,000 (30 September 2022: profit of HK$2,798,000) for the period.

Forest-related Business

Timber Supply Chain

During HY2023, the Group's timber supply chain operation continued with its strategic plan of building a global network of supply sources in Europe, Oceania and Africa to serve its customers predominantly in China as well as in other countries. The Group's TSC Operation in Europe continued to conduct its timber supply chain operation via its distribution hubs in Slovenia, Romania and Croatia, as well as the wood lumber processing ventures in Romania and Croatia including the lumber processing plant in Romania acquired in December 2021.

For HY2023, the Group's TSC Operation recorded a 70% decline in revenue to HK$74,764,000 (30 September 2022: HK$249,230,000) and a loss of HK$1,937,000 (30 September 2022: profit of HK$2,798,000). The decrease in revenue and the loss-making results of the TSC Operation were mainly due to (i) the drop in demand for timber owing to the significant slowdown of the real estate industry in China resulted in the Group facing significant drop in sales orders and selling price; (ii) the squeeze in profit margin of its operation in Europe; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe resulting from the outbreak of the Russia-Ukraine war; and (iv) the impairment loss on certain trade receivables. For HY2023, the transaction volume of timber and wood products traded by the operation was about 27,000 m^3 (30 September 2022: 105,000 m^3), decreased by 74% from the prior period. During the period, a majority of the transactions were conducted on CFR (Cost & Freight) basis with logistics support provided by the Group. The Group's TSC Operation is led by experienced management teams stationed in Hong Kong and Europe with extensive business network in the industry, with their great efforts, a solid supplier and customer base has been built over the years which continues to contribute recurrent business flow to the Group.

The TSC Operation is currently running two lines of business: the Conventional Business Model (the "**CBM**") and the Enhanced Business Model (the "**EBM**"):

CBM

Geographically, the CBM essentially represents the business of the TSC Operation other than its operation in Europe. Currently under the CBM, the operation principally performs a wholesaler role which sources mainly tropical domain hardwood timber from suppliers/forest owners in Papua New Guinea and sells or distributes to customers predominately in China and other countries, and being fully responsible for all the logistics of sea transport which usually involves the chartering of dry bulk vessels.

For HY2023, the CBM running under the TSC Operation generated a revenue of HK$26,408,000 (30 September 2022: HK$112,374,000), representing about 11,000 m^3 (30 September 2022: 48,000 m^3) of hardwood logs traded, and booked a loss of HK$659,000 (30 September 2022: profit of HK$1,253,000). The 76% and 77% respective decrease in the revenue and volume of the logs traded, that led to the loss-making result under the CBM, was to a large extent due to the significant slowdown of the real estate industry in China resulted in the Group facing significant drop in sales orders and selling price.

EBM

The EBM principally represents the business activities of the TSC Operation in Europe (the "**European Operation**"). The EBM is essentially a vertically-integrated timber supply chain operation which has coverage on the value-added works and services of a typical timber supply chain, including plantation & harvesting right, sourcing & procurement, timber harvesting & logging, quality inspection & land/sea transport, wood processing, inventory management, custom clearance, selling & marketing and after-sales services. The TSC Operation is currently running the EBM via its distribution hubs in Slovenia, Romania and Croatia and its wood processing ventures in Romania and Croatia, including the lumber processing plant in Romania acquired in December 2021.

For HY2023, the EBM running under the TSC Operation recorded a revenue of HK$48,356,000 (30 September 2022: HK$136,856,000) and a loss of HK$1,278,000 (30 September 2022: profit of HK$1,545,000), representing about 16,000 m^3 (30 September 2022: 57,000 m^3) of logs and wood products traded. The 65% and 72% respective decrease in revenue and trade volume and the loss-making result reported by the EBM were mainly due to (i) the drop in demand for timber owing to the significant slowdown of the real estate industry in China resulted in the Group facing significant drop in sales orders and selling price; (ii) the consequential squeeze in profit margin of logs and wood products sold; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe resulting from the outbreak of the Russia-Ukraine war; and (iv) the recognition of impairment loss on trade receivables of HK$1,008,000 (30 September 2022: nil) upon assessment on collectability of these trade receivables.

Traditionally, European timber logs and wood products are of high demand in China because of their high quality and wide usage, however, owing to the significant slowdown of the real estate industry in China, sales to the customers in China were substantially lower in the current period which also led to a lower inventory level at the period end of HK$14,589,000 (31 March 2023: HK$21,961,000). The diversity of the Group's timber supply chain business in terms of customer base, supply source and product type has enhanced the Group's strength and resilience in facing the current market challenges.

The European Operation is effectively 51% owned by the Group and 49% owned by the partner of the business venture.

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, in view of the unfavourable financial performance in operating the Group's forest assets in Brazil via licensing their harvesting rights, during the financial year ended 31 March 2022, the management had decided to dispose of the forest assets at a gain. At 30 September 2023, the Group was not holding any forest assets.

Notwithstanding the disposal of the forest assets in Brazil, the Group continues to seize investment opportunities in forest assets in Europe for the development of its sustainable forest management business.

Money Lending Business

The Group's money lending business is conducted through Reliance Credit Limited ("**Reliance Credit**") and Reliance Capital Finance Limited ("**Reliance Capital**"), both are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals through referrals from its marketing agents, cooperation with property agents and participation in co-lending activities, as well as through advertisements in traditional and digital media.

For HY2023, the Group's money lending business recorded a 40% decline in revenue to HK$6,163,000 (30 September 2022: HK$10,275,000) and a 43% decrease in profit to HK$4,471,000 (30 September 2022: HK$7,818,000). The decline in revenue of the business was mainly due to the reduced size of its loan portfolio when compared to the prior period, primarily owing to the cautious approach of the management in granting new loans in view of the prevailing economic conditions in Hong Kong during HY2023, whilst the decrease in its profit was a combined effect of the decline in interest income to HK$5,968,000 (30 September 2022: HK$9,739,000) and the recognition of net impairment loss on loan receivables of HK$365,000 (30 September 2022: net reversal of impairment loss of HK$903,000). The Group did not recognise any impairment loss on repossessed assets during the current period (30 September 2022: HK$1,065,000). The impairment loss on loan receivables was determined after performing assessment on the current creditworthiness of the borrowers on an individual basis by considering factors including their repayment history and value of collateral provided, and the credit status of the Group's loan portfolio on a collective basis in light of the current economic and market conditions in Hong Kong. The reversal of impairment loss on loan receivables, on the other hand, was determined based on the recoveries from borrowers of certain credit-impaired loans. The impairment loss on repossessed assets, being properties in Hong Kong, was determined based on a valuation of the repossessed assets by a professional valuer engaged by the Group.

At 30 September 2023, the Group's loan portfolio was constituted by 18 loans (31 March 2023: 24 loans), there were 14 loans (31 March 2023: 20 loans) with carrying amount totalling HK$94,713,000 (31 March 2023: HK$147,491,000) (net of impairment allowance on loan receivables of HK$8,592,000 (31 March 2023: HK$8,227,000)) granted to 14 borrowers (31 March 2023: 20 borrowers), and 4 credit-impaired loans (31 March 2023: 4 credit-impaired loans) being classified as repossessed assets with carrying amount totalling HK$50,130,000 (31 March 2023: HK$50,724,000) (net of impairment allowance on repossessed assets of HK$1,266,000 (31 March 2023: HK$1,266,000)) after the Group took possession of the collateral assets. Details of the Group's loan portfolio (excluding credit-impaired loans classified as repossessed assets) are as follows:

Type of loan	**Approximate weighting to the carrying amount of the Group's loan portfolio**	**Interest rate per annum**	**Original maturity**	**Remarks**
First mortgage loans	73%	8.5%-12%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loan	4%	12%	Within two years	Loan was secured by property located in Hong Kong
Corporate loans	23%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong or were secured by collateral
Total	100%			

At 30 September 2023, on a net of impairment allowance basis, the size of individual loan comprising the Group's loan portfolio ranged from approximately HK$175,000 to HK$16,690,000 (31 March 2023: from HK$312,000 to HK$16,690,000). The Group's loan portfolio was well spread with an average loan size of around HK$6.8 million (31 March 2023: HK$7.4 million), credit healthy as 95% (31 March 2023: 91%) of the portfolio was secured by collateral, and earning a good return with weighted average interest rate amounting to approximately 10% (31 March 2023: 10%). Collateral of the mortgage loans are mainly residential and commercial properties situated in Hong Kong with a total valuation attributable to the Group of around HK$112 million (31 March 2023: HK$162 million) as at the period end. Loans were granted to Hong Kong residents, companies incorporated in Hong Kong and companies listed on the Stock Exchange. At 30 September 2023, the loan made to the largest borrower amounted to HK$16,690,000 (31 March 2023: HK$16,690,000) and the loans made to the five largest borrowers totalled HK$61,773,000 (31 March 2023: HK$63,935,000), which accounted for 18% and 65% (31 March 2023: 11% and 43%) of the Group's loan portfolio (on a net of impairment allowance basis) respectively.

In assessing ECL, the loan receivables have been assessed with reference to the latest analysis on credit rating of the loans on individual and collective basis. The Group's loan portfolio mainly comprised mortgage loans, and the loan to value ratio for each of the mortgaged properties have been under regular review. At 30 September 2023, the fair value of each mortgaged property was considered to be sufficient to cover the corresponding outstanding loan receivable (after impairment allowance, if any). For corporate loan, the credit rating of the loan was analysed with reference to the borrowers' creditworthiness and credit history, including its financial position, previous records of default in payment, value of collateral pledged and prevailing market conditions. For HY2023, a net impairment loss on loan receivables of HK$365,000 (30 September 2022: net reversal of impairment loss of HK$903,000) was recognised with the balance of the impairment allowance increased by 4% or HK$365,000 to HK$8,592,000 at 30 September 2023 (31 March 2023: HK$8,227,000). The net impairment loss of HK$365,000 was determined in accordance with the Group's impairment loss policy.

Leasing of Properties

The Group was not holding any investment property during HY2023. The Group has been seeking acquisition opportunities of investment properties with good yield and/or high appreciation potential. However, as the conditions of the property market in Hong Kong have been unstable during the past years, the management has acted prudently in evaluating potential acquisition opportunities. The Group's present business strategy is to allocate its financial resources to the money lending and timber supply chain businesses which have better earning potential.

OVERALL RESULTS

For HY2023, the Group recorded a loss attributable to owners of the Company of HK$3,348,000 (30 September 2022: profit of HK$2,254,000), and basic loss per share were HK0.037 cent (30 September 2022: basic earnings per share of HK0.025 cent). The Group as a whole recorded a net loss of HK$3,679,000 (30 September 2022: net profit of HK$1,672,000), with a loss of HK$331,000 (30 September 2022: HK$582,000) being shared by the non-controlling interests. The total comprehensive expense attributable to owners of the Company was HK$4,122,000 (30 September 2022: HK$2,586,000), after having recognised the other comprehensive expense of HK$1,518,000 (30 September 2022: HK$9,490,000) representing the exchange differences on translation of foreign operations for the period.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continuous business development, on 26 March 2018, Champion Alliance, a substantial shareholder of the Company, granted to the Company a loan facility to the extent of HK$200,000,000 (the "**Loan Facility**") for the purpose of meeting its working capital requirements. The Loan Facility is unsecured and interest-free and has been mainly applied to the Group's money lending and timber supply chain businesses to facilitate their significant business developments. At 30 September 2023, the outstanding amount under the Loan Facility was HK$2,000,000 (31 March 2023: HK$40,000,000).

For the purpose of financing the operation of the timber supply chain business, the Group has also obtained from well-established banks in Hong Kong bills discounting facilities in the amounts of US$200,000,000 and HK$100,000,000 (the "**Bills Discounting Facilities**"). The Bills Discounting Facilities obtained have substantially strengthened the Group's financial flexibility in conducting its timber supply chain business. At 30 September 2023, the advances drawn under the Bills Discounting Facilities amounted to HK$17,627,000 (31 March 2023: HK$27,506,000).

In January 2020, the Company entered into a placing agreement with a placing agent, on a best effort basis, to procure placees to subscribe for notes with an aggregate principal amount of up to HK$300,000,000, carrying interest at 7.125% per annum, and maturing on the third anniversary of the issue date for each tranche of the notes (the "**Three-Year Notes**") issued. A debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, one of the Company's money lending subsidiaries, has been issued in favour of a security trustee as trustee for the noteholders. The first tranche of the Three-Year Notes which amounted to HK$50,000,000 has been issued in January 2020, and in January 2023, the maturity date of the first tranche of the Three-Year Notes has been extended to January 2025. The Group had repaid HK$10,000,000 and HK$22,000,000 of the principal amount of the notes in January 2023 and September 2023 respectively by utilising surplus funds on hand for the purpose of saving finance costs, accordingly, at 30 September 2023, the outstanding amount of notes payable was HK$18,000,000 (31 March 2023: HK$40,000,000).

The decrease in the Group's finance costs to HK$1,566,000 for the period (30 September 2022: HK$2,761,000) was the combined effect that interest on advances drawn on bill receivables discounted with full recourse decreased by 85% to HK$147,000 (30 September 2022: HK$950,000), and interest on notes payable decreased by 22% to HK$1,390,000 (30 September 2022: HK$1,786,000).

Liquidity and Financial Resources

For HY2023, the Group financed its businesses mainly by cash generated from operations, the Bills Discounting Facilities provided by banks, the Loan Facility from Champion Alliance, the first tranche of the Three-Year Notes issued, and the shareholders' funds.

At 30 September 2023, the Group had current assets of HK$245,597,000 (31 March 2023: HK$344,979,000) and cash and cash equivalents of HK$57,618,000 (31 March 2023: HK$65,761,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$27,880,000 (31 March 2023: HK$84,887,000), was at a strong ratio of about 8.8 (31 March 2023: 4.1).

At 30 September 2023, the Group's borrowings comprised the outstanding principal amount of the first tranche of the Three-Year Notes of HK$18,000,000 (31 March 2023: HK$40,000,000), and bank borrowings of HK$17,627,000 (31 March 2023: HK$27,506,000) representing the advances to the Group for the bill receivables discounted to banks with full recourse. The bank borrowings bore interests at floating rates, secured by the relevant bill receivables and were repayable within one year.

At 30 September 2023, the equity attributable to owners of the Company decreased by 2% or HK$4,122,000 to HK$241,675,000 (31 March 2023: HK$245,797,000). The Group's gearing ratio expressed as a percentage of the total borrowings of HK$35,627,000 (31 March 2023: HK$67,506,000) over the equity attributable to owners of the Company of HK$241,675,000 (31 March 2023: HK$245,797,000), decreased to 15% at 30 September 2023 (31 March 2023: 27%) and was mainly a result of the decreases in notes payable and bank borrowings as of the period end date.

With the amount of liquid assets on hand, the Bills Discounting Facilities from banks and the Loan Facility from Champion Alliance, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement and future business development.

Charge on Assets

A debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, a wholly-owned subsidiary of the Company engaging in money lending business, has been issued in favour of the security trustee as trustee for the noteholders in relation to the Three-Year Notes. At 30 September 2023, the outstanding principal amount of the first tranche of the Three-Year Notes amounted to HK$18,000,000 (31 March 2023: HK$40,000,000).

At 30 September 2023, bill receivables of HK$17,627,000 (31 March 2023: HK$27,506,000) were pledged to banks to secure the advances drawn on the bill receivables.

Contingent Liabilities

At 30 September 2023, the Group had no significant contingent liability (31 March 2023: nil).

Litigation

At 30 September 2023, there was no litigation claim against the Group (31 March 2023: nil).

Foreign Exchange Risk

The Group mainly operates in Hong Kong, Europe and China. During HY2023, the revenue, costs and expenses of the Group's operations were mainly denominated in Hong Kong dollar, United States dollar, Euro, Romanian Leu 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 foreign currency liabilities, and foreign currency revenues versus the corresponding foreign currency expenditures. The Group is not subject to foreign exchange risk of United States dollar as it is pegged with Hong Kong dollar, the Group is nevertheless exposed to potential foreign exchange risk as a result of the fluctuations of Euro, Romanian Leu and Renminbi. In addition, some of the Group's assets are located in Europe and denominated in Euro and Romanian Leu while the Group's reporting currency is in Hong Kong dollar, this also exposes the Group to potential foreign exchange risk upon translation of these assets on each reporting date.

For HY2023, the Group incurred net exchange loss of HK$2,003,000 (30 September 2022: HK$9,337,000) charged to profit and loss largely due to the fluctuation of Euro. As for Romanian Leu and Renminbi, the Group's exposure to their exchange rate fluctuations were not significant as their weightings to the Group's total transaction volume, assets and liabilities were low. For the Group's assets in Europe, any foreign exchange gains or losses due to the translation of the carrying value of these 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. For HY2023, the Group recorded an exchange loss of HK$1,518,000 (30 September 2022: HK$9,490,000) primarily due to the translation of the financial statements of the Group's operations in Europe.

PROSPECTS

The Group continued to operate in a challenging business environment during HY2023 owing to the adverse impact brought by the significant slowdown of the real estate industry in China, the high inflation in some major western and European economies, the surge in energy costs in Europe and market uncertainties resulting from the Russia-Ukraine war, despite that global economic activities were returning to their normality following the containment of the pandemic.

Against this backdrop, the Group will continue to adopt a disciplined and prudent approach in managing the Group's timber supply chain and money lending businesses, as well as in seeking organic growth and vertical expansion business opportunities which are expected to further expand the scale of the Group's operations and to create new value to the shareholders.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2023.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Group's condensed consolidated interim financial statements for the six months ended 30 September 2023 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 2023 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 2023, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 29 November 2023

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. Chai Chi Keung and Mr. Wong Chi Kit as Independent Non-executive Directors.