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）

INTERIM REPORT 2019

* *for identification purpose only*

Contents

Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	Board of Directors of the Company
"Company"	Reliance Global Holdings Limited
"Director(s)"	directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "HK cent(s)"	Hong Kong dollars and cent(s)
"R$"	Brazilian Reais
"US$"	United States dollars
"%"	per cent.

The Chinese version of this interim report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai *(Chief Executive Officer)*
Ms. Chan Yuk Yee

Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Chiang Bun
Mr. Chai Chi Keung

BOARD COMMITTEES

Executive Committee

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai
Ms. Chan Yuk Yee

Audit Committee

Mr. Yam Kwong Chun *(Chairman)*
Mr. Chiang Bun
Mr. Chai Chi Keung

Remuneration Committee

Mr. Chiang Bun *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chai Chi Keung

Nomination Committee

Mr. Chai Chi Keung *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chiang Bun

COMPANY SECRETARY

Ms. Chan Yuk Yee

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,
Hong Kong Branch
Bank of Communications (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3201, 32nd Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Crowe (HK) CPA Limited

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 723)

WEBSITE ADDRESS

http://www.relianceglobal.com.hk

Management Discussion and Analysis

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	100%			

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.

The following flowchart depicts the typical operational procedures in processing a loan application

Verification → Assessment → Approval → Monitoring → Collection

Verification: documents and information provided by the loan applicant will be verified by the delegated loan officer and where appropriate, legal and credit search on the loan applicant will be conducted.

Assessment: credit assessment on the loan applicant will be performed by the delegated loan officer and reviewed by the supervising officer, by making reference to the financial background and credit history of the applicant, and value of collateral provided (if any), and where appropriate, the credit assessment on the applicant will be further reviewed by the responsible director.

Approval: if the loan application is approved, the delegated loan officer will arrange preparation and signing of the loan documentations and the supervising officer will ensure their proper executions, including drawdown of the loan proceeds by the applicant.

Monitoring: there will be continuous monitoring on loan repayments from individual borrower by the loan officer and regular review if there are material changes of the borrower's repayment ability by the supervising officer, where appropriate, impairment allowance on individual loan will be made if there is deterioration of credit quality of the loan with approval from the responsible director.

Collection: will make calls and send reminders to individual borrower for overdue loan repayment and where there is default of loan repayment, will take appropriate enforcement action, including legal action, to recover the loan.

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 m^3 (30 September 2018: 125,000 m^3) 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.

Some of the timber logs and processed wooden products traded by the Group

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.

The Group's forest assets in the State of Acre, Brazil

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.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continual business development, on 26 March 2018, Champion Alliance Enterprises Limited ("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 19 to the condensed consolidated interim financial statements, 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 19 to the condensed consolidated interim financial statements.

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.

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.

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.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 September 2019, the Group had 24 employees (including directors) (31 March 2019: 24) located in Hong Kong and Brazil. The total remuneration paid by the Group to its employees (including directors) for the period was HK$3,718,000 (30 September 2018: HK$2,077,000). The Group rewards its employees (including directors) according to prevailing market practices, individual competence, experience and performance, and requirements under applicable labor laws in the Group's operation locations. In addition to the provision of paid holidays, annual bonus, provident fund scheme, medical insurance and subsidised training programmes, employees (including directors) may also be entitled to discretionary bonuses and share options.

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 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 Interim Report, 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.

Report on Review of Condensed Consolidated Interim Financial Statements

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF
RELIANCE GLOBAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 14 to 43, which comprise the condensed consolidated statement of financial position of Reliance Global Holdings Limited (formerly known as Sustainable Forest Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") at 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to form a conclusion, based on our review, on the condensed consolidated interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Interim Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 29 November 2019

Alvin Yeung Sik Hung
Practising Certificate Number: P05206

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2019

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

The notes on pages 19 to 43 form an integral part of these financial statements.

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
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**13,643**	13,435
Other comprehensive (expense)/income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(160)**	1,479
Total comprehensive income for the period	**13,483**	14,914
Total comprehensive income attributable to:		
Owners of the Company	**13,483**	14,914
Non-controlling interests	**–**	–
	13,483	14,914

The notes on pages 19 to 43 form an integral part of these financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2019

	Notes	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**651**	42
Intangible assets		**6,426**	6,820
Right-of-use assets		**4,801**	–
Loan receivables	12	**66,006**	219,800
Finance lease receivables	13	**4,253**	6,252
		82,137	232,914
Current assets			
Inventories		**2,050**	–
Trade and other receivables	11	**72,250**	109,229
Loan receivables	12	**236,686**	76,078
Finance lease receivables	13	**4,173**	3,923
Cash and cash equivalents		**55,599**	25,433
		370,758	214,663
Assets classified as held-for-sale	14	**–**	23,400
		370,758	238,063
Current liabilities			
Trade and other payables	15	**10,275**	52,494
Bank borrowings	16	**55,195**	48,151
Lease liabilities		**1,970**	–
Provision for taxation		**1,911**	1,293
Amounts received from a shareholder	17	**200,000**	200,000
		269,351	301,938
Liabilities directly associated with assets classified as held-for-sale	14	**–**	1,836
		269,351	303,774
Net current assets/(liabilities)		**101,407**	(65,711)
Total assets less current liabilities		**183,544**	167,203
Non-current liabilities			
Lease liabilities		**2,992**	–
Deferred tax liabilities		**2,153**	2,287
		5,145	2,287
Net assets		**178,399**	164,916
Capital and reserves			
Share capital	18	**125,068**	125,068
Reserves		**53,345**	39,862
Total equity attributable to owners of the Company		**178,413**	164,930
Non-controlling interests		**(14)**	(14)
Total equity		**178,399**	164,916

The notes on pages 19 to 43 form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

	Attributable to the owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Shares held by the Group for settlement of acquisition consideration HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 April 2018 (Audited)	125,068	67,545	(115,920)	2,885,431	2,216	8,000	(64,320)	(2,769,738)	138,282	(14)	138,268
Profit for the period	–	–	–	–	–	–	–	13,435	13,435	–	13,435
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	1,479	–	1,479	–	1,479
Total other comprehensive income	–	–	–	–	–	–	1,479	–	1,479	–	1,479
Total comprehensive income for the period	–	–	–	–	–	–	1,479	13,435	14,914	–	14,914
Shares issued upon exercise of ordinary share warrants	–	1	–	–	–	–	–	–	1	–	1
Disposal of shares	–	–	1,341	–	–	–	–	(1,331)	10	–	10
At 30 September 2018 (Unaudited)	125,068	67,546	(114,579)	2,885,431	2,216	8,000	(62,841)	(2,757,634)	153,207	(14)	153,193
At 1 April 2019 (Audited)	**125,068**	**67,546**	**(114,579)**	**2,885,431**	**2,216**	**8,000**	**(64,055)**	**(2,744,697)**	**164,930**	**(14)**	**164,916**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,643**	**13,643**	**–**	**13,643**
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**–**	**(160)**	**–**	**(160)**
Total other comprehensive expense	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**–**	**(160)**	**–**	**(160)**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**13,643**	**13,483**	**–**	**13,483**
At 30 September 2019 (Unaudited)	**125,068**	**67,546**	**(114,579)**	**2,885,431**	**2,216**	**8,000**	**(64,215)**	**(2,731,054)**	**178,413**	**(14)**	**178,399**

The notes on pages 19 to 43 form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**2,373**	(181,644)
Net cash generated from/(used in) investing activities	**21,778**	(62,435)
Financing activities		
Repayment of bank borrowings	**–**	(10,848)
Proceeds from bank advances on bill receivables discounted with full recourse	**215,463**	82,200
Repayment of bank advances on bill receivables discounted with full recourse	**(208,419)**	–
Loan from a shareholder	**–**	176,000
Other cash flows arising from financing activities	**(1,140)**	(635)
Net cash generated from financing activities	**5,904**	246,717
Net increase in cash and cash equivalents	**30,055**	2,638
Cash and cash equivalents at beginning of the period	**25,433**	24,436
Effect of foreign exchange rate changes	**111**	1,479
Cash and cash equivalents at end of the period	**55,599**	28,553

The notes on pages 19 to 43 form an integral part of these financial statements.

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. 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 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. Crowe (HK) CPA Limited's independent review report to the Board of Directors is set out on pages 12 to 13 of this Interim Report.

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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 "Leases" (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 "Leases" (continued)

(a) Changes in the accounting policies (continued)

(ii) Lessee accounting (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 "Leases" (continued)

(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 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: leasing 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.

4. SEGMENT INFORMATION (continued)

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)

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

4. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities (continued)

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

At 30 September 2019 (Unaudited)

		Forest-related business			
	Money lending *HK$'000*	Sustainable forest management *HK$'000*	Sales of timber and wooden products *HK$'000*	Leasing of properties *HK$'000*	Total *HK$'000*
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

4. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities (continued)

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

For the six months ended 30 September 2018 (Unaudited)

		Forest-related business			
	Money lending *HK$'000*	Sustainable forest management *HK$'000*	Sales of timber and wooden products *HK$'000*	Leasing of properties *HK$'000*	Total *HK$'000*
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

4. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities (continued)

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

At 31 March 2019 (Audited)

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

5. REVENUE

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(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
	207,831	287,697

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	**(312)**	(5)
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	**–**	28
	539	646
	227	641
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**3,563**	2,007
Contributions to retirement benefits scheme	**155**	70
	3,718	2,077
(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 11)**	**82**	–
Impairment loss on loan receivables *(note 12)**	**1,054**	–
Minimum lease payments under operating leases for land and buildings	**290**	466

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	**618**	563

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	**13,643**	13,435

(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
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**9,211,992**	9,211,990

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired property, plant and equipment of HK$676,000 (30 September 2018: nil).

11. TRADE AND OTHER RECEIVABLES

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

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 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (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

11. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(i) Trade receivables (continued)

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 16.

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 *HK$'000* **(Unaudited)**	At 31 March 2019 *HK$'000* (Audited)
Carrying amount of the transferred assets	**55,195**	48,151
Carrying amount of the associated liabilities	**(55,195)**	(48,151)
	–	–

(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.

12. LOAN RECEIVABLES

	At 30 September 2019 *HK$'000* **(Unaudited)**	At 31 March 2019 *HK$'000* (Audited)
Fixed-rate loan 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.

12. LOAN RECEIVABLES (continued)

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).

13. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	At 30 September 2019	At 31 March 2019	**At 30 September 2019**	At 31 March 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(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
	9,390	11,564	**8,426**	10,175
Less: unearned finance income	**(964)**	(1,389)	**–**	–
	8,426	10,175	**8,426**	10,175
Analysed as:				
Current assets			**4,173**	3,923
Non-current assets			**4,253**	6,252
			8,426	10,175

13. FINANCE LEASE RECEIVABLES (continued)

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).

14. ASSETS CLASSIFIED AS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD-FOR-SALE

Bluestone Investment Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement on 21 February 2019 and 18 March 2019 respectively for the disposal of two investment properties in total located in Hong Kong at a cash consideration of HK$12,380,000 and HK$11,000,000. Each of the purchasers was an independent third party of the Group. Investment properties with total carrying value of HK$22,900,000 was reclassified as assets held-for-sale following the Company's decision to dispose of the properties. The properties were subsequently revalued at a fair value of HK$23,380,000 at 31 March 2019, accordingly, a valuation gain of HK$480,000 was recognised during the year ended 31 March 2019. The disposal of the two investment properties were respectively completed in April 2019 and June 2019.

	At 30 September 2019 ***HK$'000*** **(Unaudited)**	At 31 March 2019 *HK$'000* (Audited)
Assets classified as held-for-sale		
Investment properties reclassified as assets classified as held-for-sale	–	23,380
Prepayments and deposits	–	20
	–	23,400
Liabilities directly associated with assets classified as held-for-sale		
Deposits received for the disposals	–	(1,238)
Rental deposits received, accruals and receipt in advance	–	(598)
	–	(1,836)

15 TRADE AND OTHER PAYABLES

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

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 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
0 to 30 days	**2,806**	37,490

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

16. BANK BORROWINGS

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

Note:

The amount represented the Group's borrowings secured by the bill receivables discounted to a bank with full recourse (note 11(ii)), and the amount was repayable within one year.

16. BANK BORROWINGS (continued)

The analysis of the carrying amount of bank borrowings is as follows:

	At 30 September 2019 *HK$'000* **(Unaudited)**	At 31 March 2019 *HK$'000* (Audited)
The carrying amount of bank borrowings that contain a repayable on demand clause (classified under current liabilities)		
Within one year	**55,195**	48,151
Less: amounts shown under current liabilities	**(55,195)**	(48,151)
Amounts shown under non-current liabilities	**–**	–

All of the banking facilities are subject to the fulfilment of covenants. If the Group is in breach of the covenants, the drawn down facilities will become repayable on demand. In addition, certain of the Group's bank loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group had complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with the covenants of the banking facilities, its repayment in compliance with the scheduled repayments of the term loans (where applicable) and does not consider it is probable that the banks will exercise their discretion to demand repayment so long as the Group continues to meet the requirements. At 30 September 2019, none of the covenants relating to drawn down facilities had been breached (31 March 2019: nil).

All of the bank borrowings are carried at amortised cost.

17. 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.

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 per share '000	HK$'000	Number of convertible preferred shares of HK$0.01 per share '000	HK$'000	Total HK$'000
Authorised:					
At 1 April 2018 (Audited), 31 March 2019 (Audited), 1 April 2019 (Audited) and 30 September 2019 (Unaudited)	**30,000,000**	**300,000**	**27,534,000**	**275,340**	**575,340**
Issued and fully paid:					
At 1 April 2018 (Audited)	9,105,695	91,057	3,401,055	34,011	125,068
Shares issued upon exercise of ordinary share warrants *(note)*	15	–	–	–	–
At 31 March 2019 (Audited) and 1 April 2019 (Audited) and 30 September 2019 (Unaudited)	**9,105,710**	**91,057**	**3,401,055**	**34,011**	**125,068**

Note:

During the year ended 31 March 2019, an aggregate of 14,502 ordinary shares of HK$0.01 each of the Company were issued upon conversion of ordinary share warrants at subscription price of HK$0.085 per share and at aggregate subscription price of approximately HK$1,233, of which approximately HK$145 was credited to share capital and the balance of approximately HK$1,088 was credited to share premium account.

19. 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 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.

20. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the six months ended 30 September 2019.

(a) Key management personnel remuneration

The key management personnel of the Group included the directors of the Company. Details of key management personnel remuneration are summarised below:

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**1,906**	863
Post-employment benefits	**83**	27
	1,989	890

(b) Outstanding balance with a related party

Details of the amounts received from a shareholder is disclosed in note 17.

21. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 are authorised for issue by the Board on 29 November 2019.

Other Information

INTERIM DIVIDEND

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

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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2019, the interests and short positions of the directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

Long position in the Shares:

Name of Director	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's issued Shares
Ms. Wang Jingyu ("Ms. Wang")	Interests of controlled corporation	2,444,359,944 *(Note 2)*	26.84%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,105,709,503 Shares in issue at 30 September 2019.

2. These interests were held by Champion Alliance Enterprises Limited ("Champion Alliance"), which was a wholly owned subsidiary of Elite Prosperous Enterprises Limited ("Elite Prosperous") which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang was deemed to be interested in the 2,444,359,944 Shares under the SFO.

Save as disclosed above, at 30 September 2019, none of the directors or chief executive of the Company had registered an interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the section headed "Share Option Scheme" below, at no time during the six months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six months ended 30 September 2019.

SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company on 27 November 2009, the Company may grant share options to the directors, employees, executives, officers, managers, consultants, customers and suppliers of goods or services to any member of the Group or any entity in which any member of the Group holds any equity interests who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Group, so as to provide incentives or rewards for their contribution to the success of the Group's operation. Unless otherwise cancelled or amended, the Share Option Scheme would be valid and effective for a period of ten years commencing from the date of adoption.

There were no outstanding share options at 1 April 2019 and 30 September 2019. No share option was granted, exercised, lapsed or cancelled during the six months ended 30 September 2019.

Further details of the Share Option Scheme were set out in the Company's 2018/19 Annual Report, the Share Option Scheme was expired on 27 November 2019.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30 September 2019, the following interests of more than 5% of the issued Shares were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares:

Name of Shareholders	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's issued Shares
Ms. Wang	Interests of controlled corporation	2,444,359,944 *(Note 2)*	26.84%
Elite Prosperous	Interests of controlled corporation	2,444,359,944 *(Note 2)*	26.84%
Champion Alliance	Beneficial owner	2,444,359,944 *(Note 2)*	26.84%
Loh Jiah Yee, Katherine ("Ms. Loh")	Interests of controlled corporation	1,294,849,338 *(Note 3)*	14.22%
Lau Jack ("Mr. Lau")	Interests of spouse	1,294,849,338 *(Note 4)*	14.22%
Assure Gain International Limited ("Assure Gain")	Beneficial owner	822,176,547 *(Note 5)*	13.80%
	Interests of controlled corporation	434,094,363 *(Note 5)*	

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,105,709,503 Shares in issue at 30 September 2019.

2. These interests were held by Champion Alliance which was a wholly owned subsidiary of Elite Prosperous which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang and Elite Prosperous were deemed to be interested in the 2,444,359,944 Shares under the SFO.

3. Ms. Loh was beneficially interested in 100% of the issued share capital of Assure Gain, which held 100% of the issued share capital of Winner Global Holdings Limited ("Winner Global") and Splendid Asset Holdings Limited ("Splendid Asset") respectively. Ms. Loh was also beneficially interested in 50% of the issued share capital of Corp Insights Holdings Inc. ("Corp Insights") held through Corporate Insights Limited. Assure Gain was the registered holder of 822,176,547 Shares, Winner Global was the registered holder of 213,360,741 Shares, Splendid Asset was the registered holder of 220,733,622 Shares and Corp Insights was the registered holder of 38,578,428 Shares. Accordingly, Ms. Loh was deemed to be interested in the 1,294,849,338 Shares under the SFO.

4. Mr. Lau, being the spouse of Ms. Loh, was deemed to have an interest in the same parcel of the Shares in which Ms. Loh was interested under the SFO.

5. Assure Gain held 100% of the issued share capital of Winner Global and Splendid Asset respectively. Assure Gain was the registered holder of 822,176,547 Shares, Winner Global was the registered holder of 213,360,741 Shares and Splendid Asset was the registered holder of 220,733,622 Shares. Accordingly, Assure Gain was deemed to be interested in the 434,094,363 Shares held by Winner Global and Splendid Asset under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying Shares at 30 September 2019 as required pursuant to section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of the directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2019.

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, the Chairlady 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.

Other Information

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 Hong Kong Institute of Certified Public Accountants. The report on review of the condensed consolidated interim financial statements by the auditor is set out on pages 12 to 13 of this Interim Report.

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.

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

Hong Kong, 29 November 2019