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## RELIANCE GLOBAL HOLDINGS LIMITED

信保環球控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 723)

### FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The Board of Directors (the “**Board**” or the “**Directors**”) of Reliance Global Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024 together with comparative figures as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>305,613</b>	509,326
Cost of sales		<b>(281,100)</b>	(476,150)
Other income		<b>462</b>	966
Administrative expenses		<b>(25,111)</b>	(32,795)
Other operating (expenses)/income	6(c)	<b>(7,349)</b>	234
<b>(Loss)/profit from operations</b>		<b>(7,485)</b>	1,581

\* *For identification purpose only*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income		756	232
Finance costs		<u>(2,911)</u>	<u>(5,798)</u>
Net finance costs	6(a)	<u>(2,155)</u>	<u>(5,566)</u>
<b>Loss before taxation</b>	6	<b>(9,640)</b>	<b>(3,985)</b>
Income tax expense	7	<u>(29)</u>	<u>(1,695)</u>
<b>Loss for the year</b>		<b><u>(9,669)</u></b>	<b><u>(5,680)</u></b>
<b>Other comprehensive expense for the year:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations, net		<u>(569)</u>	<u>(1,847)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(10,238)</u></b>	<b><u>(7,527)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(4,453)	280
Non-controlling interests		<u>(5,216)</u>	<u>(5,960)</u>
		<b><u>(9,669)</u></b>	<b><u>(5,680)</u></b>
<b>Total comprehensive expenses attributable to:</b>			
Owners of the Company		(4,743)	(662)
Non-controlling interests		<u>(5,495)</u>	<u>(6,865)</u>
		<b><u>(10,238)</u></b>	<b><u>(7,527)</u></b>
<b>(Loss)/earnings per share</b>	9		
– Basic		<b><u>HK(0.049) cent</u></b>	<b><u>HK0.003 cent</u></b>
– Diluted		<b><u>HK(0.048) cent</u></b>	<b><u>HK0.003 cent</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>20,404</b>	21,756
Right-of-use assets		<b>804</b>	1,770
Intangible assets		<b>174</b>	174
Loan receivables	<i>11</i>	<b>16,690</b>	–
		<u><b>38,072</b></u>	<u>23,700</u>
<b>Current assets</b>			
Inventories		<b>15,948</b>	21,961
Trade and other receivables	<i>10</i>	<b>51,625</b>	55,844
Loan receivables	<i>11</i>	<b>36,516</b>	147,491
Repossessed assets		<b>54,837</b>	50,724
Tax recoverable		<b>3,521</b>	3,198
Cash and cash equivalents		<b>76,064</b>	65,761
		<u><b>238,511</b></u>	<u>344,979</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>18,625</b>	16,438
Bank borrowings	<i>13</i>	<b>24,487</b>	27,506
Lease liabilities		<b>824</b>	943
Amounts received from a shareholder	<i>14</i>	–	40,000
		<u><b>43,936</b></u>	<u>84,887</u>
<b>Net current assets</b>		<u><b>194,575</b></u>	<u>260,092</u>
<b>Total assets less current liabilities</b>		<u><b>232,647</b></u>	<u>283,792</u>

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Notes payable	–	40,000
Lease liabilities	–	836
Deferred tax liabilities	<b>394</b>	465
	<u>394</u>	<u>41,301</u>
<b>Net assets</b>	<b><u>232,253</u></b>	<b><u>242,491</u></b>
<b>Capital and reserves</b>		
Share capital	<b>122,053</b>	122,053
Reserves	<b>119,001</b>	123,744
	<u>241,054</u>	<u>245,797</u>
<b>Total equity attributable to owners of the Company</b>	<b>241,054</b>	245,797
<b>Non-controlling interests</b>	<b>(8,801)</b>	(3,306)
	<u>232,253</u>	<u>242,491</u>
<b>Total equity</b>	<b><u>232,253</u></b>	<b><u>242,491</u></b>

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 consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRS Accounting Standards**”) which collective term includes all applicable individual International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand (HK\$’000) except for per share data.

## 3. Application of new and amendments to IFRS Accounting Standards

The Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB to the consolidated financial statements for the current accounting period for the first time:

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 new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated 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 premises to generate rental income and to gain from the 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 year ended 31 March 2024

	Forest-related business			Leasing of properties HK\$'000	Total HK\$'000
	Money lending HK\$'000	Sustainable forest management HK\$'000	Timber supply chain HK\$'000		
<b>Segment revenue</b>					
Revenue from external customers	10,192	-	295,421	-	305,613
<b>Results</b>					
Segment results	5,206	-	(5,437)	-	(231)
Unallocated corporate income					409
Unallocated corporate expenses					(6,907)
Finance costs					(2,911)
Loss before taxation					(9,640)
<b>Other segment information</b>					
Capital expenditure	-	-	(1,514)	-	(1,514)
Depreciation of property, plant and equipment	-	-	(2,353)	-	(2,353)
Impairment loss on trade receivables	-	-	(5,119)	-	(5,119)
Impairment loss on loan receivables	(821)	-	-	-	(821)
Impairment loss on interest receivables	(498)	-	-	-	(498)
Impairment loss on repossessed assets	(1,308)	-	-	-	(1,308)
Reversal of impairment loss on loan receivables	216	-	-	-	216
Reversal of impairment loss on repossessed assets	248	-	-	-	248
Interest income	71	-	318	-	389
<b>At 31 March 2024</b>					
<b>Segment assets</b>	117,948	-	117,837	-	235,785
Unallocated:					
- Right-of-use assets					804
- Corporate assets					39,994
					276,583
<b>Segment liabilities</b>	172	-	41,261	-	41,433
Unallocated:					
- Lease liabilities					824
- Deferred tax liabilities					394
- Corporate liabilities					1,679
					44,330

For the year ended 31 March 2023

	Forest-related business			Leasing of properties HK\$'000	Total HK\$'000
	Money lending HK\$'000	Sustainable forest management HK\$'000	Timber supply chain HK\$'000		
<b>Segment revenue</b>					
Revenue from external customers	17,838	–	491,488	–	509,326
<b>Results</b>					
Segment results	15,277	–	(4,310)	–	10,967
Unallocated corporate income					143
Unallocated corporate expenses					(9,297)
Finance costs					(5,798)
Loss before taxation					(3,985)
<b>Other segment information</b>					
Capital expenditure	–	–	(3,273)	–	(3,273)
Depreciation of property, plant and equipment	–	–	(3,056)	–	(3,056)
Impairment loss on trade receivables	–	–	(1,334)	–	(1,334)
Impairment loss on loan receivables	(216)	–	–	–	(216)
Impairment loss on repossessed assets	(1,266)	–	–	–	(1,266)
Loan receivable written off	(603)	–	–	–	(603)
Reversal of impairment loss on loan receivables	3,772	–	–	–	3,772
Interest income	11	–	119	–	130
At 31 March 2023					
<b>Segment assets</b>	206,418	–	142,794	–	349,212
Unallocated:					
– Right-of-use assets					1,770
– Corporate assets					17,697
					368,679
<b>Segment liabilities</b>	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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales from timber supply chain business	295,421	491,488
Interest income from money lending business	9,997	17,302
Arrangement fee income from money lending business	195	536
	<u>305,613</u>	<u>509,326</u>

*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 before taxation

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(a) Net finance costs</b>		
Finance income:		
Interest income from bank deposits	<u>(756)</u>	<u>(232)</u>
Finance costs:		
Interest on lease liabilities	58	49
Interest on advances drawn on bill receivables discounted with full recourse	1,432	2,333
Interest on notes payable	<u>1,421</u>	<u>3,416</u>
	<u>2,911</u>	<u>5,798</u>
	<u>2,155</u>	<u>5,566</u>
<b>(b) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	15,667	18,282
Contributions to retirement benefits scheme	<u>618</u>	<u>740</u>
	<u>16,285</u>	<u>19,022</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(c) Other items</b>		
Cost of inventories	266,166	408,459
Depreciation of property, plant and equipment	2,395	3,155
Depreciation of right-of-use assets	966	1,593
Lease payments not included in the measurement of lease liabilities	631	976
Net exchange loss	374	1,286
Loss on disposal of property, plant and equipment*	67	119
Impairment losses under expected credit loss (“ECL”) model		
– Trade receivables ( <i>note 10</i> )*	5,119	1,334
– Loan receivables ( <i>note 11</i> )*	821	216
– Interest receivables ( <i>note 10</i> )*	498	–
Impairment loss on repossessed assets*	1,308	1,266
Reversal of impairment loss on loan receivables under ECL model ( <i>note 11</i> )*	(216)	(3,772)
Reversal of impairment loss on repossessed assets*	(248)	–
Loan receivable written off*	–	603
	<b>7,349</b>	<b>(234)</b>
Auditor’s remuneration		
– Audit services	1,520	1,480
– Other services	315	300
	<b>1,835</b>	<b>1,780</b>

\* These items are included in “Other operating (expenses)/income” on the face of the consolidated statement of profit or loss and other comprehensive income.

## 7. Income tax expense

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current tax	32	1,767
– overprovision in prior year	(6)	(1)
	<u>26</u>	<u>1,766</u>
Slovenia corporate income tax		
– current tax	8	20
Romania corporate income tax		
– current tax	–	74
Croatia corporate income tax		
– current tax	59	5
Deferred tax	(64)	(170)
	<u><u>29</u></u>	<u><u>1,695</u></u>

For the year ended 31 March 2024, the provision for Hong Kong Profits Tax is calculated at a flat rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year, 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 year ended 31 March 2023.

Slovenia corporate income tax is charged at 19% on the estimated assessable profits arising in Slovenia for the years ended 31 March 2024 and 2023.

Romania corporate income tax is charged at 16% on the estimated assessable profits arising in Romania for the years ended 31 March 2024 and 2023. Romania corporate income tax has not been provided for the year ended 31 March 2024 as there was no assessable profit.

Croatia corporate income tax is charged at 18% on the estimated assessable profits arising in Croatia for the years ended 31 March 2024 and 2023.

## 8. Dividend

The directors of the Company do not recommend the payment or declaration of any dividend for the year ended 31 March 2024 (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(Loss)/profit</b>		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(4,453)</u>	<u>280</u>
(b) Weighted average number of shares		
	2024 <i>'000</i>	2023 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	9,115,435	9,114,897
Effect of dilutive potential ordinary shares arising from conversion of convertible preferred shares	<u>96,557</u>	<u>96,557</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>9,211,992</u>	<u>9,211,454</u>

## 10. Trade and other receivables

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		<b>16,201</b>	18,415
Less: impairment allowance		<b>(6,454)</b>	(1,375)
	<i>(i)</i>	<b>9,747</b>	17,040
Interest receivables		<b>1,107</b>	5,251
Less: impairment allowance		<b>(724)</b>	(226)
		<b>383</b>	5,025
Bill receivables	<i>(ii)</i>	<b>33,854</b>	27,800
Other receivables		<b>3,311</b>	3,085
Financial assets at amortised costs		<b>47,295</b>	52,950
Trade and logging deposits		<b>1,886</b>	1,445
Other deposits and prepayments		<b>2,444</b>	1,449
		<b>51,625</b>	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:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	<b>165</b>	1,279
31 to 90 days	<b>541</b>	371
91 to 180 days	<b>51</b>	11,904
181 to 365 days	<b>2,756</b>	3,486
Over 365 days	<b>6,234</b>	–
	<b>9,747</b>	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 31 March 2024, trade receivables of aggregate gross carrying amount of HK\$15,445,000 (2023: HK\$15,156,000) were past due and an impairment allowance of HK\$6,454,000 (2023: HK\$1,375,000) had been provided. The Group does not hold any collateral over the balances (2023: nil).

**(ii) Bill receivables**

At 31 March 2024, included in bill receivables of HK\$33,854,000 (2023: HK\$27,800,000), bill receivables of HK\$24,487,000 (2023: HK\$27,506,000) were discounted to banks with full recourse with a maturity period of less than 90 days (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 31 March 2024 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.

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Carrying amount of the transferred assets	<b>24,487</b>	27,506
Carrying amount of the associated liabilities	<b>(24,487)</b>	(27,506)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	-	-

## 11. Loan receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed-rate loan receivables	62,038	155,718
Less: impairment allowance	<u>(8,832)</u>	<u>(8,227)</u>
	<b><u>53,206</u></b>	<b><u>147,491</u></b>
Analysed as:		
Current portion	36,516	147,491
Non-current portion	<u>16,690</u>	<u>–</u>
	<b><u>53,206</u></b>	<b><u>147,491</u></b>
Analysed as:		
Secured	47,648	134,449
Unsecured	<u>5,558</u>	<u>13,042</u>
	<b><u>53,206</u></b>	<b><u>147,491</u></b>

All loans were denominated in Hong Kong dollars. At 31 March 2024, the loan receivables carried interest rates ranging from 8.5% to 12.5% per annum (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 31 March 2024, loan receivables with an aggregate carrying amount of HK\$47,648,000 (2023: HK\$134,449,000) were secured by collateral provided by the borrowers. At the end of the reporting period, for loan receivables with aggregate gross carrying amount of HK\$62,038,000 (2023: HK\$155,718,000), (i) HK\$23,838,000 (2023: HK\$137,706,000) were not past due; (ii) HK\$3,248,000 (2023: nil) had been past due for less than 90 days; (iii) HK\$12,900,000 (2023: nil) had been past due for more than 90 days but less than 180 days; (iv) HK\$12,143,000 (2023: nil) had been past due for more than 180 days but less than 365 days; and (v) HK\$9,909,000 (2023: HK\$18,012,000) had been past due for 365 days or more.

At the end of each reporting period, the Group's loan receivables were individually and collectively assessed for impairment. An impairment allowance of HK\$8,832,000 had been provided at 31 March 2024 (2023: HK\$8,227,000).

## 12. Trade and other payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables ( <i>note</i> )	9,374	8,945
Other payables and accruals	4,504	4,877
Receipt in advance	4,609	2,178
Amounts due to non-controlling interests	138	438
	<u>18,625</u>	<u>16,438</u>

*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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	8,249	3,948
31 to 90 days	62	3,415
91 to 180 days	218	1,582
Over 180 days	845	–
	<u>9,374</u>	<u>8,945</u>

The average credit period is within 90 days for the current year (2023: within 90 days).



### 13. Bank borrowings

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advances drawn on bill receivables discounted with full recourse ( <i>note</i> )	<u>24,487</u>	<u>27,506</u>

*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. At 31 March 2024, there was no outstanding amount received from a shareholder (2023: HK\$ 40,000,000).

### 15. Event after reporting period

On 21 June 2024, the Company completed a share placing of 1,822,980,000 new shares to certain independent parties at a placing price of HK\$0.0193 per placing share (the “**Placing**”). The net proceeds from the Placing were approximately HK\$34.3 million. The Company intends to apply (i) 60% of the net proceeds for the expansion of the Group's timber supply chain business and (ii) the remaining 40% of the net proceeds as general working capital for the Group.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

## **BUSINESS REVIEW**

For the year ended 31 March 2024 (“FY2024”), 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 FY2024, the Group recorded a 40% decline in revenue to HK\$305,613,000 (2023: HK\$509,326,000) and a loss attributable to owners of the Company of HK\$4,453,000 (2023: profit of HK\$280,000), primarily owing to the challenging business conditions faced by the Group. The Group as a whole recorded a net loss of HK\$9,669,000 (2023: HK\$5,680,000), with a loss of HK\$5,216,000 (2023: HK\$5,960,000) 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 its profit margin, the surge in energy costs in Europe, the delay in shipments via the Red Sea route and the impairment loss on certain 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\$5,206,000 (2023: HK\$15,277,000), whilst the TSC Operation recorded a loss of HK\$5,437,000 (2023: HK\$4,310,000) for the year.

### **Forest-related Business**

#### ***Timber Supply Chain***

During FY2024, the Group’s TSC 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 FY2024, the Group's TSC Operation recorded a 40% decline in revenue to HK\$295,421,000 (2023: HK\$491,488,000) and a loss of HK\$5,437,000 (2023: HK\$4,310,000). The decrease in revenue and the loss-making results of the TSC Operation were mainly due to (i) the significant slowdown of the real estate industry in China resulted in the Group facing a significant drop in sales orders for timber and wood products; (ii) the squeeze in profit margin of its operation in Europe owing to increased competition; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe, resulting from the continuation of the Russia-Ukraine war; (iv) the shipment delays caused by the outbreak of the Red Sea safety crises; and (v) the impairment loss on certain trade receivables. For FY2024, the transaction volume of timber and wood products traded by the operation was about 145,000 m<sup>3</sup> (2023: 240,000 m<sup>3</sup>), a decrease of 40% from the prior year. During the year, 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 FY2024, the CBM running under the TSC Operation generated a revenue of HK\$206,896,000 (2023: HK\$260,646,000) and a profit of HK\$2,916,000 (2023: HK\$3,168,000), representing about 112,000 m<sup>3</sup> (2023: 128,000 m<sup>3</sup>) of hardwood logs traded. The respective 21%, 8% and 13% declines in the revenue, profit and volume of the logs traded 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 a considerable drop in sales orders for timber logs.

## ***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 FY2024, the EBM running under the TSC Operation recorded a revenue of HK\$88,525,000 (2023: HK\$230,842,000) and a loss of HK\$8,353,000 (2023: HK\$7,478,000), representing about 33,000 m<sup>3</sup> (2023: 112,000 m<sup>3</sup>) of logs and wood products traded. The 62% and 71% respective decrease in revenue and trade volume and the loss-making results reported by the EBM were mainly due to (i) the significant slowdown of the real estate industry in China resulted in the Group facing a significant drop in sales orders for logs and wood products; (ii) the squeeze in profit margin of logs and wood products owing to increased competition; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe, resulting from the continuation of the Russia-Ukraine war; (iv) the shipment delays caused by the outbreak of the Red Sea safety crises; and (v) the recognition of impairment loss on certain trade receivables of HK\$5,119,000 (2023: HK\$1,334,000) 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 year, which also led to a lower inventory level at the year end that amounted to HK\$15,948,000 (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***

At 31 March 2024, the Group was not holding any forest assets, nevertheless, 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, 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 FY2024, the Group's money lending business recorded a 43% decline in revenue to HK\$10,192,000 (2023: HK\$17,838,000) and a 66% decrease in profit to HK\$5,206,000 (2023: HK\$15,277,000). The decline in revenue of the business was mainly due to the reduced size of its loan portfolio when compared to the prior year, primarily owing to the cautious approach of the management in granting new loans in view of the economic conditions in Hong Kong during FY2024, including the general fall in property price during the period, whilst the decrease in its profit was a combined effect of the decline in interest income to HK\$9,997,000 (2023: HK\$17,302,000), the recognition of net impairment loss on loan receivables of HK\$605,000 (2023: net reversal of impairment loss of HK\$3,556,000) and the net impairment loss on repossessed assets of HK\$1,060,000 (2023: HK\$1,266,000). 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 31 March 2024, the Group's loan portfolio was constituted by 14 loans (2023: 24 loans), there were 9 loans (2023: 20 loans) with carrying amount totalling HK\$53,206,000 (2023: HK\$147,491,000) (net of impairment allowance on loan receivables of HK\$8,832,000 (2023: HK\$8,227,000)) granted to 9 borrowers (2023: 20 borrowers), and 5 credit-impaired loans (2023: 4 credit-impaired loans) being classified as repossessed assets with carrying amount totalling HK\$54,837,000 (2023: HK\$50,724,000) (net of impairment allowance on repossessed assets of HK\$2,326,000 (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	52%	8.5%-10%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loan	6%	12%	Within two years	Loan was secured by property located in Hong Kong
Corporate loans	42%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong or were secured by collateral
<b>Total</b>	<b>100%</b>			

At 31 March 2024, on a net of impairment allowance basis, the size of individual loan comprising the Group's loan portfolio ranged from approximately HK\$2,323,000 to HK\$16,690,000 (2023: from HK\$312,000 to HK\$16,690,000). The Group's loan portfolio had an average loan size of around HK\$5.9 million (2023: HK\$7.4 million), it was credit healthy as 90% (2023: 91%) of the portfolio was secured by collateral, and earning a satisfactory return with weighted average interest rate amounting to approximately 11% (2023: 10%). Collateral of the mortgage loans were mainly residential and commercial properties situated in Hong Kong with a total valuation attributable to the Group of around HK\$38 million (2023: HK\$162 million) as at the year end. Loans were granted to Hong Kong residents, companies incorporated in Hong Kong and companies listed on the Stock Exchange. At 31 March 2024, the loan made to the largest borrower amounted to HK\$16,690,000 (2023: HK\$16,690,000) and the loans made to the five largest borrowers totalled HK\$44,748,000 (2023: HK\$63,935,000), which accounted for 31% and 84% (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 31 March 2024, 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 (if any) and prevailing market conditions. For FY2024, a net impairment loss on loan receivables of HK\$605,000 (2023: net reversal of impairment loss of HK\$3,556,000) was recognised with the balance of the impairment allowance increased by 7% or HK\$605,000 to HK\$8,832,000 at 31 March 2024 (2023: HK\$8,227,000). The net impairment loss of HK\$605,000 was determined in accordance with the Group's loan impairment policy.

### **Leasing of Properties**

The Group was not holding any investment property during FY2024. 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 to support their operations.

### **OVERALL RESULTS**

For FY2024, the Group recorded a loss attributable to owners of the Company of HK\$4,453,000 (2023: profit of HK\$280,000), and basic loss per share was HK0.049 cent (2023: basic earnings per share of HK0.003 cent). The Group as a whole recorded a net loss of HK\$9,669,000 (2023: HK\$5,680,000), with a loss of HK\$5,216,000 (2023: HK\$5,960,000) being shared by the non-controlling interests. The total comprehensive expense attributable to owners of the Company was HK\$4,743,000 (2023: HK\$662,000), after having recognised the other comprehensive expense of HK\$569,000 (2023: HK\$1,847,000) representing the exchange differences on translation of financial statements of foreign operations.

### **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 business developments. At 31 March 2024, there was no outstanding amount advanced from the shareholder (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\$40,000,000, EUR5,000,000 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 31 March 2024, the advances drawn under the Bills Discounting Facilities amounted to HK\$24,487,000 (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, had 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 had been issued in January 2020, and in January 2023, the maturity date of the first tranche of the Three-Year Notes had been extended to January 2025. The Group repaid HK\$10,000,000, HK\$22,000,000 and HK\$18,000,000 of the principal amount of the notes in January 2023, September 2023 and October 2023 respectively by utilising surplus funds on hand for the purpose of saving finance costs, accordingly, at 31 March 2024, all outstanding amount of the notes payable were settled (2023: HK\$40,000,000).

The decrease in the Group’s finance costs to HK\$2,911,000 for the year (2023: HK\$5,798,000) was the combined effect of the decreases in interest on advances drawn on bill receivables discounted with full recourse by 39% to HK\$1,432,000 (2023: HK\$2,333,000), and interest on notes payable by 58% to HK\$1,421,000 (2023: HK\$3,416,000).

### **Liquidity and Financial Resources**

For FY2024, 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 31 March 2024, the Group had current assets of HK\$238,511,000 (2023: HK\$344,979,000) and cash and cash equivalents of HK\$76,064,000 (2023: HK\$65,761,000). The Group’s current ratio, calculated based on current assets over current liabilities of HK\$43,936,000 (2023: HK\$84,887,000), was at a strong ratio of about 5.4 (2023: 4.1).



At 31 March 2024, the Group's borrowings comprised bank borrowings of HK\$24,487,000 (2023: bank borrowings of HK\$27,506,000 and outstanding principal amount of the first tranche of the Three-Year Notes of HK\$40,000,000) 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 31 March 2024, the equity attributable to owners of the Company decreased by 2% or HK\$4,743,000 to HK\$241,054,000 (2023: HK\$245,797,000). The Group's gearing ratio expressed as a percentage of the total borrowings of HK\$24,487,000 (2023: HK\$67,506,000) over the equity attributable to owners of the Company of HK\$241,054,000 (2023: HK\$245,797,000), decreased to 10% at 31 March 2024 (2023: 27%) and was mainly a result of the decreases in notes payable and bank borrowings as of the year end date.

In June 2024, the Company completed the Placing of 1,822,980,000 new shares to certain independent parties at a placing price of HK\$0.0193 per placing share (the closing price of the Company's shares was HK\$0.023 on the day when the placing price was fixed), under a general mandate granted to the Board in the annual general meeting held on 27 September 2023. The net proceeds from the Placing were approximately HK\$34.3 million, representing a net placing price of HK\$0.0188 per placing share. The Company intends to apply (i) 60% of the net proceeds for the expansion of the Group's timber supply chain business and (ii) the remaining 40% of the net proceeds as general working capital for the Group.

With the amount of liquid assets on hand, the Bills Discounting Facilities from banks, the Loan Facility from Champion Alliance and the proceeds from the Placing, 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**

At 31 March 2023, 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, had been issued in favour of the security trustee as trustee for the noteholders in relation to the Three-Year Notes and the outstanding principal amount of the first tranche of the Three-Year Notes amounted to HK\$40,000,000. As all the outstanding principal amount of the Three-Year Notes had been repaid during FY2024, there was no charge on assets at 31 March 2024.

At 31 March 2024, bill receivables of HK\$24,487,000 (2023: HK\$27,506,000) were pledged to banks to secure the advances drawn on the bill receivables.

### **Contingent Liabilities**

At 31 March 2024, the Group had no significant contingent liability (2023: nil).

### **Litigation**

At 31 March 2024, there was no litigation claim against the Group (2023: nil).

## **Foreign Exchange Risk**

The Group mainly operates in Hong Kong, Europe and China. During FY2024, 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 FY2024, the Group incurred net exchange loss of HK\$374,000 (2023: HK\$1,286,000) charged to profit or 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 FY2024, the Group recorded a other comprehensive expense representing an exchange loss of HK\$569,000 (2023: HK\$1,847,000) resulted from 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 FY2024 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 the market uncertainties resulting from the ongoing Russia-Ukraine war and the recent Red Sea safety crises, despite that global economic activities have returned 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. The investment and securities markets in Hong Kong have become more active recently and the Group is currently evaluating certain business and investment opportunities in these areas. If any of these opportunities materialised, the Group intends to apply its surplus funds on hand for these opportunities, including part of the funds raised in the Placing announced by the Company on 29 May 2024.

## **CORPORATE GOVERNANCE**

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 (renamed as Appendix C1 since 31 December 2023) to the Listing Rules for the year ended 31 March 2024.

## **AUDIT COMMITTEE**

The audited consolidated financial statements of the Company for the year ended 31 March 2024 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 March 2024, 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, 27 June 2024

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